



Social Security Scotland  
Tèarainteachd Shòisealta Alba

# Social Security Scotland 2021- 22 Budget

Dignity,  
fairness,  
respect.

## Summary

The following shows the overall budget that has been allocated to the organisation for 2021-22. Whilst the total administration budget is the same as the figure reported to the Executive Advisory Body in January 2021 there has been a late adjustment to the capital budget.

**Table 1 – 2021-22 budget**

Budget	2021-22	2020-21	Increase
	£m	£m	£m
Operating Expenditure	248.0	135.8	112.2
Capital Investment	22.0	6.5	15.5
Depreciation (Non-Cash)	1.4	0.2	1.2
<b>Total Social Security Scotland administration</b>	<b>271.4</b>	<b>142.5</b>	<b>128.9</b>
<b>Benefit expenditure</b>	<b>3,453.9</b>	<b>3,323.2</b>	<b>130.7</b>

We have provided comparative figures for 2020-21, because the organisation is continuing to build capacity and take on more direct benefit administration, analysis of the differences between years is less useful than it will be when we reach steady state. Our budgetary requirements are based on estimates that will continue to be revised as service design matures. Due to the programme re-plan 2021-22 will see Social Security Scotland begin to deliver disability assistance with the introduction of Child Disability Payment and preparation for Adult Disability Payment.

### Operating Expenditure

In 2021-22 we have approximately **£164 million** (from the £248 million Operating Expenditure budget) to fund our **direct staffing, accommodation and other costs**; in line with the direction agreed at the Executive Advisory Body's January 2021 meeting we are planning to break the 2021-22 financial year into two budgeting periods of six months each for staffing costs, within operating costs, and allocate six month budgets accordingly. This means that at this stage we have **not** provided budget for new posts that are planned beyond September 2021 at this point in the financial year. We have allocated out £108 million of the £125 million staffing budget, with £17 million being reserved (within Finance) to cover new posts after September. We will carry out a mid-year review of our plans and a further six month budget will be allocated as uncertainty in recruitment plans diminishes.

A full year budget of **£84 million** (from the £248 million Operating Expenditure budget) has been allocated for **the Department for Work and Pensions Formal Agreement recharges**.

We have approximately **£22 million in capital budget** to fund the fit out of our buildings along with investment in our Information Technology infrastructure. COVID-19 significantly impacted the programme of works on our buildings which caused slippage from 2020-21 and the delayed expenditure now features in our 2021-22 figures.

We have **£1.4 million** to cover the **depreciation** charges for our assets.

## Benefit Payments

Funding for **benefit payments** matches the independent forecasts prepared by the Scottish Fiscal Commission<sup>1</sup>. The Commission has access to the most recent information on benefit expenditure which should help to improve forecasting accuracy. Expenditure is demand led and cannot be easily controlled so the budget for any benefit should not be viewed as a spending limit in the traditional way. The current budget allocation of **£3.5 billion** does not include £12 million for Best Start Foods as this is within the Health Portfolio. [REDACTED]

## 1. Background

On 25 January 2021 the draft 2021-22 Scottish budget was presented to the Scottish Parliament and the Budget bill was passed on 9 March 2021.

On 26 January 2021 we presented the Executive Advisory Body with high level information on our indicative budget allocation and the risks and uncertainty that we will have in 2021-22. It was agreed that we would allocate budget for posts that are planned to be in place up to September 2021 and there would be a mid-year budget revision to allocate budget to further posts when there is more certainty in our plans.

Since January we have been refining and updating the requirements including the Chief Digital Office which joins Social Security Scotland on 1 April 2021. This paper sets out our proposed allocations.

## 2. Overview

Our budget for 2021-22 is expected to be as follows:

Table 2 – Budget Classification

Budget	Resource Delegated Expenditure Limit	Capital Delegated Expenditure Limit	Ringfenced Delegated Expenditure Limit	Total
	£m	£m	£m	£m
Social Security Scotland administration	248.0	22.0	1.4	271.4
Benefit expenditure <sup>1</sup>	3,453.9			3,453.9
<b>Total Social Security Scotland</b>	<b>3,701.9</b>	<b>22.0</b>	<b>1.4</b>	<b>3,725.3</b>

## Key risks/planning assumptions

<sup>1</sup> The budget has been set based on the latest Scottish Fiscal Commission forecasts: [Scotland's Economic and Fiscal Forecasts - January 2021 \(fiscalcommission.scot\)](https://www.fiscalcommission.scot/publications/economic-and-fiscal-forecasts-january-2021). This does not include Young Carer Grant as this is below the commissions threshold of materiality and Job Start Payment is not part of their legislative scope.

