



Executive Advisory Body

Date of Meeting	Via Correspondence
Subject	Social Security Scotland: Forthcoming Benefits Analysis
Agenda No.	Below the Line paper
Paper No.	Below the Line paper
Prepared By	Head of Strategy, Policy and Corporate Support Strategy, Change, Data and Engagement Division
Purpose	Note

1. Background

- 1.1. The Executive Advisory Body will wish to be aware that, in line with a recent discussions with Ministers, we intend to carry out some analysis of the economic benefits accruing to Scotland as a result of the work of our Agency.

2. Key points

- 2.1. We believe that it is appropriate to carry out this analysis at this time, for three reasons. Firstly, as we embark on the current five-year spending review (a process which will, rightly, focus carefully on the cost of our services) it may help to complete the picture if we were to also gather together evidence and publish an analysis of the economic benefits which we estimate will accrue to Scotland at-large as a result of our spending.
- 2.2. Secondly, as we commence delivery of benefits for people with disabilities and long-term health conditions, we feel this is the right time to consider the forecasts published in the Outline Business Case for Social Security in Scotland and to provide some updates on that analysis.
- 2.3. In particular, given that at the time the Outline Business Case was published it was too early to include any analysis of options for the delivery of disability benefit consultations, we think it would be helpful to revisit some of the options analysis in the Outline Business Case now that Social Security Scotland has been established and the model for delivery of social security Scotland is being tested in practice. In addition, new benefits like Scottish Child Payment have also been delivered, were not included in the Outline Business Case.
- 2.4. Finally, as we stand at the outset of a new Parliamentary term (acknowledging also a change to the membership and remit of the Parliamentary Committee which will scrutinise our work for the next five years), we think it would be sensible to provide an update on the benefits of the Scottish Government's programme of



social security devolution commenced during the last Parliament, in order that the full, national context (as pertains to both benefits and costs) can be made clear to new parliamentary stakeholders and others with an interest.

3. Conclusions

- 3.1. The Executive Advisory Body is **invited to note the intention to carry out this analysis.**



Social Security Scotland: Forthcoming Economic Benefits Analysis

Context

1. In March 2021, Official Statistics published on Social Security Scotland's workforce information noted that the Agency employed, at that time, 1,102 full time equivalent staff. That figure will have increased to around 1,500 by late summer 2021.

2. Although 99% of our staff are currently working from home; our systems show that, of the 1,102 employees from March, 64% were nominally allocated to our Glasgow office and 27% to Dundee. Both city councils are among the most deprived in Scotland, with 44% of Glasgow and 38% of Dundee belonging to the 20% most deprived areas in Scotland.

3. The Outline Business Case for the Agency for Social Security in Scotland (published September 2017, one year before Social Security Scotland was established)¹ estimated that the central agency would be directly responsible for at least 1,500 jobs Full Time Equivalents (FTE) split evenly between the Dundee and Glasgow sites. The location decision at the time was based on a "systematic, evidence based approach, taking into account a variety of socio-economic factors".

4. The estimate of Social Security Scotland's headcount once fully operational was further refined in 2018² in advance of policy decisions and service design for the addition of Scottish Child Payment and the decision to directly employ clinical staff. This estimate was:

'at least 1,900 FTE, with the aspiration for an equal split of 750 people based in Dundee, 750 people in Glasgow and 400 staff based in local communities across the country'.

5. This undertaking refers to directly employed on payroll staff, excluding agency and contingent workers which currently represent 22% of Agency people. In addition, in September 2020, when the Cabinet secretary publicly announced³ the 20 year lease on the Agnes House, she highlighted the Agency indirectly supporting employment of up to 900 posts in the city:

¹ <https://www.gov.scot/publications/central-functions-social-security-agency-location-analysis-phase-1-phase/>

² Corporate announcements dated 20 March and 6 June 2018

³ <https://www.socialsecurity.gov.scot/news-events/news/social-security-scotland-secures-dundee-headquarters>



‘With space to potentially employ up to 900 people in the city, it is estimated that the public body’s presence in Dundee alone has the potential to contribute up to £100m to the wider Scottish economy’

6. Whilst the statement provides scope to recruit **up to** 900 staff, this was picked up and reiterated by local press at the time⁴ which noted the potential for 900 jobs to be created across three sites in Dundee.

