



Social Security  
Scotland

Tèarainteachd Shòisealta Alba

# Annual Report and Accounts

for the year ended 31 March 2024

Laid before the Scottish Parliament by the Scottish  
Ministers under Public Finance and Accountability  
(Scotland) Act 2000 s22(5) SG/2024/81





# Contents

<b>Performance Report</b>	<b>3</b>
Chief Executive’s Introduction	3
Performance Overview	5
Performance Analysis	17
<b>Accountability Report</b>	<b>30</b>
Corporate Governance Report	30
Remuneration and Staff Report	45
Parliamentary Accountability Report	52
<b>Independent auditor’s report to Social Security Scotland, the Auditor General for Scotland and the Scottish Parliament</b>	<b>59</b>
<b>Financial Statements</b>	<b>64</b>
Statement of Comprehensive Net Expenditure for the year to 31 March 2024	64
Statement of Financial Position as at 31 March 2024	65
Statement of Cash Flows for the year to 31 March 2024	66
Statement of Changes in Taxpayers’ Equity for the year to 31 March 2024	67
Notes to the Accounts	68
<b>Annex A</b>	<b>85</b>
Direction by the Scottish Ministers	85



This year has been one of challenges and achievements. We have worked hard to maintain our service to people across Scotland whilst introducing additional new benefits.



Our clients are at the heart of everything we do. We have made significant progress in the delivery of social security – we have extended Adult Disability Payment and are now offering support to more than 700,000 people throughout Scotland.

As well as delivering and improving our current services, we began a phased rollout of Carer Support Payment – vital support for those who do so much for others.

We have also focused on improvements to our service including call waiting and processing times. We know that people waited longer than they or we would have preferred for decisions on their disability benefit applications. We took decisive action including redeploying colleagues to handle the increased demand and upgrading our telephony systems to decrease waiting time.

We made key improvements to ensure our clients have a better experience when applying for payments, including making it easier for people to submit supporting information for disability benefit applications. We have seen a marked improvement in processing times this year, with Adult Disability Payment average processing times improving by more than 40% over the year to 49 working days, even as we deal with a growing number of applications.

As the number of people we serve grows, we continue to listen, learn, and act on the feedback we receive from our clients and stakeholders. We regularly contact people who use our service, listening to their experiences, which helps us continuously improve. We continue to gain valuable insight from our Client Panels made up of people who use our service and give us regular feedback. We are also grateful to the stakeholders and partners we work with across the country. Their feedback helps us ensure we are delivering the best possible service to the people of Scotland while also delivering value for money.

I am proud of the determination and resilience my colleagues have shown during this challenging year and am looking forward to continuing progress in the year ahead including the rollout of Carer Support Payment across Scotland and preparing for the introduction of more devolved benefits. We still have significant work ahead of us and I am confident we have the right people in place to help us deliver a great service now and for future generations.

**David Wallace**

Chief Executive and Accountable  
Officer Social Security Scotland  
01 October 2024



“In my area, we are always striving to ensure that no-one would feel left out or discriminated against, both internally and externally. We take treating people with dignity, fairness and respect very seriously. Support for this comes from all levels, from administrative colleagues up to senior managers.”

Colleague Respondent  
(Charter Research)





# Performance report

## Performance Overview

This Performance Report covers the period between 1 April 2023 and 31 March 2024 and measures how we have performed against the strategic objectives in our **2023-24 Business Plan**. Key findings are set out under each Business Plan Goal in the Performance Analysis section on page 17. The section on risk sets out our management of key risks and relates to our performance analysis.

We have included insights from our clients, colleagues, external stakeholders and partners, where appropriate. This includes feedback from people who experienced our services during the reporting year and was taken from our **2023-24 Charter Measurement Framework** and its accompanying 2023-24 Charter Research report and the **Client Survey Annual Report 2023-24**.

Highlights of our performance can be found in the Performance Summary section on page 10.





## Who we are

We were established as an Executive Agency of the Scottish Government in September 2018 and are part of the Scottish Government's Communities portfolio. Our commitments to the people of Scotland and our work is underpinned by **Our Charter** – this states that we will deliver a social security system rooted in principles of dignity, fairness and respect.

The **Framework Document** explains the detailed accountability and governance for our organisation, and the context for our relationship with Scottish Ministers and Scottish Government Directorates. For a full description of our organisational structure, please refer to the Accountability Report on page 30.

We do not decide on new benefits, or the amount benefits are uprated by as these are policy decisions for the Scottish Government. We manage the Scottish social security system in line with the principles detailed in the **Social Security (Scotland) Act 2018**.

We have certain agreements in place with the Department for Work and Pensions. These agreements help to ensure that people continue to receive the right payments at the right time and cover the Department for Work and Pensions' administration of benefits the Scottish Government is responsible for but is not yet administering.



Our Executive Team

Our Executive Team sets our strategic direction and ensures that we meet our objectives. They scrutinise and approve our organisational policies, plans and processes. They also consider Scottish Government objectives and plans and the impact they have on our staff resource, finances and ability to deliver a high-quality service to our clients.