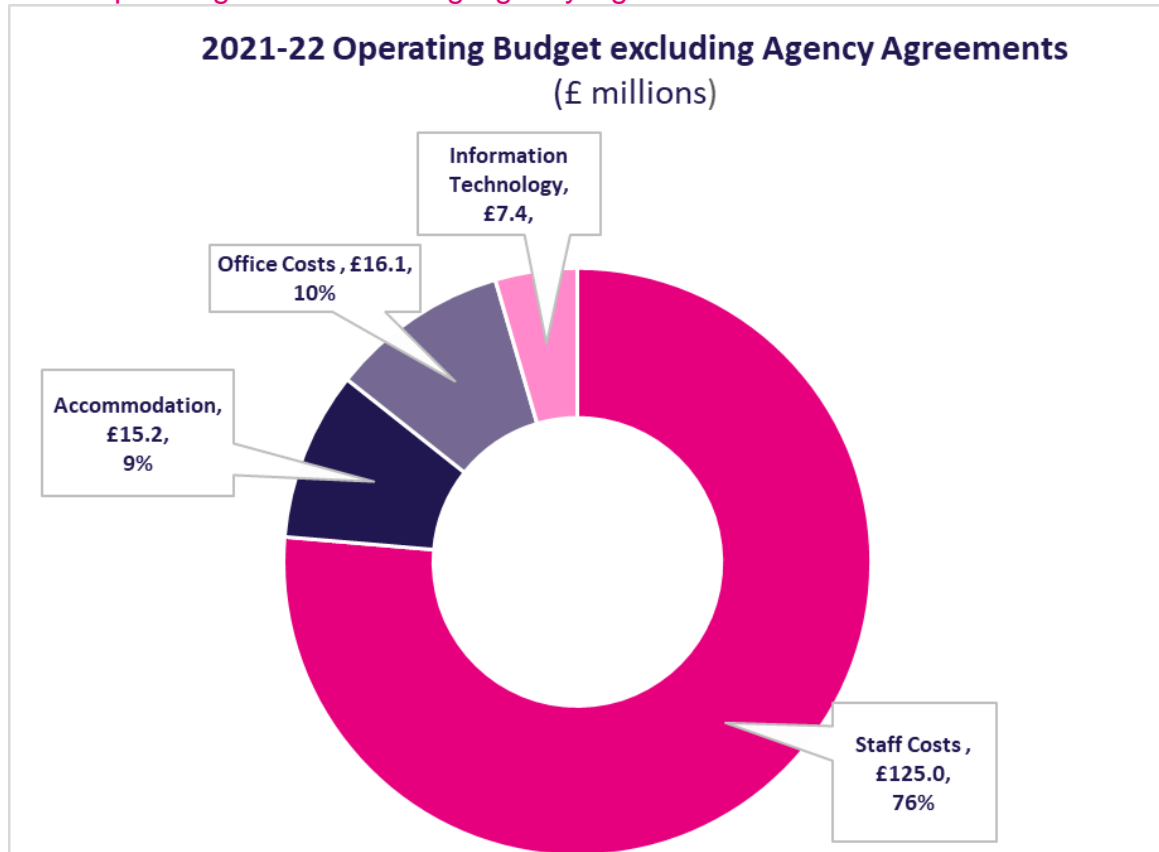
It has been possible to set some of the expenditure budgets with more certainty than others, however the planning environment remains challenging particularly with the uncertainty of COVID-19 and the following points should be noted:

- [REDACTED]
- Accommodation costs are based on the most up to date information and timings but there is a high probability that these may change.
- The Department for Work and Pensions Agency Agreement costs are based on 2018-19 costs assuming Scotland's share of the costs. There is uncertainty around the impact of case transfers however we expect the impact to be small.
- No budget has been allocated for conferences or travel and subsistence as we do not yet have any agreed date for when travel will resume. This has led to a **£2 million** unallocated budget (retained by Finance) and this will allow for any further unidentified costs to be funded or for travel costs budget to be reinstated if conditions allow.
- A depreciation budget of **£1.4 million** has been allocated but is subject to change if more assets transfer to us. This can be amended easily during the year.
- We continue to work with Programme to ensure that any new non staff costs relating to the Programme's delivery are identified and included in our future plans and transferred to our organisation where appropriate.

### 3. Operating costs

Chart A below shows how we propose to allocate the **£163.7 million** for administration costs excluding Agency Agreements (£84.3 million). **Annex A** provides more detail.

Chart A: Operating Costs excluding Agency Agreements



#### 3.1 Staff costs

Our budgets have been prepared in line with the Scottish Government's pay policy which provides all staff with a 1% pay increase capped at £800 for those earning over £80,000 and a guaranteed minimum payment of £750 for those earning £25,000 and under. There have been no further changes to employer's national insurance or pension contributions.