7. The addition of deliverables such as the Scottish Child Payment and increased operational responsibilities generated by requirements to support the roll out of new benefits mean our steady state full-time equivalent figure is now expected to be in excess of 3,500 staff. A breakdown of this growth is attached at **Annex A**.

Outline Business Case

8. Although additional clarity in the estimate moving from at least 1,900 full-time equivalent staff, to in excess of 3,500 appears to be a significant change, it is accounted for within the broader scope of the options analysis carried out as part of the Outline Business Case and the caveats that were placed on the figures published in 2017 – specifically, that key decisions on the replacement to the UK Government’s Personal Independence Payment, including the future delivery model for disability benefit consultations, had yet to be made. Figures in the Outline Business Case also did not take into account requirements to deliver the ‘game-changing’ Scottish Child Payment, as decisions to introduce this benefit had not been taken at that time.

9. Once these significant additional factors are taken into account, we see that our current position remains supported by the Outline Business Case, insofar as it aligns with the estimate set out in ‘Option 2a’ for the delivery of the functions that would be needed as part of the new, Scottish social security system.

10. Although Option 2a was not identified as the ‘preferred option’ in the Outline Business Case, it is reasonable to say that variances between the preferred option, Option 1 (‘the Agency centrally delivers social security in Scotland’) and Option 2a (‘the Agency has a large central headquarters with some local elements’) may have been overstated by the preference given to Option 1 and differences have narrowed since the Business Case was published, in particular as the result of decisions by Parliament and Scottish Ministers as well as developments in the work of the Social Security Directorate Programme to develop the operating model for disability benefit consultations.

⁴ <https://www.eveningtelegraph.co.uk/fp/site-6-at-dundee-waterfront-officially-announced-as-new-social-security-hq/>



11. Under Option 2a; some queries, general enquiries, claim support services and all face-to-face consultations would be spread across the local offices; with all other functions being located at the Agency headquarters. The headquarters would provide governance and management over centralised functions (such as IT and HR).

12. Notifications and payments would be made by a central system with automated reconciliation. There would be centralised telephony for centralised administrative functions with secure connectivity from a centralised IT capability to local offices, giving flexibility to access workload from any connected location subject to permissions and security rules. The user interface would be consistent across all benefits administered by the agency and all access from a staff perspective will be familiar and similar. This user interface would be designed to ensure that accessibility standards are met and exceeded where possible.

13. The Agency would be accessed across Scotland in a number of ways: online, over the phone, by post and face-to-face. Consultations would be undertaken at locations across Scotland by these staff travelling out to co-located sites, local offices, people's homes or other locations.

14. Analysts forecast that, under Option 2a and once in steady state, the Agency would employ '**around 3,000 full-time equivalent staff, including around 500 staff undertaking assessments**'. The Outline Business Case also notes that, 'Estates costs for these assessments are additional and higher under option 2a than option 1 (which had no physical space for assessments)'.

15. Executive Advisory Body members will recognise that the description of Option 2a above reflects the organisational model that Social Security Scotland has grown into since the Outline Business Case was published in April 2017.

16. It is important to be clear, therefore, that despite this shift, the model for delivery of our new Scottish social security system remains within the scope of estimated costings published in the Outline Business Case and can be accounted for - a) by reference to decisions which, as we have always made clear, remained to be made in the period between the publication of the Business Case and the launch of our disability benefits, and b) by the addition of new benefits (such as the Scottish Child Payment) which were not covered when the Business Case was drafted.

17. It is also worth bearing in mind the extent to which a shift towards Option 2a reflects other developments since the publication of the Outline Business Case in 2017 – such as provisions introduced into the Social Security (Scotland) Act 2018 during the parliamentary process (e.g. a statutory restriction on the involvement of the private-sector in carrying out assessments for disability benefits) and the co-design and development of [our Charter](#) (published in January 2019), which includes commitments



such as 'deliver[ing] face-to-face services in local communities in places that are convenient and accessible. This includes home visits if appropriate'.