[REDACTED]

[REDACTED]

[REDACTED]

As discussed earlier in the report, budget has been allocated to business areas to fund vacancies up until September 2021. £17.2 million has been reserved (within Finance & Corporate Services) to cover the cost of additional posts required after September.

[REDACTED]

### **3.2 Administration Costs**

These are shown at Annex A. Some of the key items are explained as follows:

#### **Accommodation (£15.2 million)**

This budget has increased from 2020-21 as it allows for our existing accommodation at Dundee House, Agnes Husband House, High Street (Glasgow), [REDACTED] and there is provision for the needs of the clinical function, local delivery and fraud and error. These requirements continue to be developed by our Places and Central Buildings Projects which plans for overall organisational need and recognises potential changes in future working arrangements.

#### **Other office costs (£3.6 million)**

This has been increased by £0.8 million to cover additional mailroom costs and telephony to support local delivery.

#### **Continuous Improvement (£2.2 million)**

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This allocation will be held by Finance to fund projects, mainly IT solutions, where solutions are required that won't be delivered by the Programme. The majority of this is to support the HR Transformation Change project. Looking beyond 2020-21 this will be increasingly required to deal with the cost of replacement or new systems as work transitions from the Programme. Funds will be allocated once the project or proposal is approved through the revised governance processes.

#### **Information Technology (£7.4 million)**

This has increased now that Chief Digital Office is part of our organisation. We are working with Chief Digital Office colleagues to identify spend which is implementation to allow us to track this separate to our running costs. Implementation costs should be funded via budget transfers from the Social Security Programme

#### **Shared Service Recharges (£6.0 million)**

This is the estimated cost of Scottish Government providing HR/Payroll, Procurement, IT, Legal and Property Services. Most of the increase from 2020-21 is because of our staffing increases but it also includes new costs for Clinical staff.

#### **Agency Agreements (£84.3 million)**

As previously noted this is based on 2018/19 costs which is the latest data that we have available to us from the Department for Work & Pensions. The Programme's Strategic Finance team lead the negotiations with Department for Work & Pensions and these usually take place in the second half of 2021-22. There is uncertainty over the impact of case transfer for Child Disability Payment, however latest estimates suggest the impact is low.

### **4. Capital Investment**

Table 3 – 2021-22 Capital Budget

<b>Capital</b>	<b>2021-22 Budget</b>
	<b>£m</b>
Estates Implementation	<b>14.9</b>
Information Technology	<b>6.2</b>
Unallocated	<b>0.9</b>
<b>Total</b>	<b>22.0</b>

#### **Estates Implementation (£14.9 million)**

This budget transferred to us from the Social Security Programme during 2020-21 and our programme of works for the fit out of our buildings was significantly impacted due to COVID-19 restrictions and so the majority of the work will now be carried out in 2021-22.

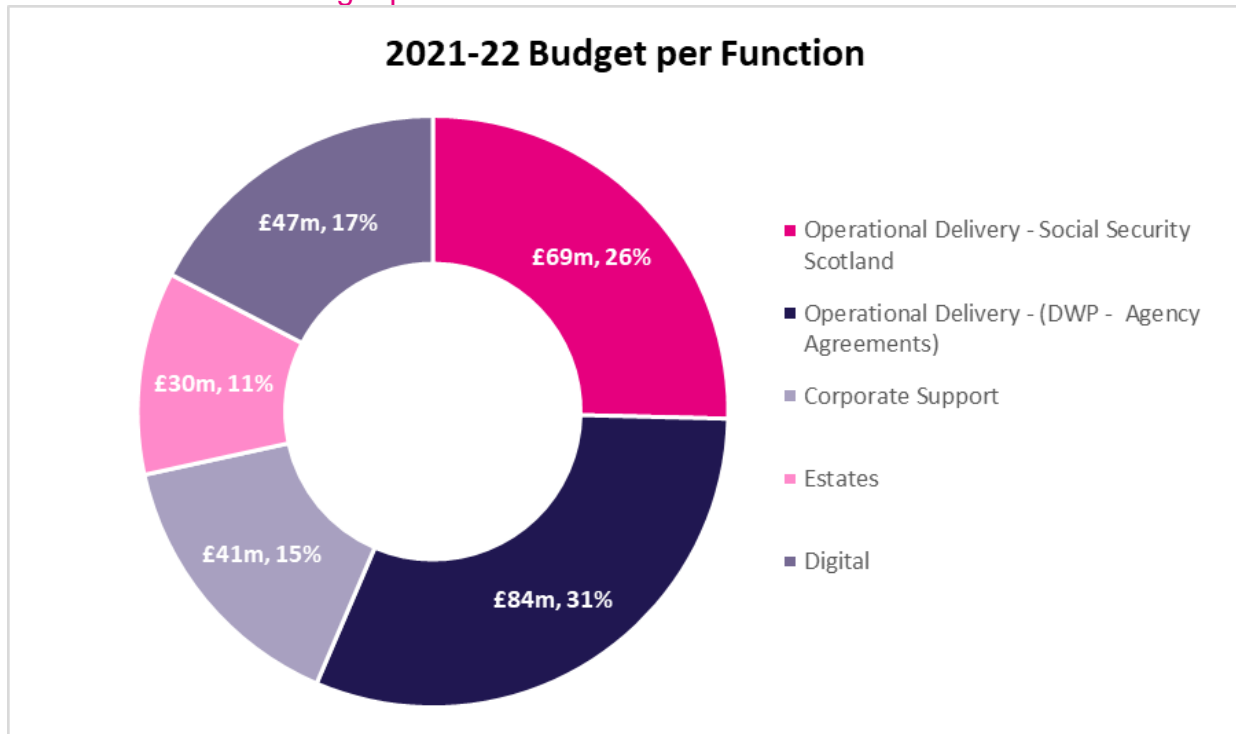
## Information Technology (£6.2 million)

This includes an element of costs that relates to Information Technology infrastructure development which will need to be revised and refined during 2021-22 to ensure that it meets our capitalisation policy and relates to Social Security Scotland assets.

## 5. 2021- Budget per function

The overall Social Security Scotland budget per function is shown in the chart below which the largest area being operational delivery.

Chart C – 2021-22 Budget per function





[REDACTED]

[REDACTED]

[REDACTED]

## 6. Benefit expenditure

The following table shows the budget for all the benefits which will be delivered by Social Security Scotland and those being delivered by Department for Work and Pensions under Agency Agreements. Most of these figures match those of Scottish Fiscal Commission<sup>2</sup>.

Table 3: Benefit Payments Budget<sup>3</sup>

	21-22 Budget	20-21 Budget	Increase (Decrease) Budget
	£m	£m	£m
<b><u>Delivered by Social Security Scotland</u></b>			
Carer's Allowance Supplement	41.7	58.0	(16.3)
Best Start Grant	18.9	17.5	1
Funeral Support Payment	11.1	10.3	1
Funeral Support Payment - Write offs		10.2	(10.2)
Young Carers Grant	1.0	1.0	0
Job Start Payment	2.0	2.0	0
Child Winter Heating Assistance	3.1	3.3	(0.2)
Scottish Child Payment	68.0	11.3	57
Child Disability Payment	230.9	24.2	207
	376.7	137.8	239
<b><u>Delivered by the Department for Work and Pensions</u></b>			
Carer's Allowance	306.0	291.6	14
Personal Independence Payment	1669.4	1582.9	87
Attendance Allowance	549.8	532.2	18
Disability Living Allowance (Children and Young People)	0.0	189.1	(189.1)
Disability Living Allowance (Adult)	465.0	501.9	(36.9)
Industrial Injuries Disablement Scheme	80.2	80.2	0
Severe Disablement Scheme	6.8	7.5	(0.7)
	3077.2	3185.4	(108.2)
<b>TOTAL</b>	<b>3453.9</b>	<b>3323.2</b>	<b>130.7</b>

We will continue to rely on the work of the Benefit Forecasting Review Group which reviews the monthly benefit spend and forecasts. This group includes representatives from Social Security Scotland, Social Security Programme, Community Analysis Division and Scottish Government Central Finance. Although this is demand led expenditure the group has been very effective at developing the appropriate monitoring and forecasting mechanisms and has been key to ensuring there have been no surprises in terms of benefit spend variation.

<sup>2</sup> The Scottish Fiscal Commission have not produced forecasts for Young Carers Grant as this is below the materiality threshold or Job Start Payment as this is not within their legislative scope.

<sup>3</sup> Funeral Support Payment is no longer being funded through Financial Transaction from 2021-22, therefore no write off budget is required.

## ANNEX A – 2021-22 Operating Budget

	2021-22 Budget	2021-21 Budget	Increase (Decrease)
	£m	£m	£m
<b>Staff costs</b>	125.0	43.4	81.6
<b>Administration Costs</b>			
Accommodation	15.2	7.7	7.5
Travel and Subsistence	0.0	0.0	0.0
Supplies and Services	0.8	0.6	0.2
Training	0.9	0.2	0.7
Other office costs	3.4	2.9	0.5
Other office costs (unallocated)	2.1	0.0	2.1
Continuous Improvement	2.2	0.1	2.1
Information Technology	7.4	0.5	6.9
	32.0	12.0	20.0
Auditors Remuneration	0.7	0.4	0.3
Shared Service recharges	6.0	3.1	2.9
Formal Agreements - Department for Work and Pensions	84.3	76.6	7.7
Consultations	0.0	0.2	(0.2)
<b>Total Expenditure</b>	<b>248.0</b>	<b>135.7</b>	<b>112.3</b>