18. So, the economic benefits analysis which we are about to undertake (and for any subsequent, future analyses of our operating model) will reflect, and (to the extent that it is appropriate) will provide an update to the forecasts published in the Outline Business Case under option 2a.

Analysis: Outline

19. In brief, our analysis will document the economic benefit of the Agency to Scotland, utilising our central estimates of headcount currently forecast, our current administrative expenditure forecasts (which are updated from the 2020 Programme Business Case in anticipation of the Spending Review) and current forecasts of benefit expenditure.

20. A summary of this analysis will be published on the Agency's corporate website. Communications colleagues will draw out key messages, as we expect that publication will generate communications opportunities - as this will be a good news story both in terms of economic impact and jobs.

21. With the help of colleagues in Social Security Analysis, Forecasting and Evaluation Branch and the Office of the Chief Economic Adviser; our analysts have reviewed previous work and are considering a proposal for what our economic impact benefits analysis should cover.

22. As per paragraph 5.28 of the Outline Business Case, one of the benefits of further analysis is that it provides scope to update the Current Activity Based Model [see Outline Business Case paras. 5.18-5.19] used to estimate costs and full-time equivalent, headcount requirements for the various delivery options, with a Future Activity Based Model which will take account of our organisational development and decisions on the model for delivery of our services made since 2017.

23. The Current Activity Based Model [see Outline Business Case paras. 5.18-5.19] was an Excel based model which used detailed activity based information from DWP on the administration (based on Departmental Expenditure Limits) of the benefits to be devolved to Scotland [noting that this would not include information on benefits which now only exist in Scotland, such as the Young Carers' Grant or the Job Start Payment].

24. It is also worth noting that not all of the capabilities modelled for the Outline Business Case currently exist in the form envisaged in 2017. For example, the Business Case made some assumptions about the extent to which systems would be



automated so we should take this opportunity to make sure that the basis for our activity-based models is as accurate as possible – i.e. if it is the case that we are more reliant on manual processes/people than was initially assumed, we will want to assess the implications of this for our headcount forecasts.

25. Our further analysis could also include quantification of the multiplier (based on Her Majesty's Treasury's 'Green Book' standards) effect on the economy as a result of our employment and administrative spend figures. This should enable us to provide an update to information published in 2018 in our interim Corporate Plan, where we said that, "**Social Security Scotland expects to contribute around £125 million in Gross Domestic Product and support around 800 other jobs outside the agency in the wider economy.**"

26. These figures should be considered alongside the forecast Benefit Cost Ratios provided in the Outline Business Case [Table 11] which were (after an allowance for optimism bias in relation to Information Technology costs) on a range between £2.58 realised in benefits for every £1 spent for Option 1, to £2.16 per £1 spend for Option 2a.

27. This shows that, even though the Agency's operating model has moved to align more with Option 2a, rather than Option 1, our position remains that Social Security Scotland still represents value for money and we expect that this will be borne out in the analysis we will produce – providing evidence to support positive messages about the benefits of social security spending for a greater number of people in Scotland than just those in receipt of benefit payments.

28. Our analysis will also provide some more nuanced modelling of the impact of the benefits which only exist in Scotland, including more robust evidence of economic impact and distributional effects. Finally, the team will work in collaboration with colleagues from the Scottish Futures Trust, to update evidence on the specific, local benefits of our investment in the ongoing development of Dundee City Waterfront.

Conclusion

29. The Executive Advisory Body **is invited to note**:

- the update provided in this paper and that an analysis of the economic benefits accruing to the people of Scotland as a result of the work of our Agency will be produced before the end of 2021, with the intention that a summary will be published on our corporate website in due course.

Strategy, Policy and Corporate Support Branch
August 2021

Annex A

Planning Overview – Quarterly Growth Sep 18 to Mar 22 (Full time equivalent number of directly employed staff)