- David Wallace, Chief Executive
- James Wallace, Deputy Director, Finance and Corporate Services<sup>1</sup>
- Ally MacPhail, Deputy Director, Organisational Strategy and Performance
- Janet Richardson, Deputy Director, Client Services Delivery
- Gayle Devlin, Deputy Director, Health and Social Care
- Andy McClintock, Chief Digital Information Officer
- Nicola Rudnicki, Deputy Director, People and Place
- Leanne Carson, Programme Director, Scottish Government’s Social Security Programme<sup>2</sup>

Further information on Executive Team roles and responsibilities can be found on page 35 of the Accountability Report.



David Wallace



Janet Richardson



Gayle Devlin



James Wallace



Ally MacPhail



Andy McClintock



Leanne Carson



Nicola Rudnicki

1 James Wallace left Social Security Scotland on 8 March 2024 on secondment to Scottish Government Director General Communities, with Stephanie Glavin taking on the role of Deputy Director, Finance and Corporate Services in May 2024.

2 Leanne Carson’s membership of the Executive Team ended in December 2023, as she became Programme Director in the Scottish Government’s Social Security Programme. Leanne’s role was not replaced, as a new joint governance group was established between Social Security Scotland and the Scottish Government’s Social Security Directorate.



# Our National Outcomes, Our Charter, Our Corporate Plan and 2023-24 Business Plan

Social Security Scotland supports the delivery of the Scottish Government’s [National Outcomes](#) within the [National Performance Framework](#).










National Outcome	How we support this
We tackle poverty by sharing opportunities, wealth and power more equally.	We provide access to a number of low-income support payments designed by the Scottish Government to tackle poverty. We promote these benefits so people know what they are entitled to and can apply for them. We process applications in a timely manner and make payments to those eligible.
We live in communities that are inclusive, empowered, resilient and safe.	We provide access to disability payments designed by the Scottish Government to enable people to live as fully and independently as possible. We promote these benefits so people know what they are entitled to and can apply. We process applications in a timely manner and make payments to those eligible.
We have thriving and innovative business, with quality jobs and fair work for everyone.	We create job opportunities and provide community benefits through our spending on goods and services. We also provide access to Job Start Payment designed by the Scottish Government to help young people who have been unemployed pay for costs incurred when they start a new job.
We are healthy and active.	We provide access to disability payments designed by the Scottish Government to enable people to live as fully and independently as possible. We also provide access to Best Start Foods, a payment designed by the Scottish Government to help parents and carers of children under 3 to buy healthy food.
We respect, protect and fulfil human rights and live free from discrimination.	The Scottish Government considers social security to be a human right. We ensure that people are aware of this and that they know about the support they may be entitled to and can apply for benefits.  Public Services that treat people with dignity and respect.

Our 2020-23 [Corporate Plan](#) outlined our strategic direction and goals for our workforce and the people of Scotland. It is linked to the Scottish Government’s National Outcomes Framework and [Our Charter](#).

We publish an annual [Business Plan](#), which highlights our commitments and how they will contribute towards our Corporate Plan objectives.



## Our Goals and Objectives

<b>Scottish Government National Outcomes that we support</b>	We tackle poverty by sharing opportunities, wealth and power more equally 	We live in communities that are inclusive, empowered, resilient and safe 	We have thriving and innovative business, with quality jobs and fair work for everyone 	We are healthy and active 	We respect, protect and fulfil human rights and live free from discrimination 
<b>What our clients have told us they expect of us in Our Charter</b>	A people's service 	Processes that work 	A learning system 	A better future 	
<b>What we do</b>	<b>We help the people of Scotland by delivering social security payments</b>				
<b>Our goals</b>	<b>Fulfil our legislative commitments with kindness, deliver the right benefit to the right people at the right time.</b>	<b>Continuously improve our services and systems focusing on improving efficiency.</b>	<b>Design our services with those who will use them focusing on improving quality of outcome.</b>	<b>Ensure we have the capabilities we need, develop our people and foster a positive culture to deliver the best service possible.</b>	
<b>Our objectives in 2023-24</b>	<ul style="list-style-type: none"> <li>• Work with partners and promote payments so that those who may be eligible apply</li> <li>• Prepare for the launch of future Scottish Government benefits</li> <li>• Discharge the duties of a responsible public body, complying with our corporate and social responsibilities</li> </ul>	<ul style="list-style-type: none"> <li>• Review the size and shape of our organisation ensuring it is supporting our clients' experience</li> <li>• Review the processes we use - revising where we can - to increase performance and deliver an improved client experience</li> <li>• Work with the Social Security Programme to deliver more automation - reducing manual intervention enabling us to process applications more efficiently</li> <li>• Work with the Social Security Programme to reduce dependency on DWP technology to ensure we have the ownership and control of future benefit delivery</li> </ul>	<ul style="list-style-type: none"> <li>• Gather and learn from insights from clients, stakeholders and colleagues via client panels, surveys and stakeholder events</li> <li>• Protect client outcomes and protect the public purse, by developing our approach to quality, beginning to embed it across our systems and processes as we develop them</li> <li>• Work with the Social Security Programme to deliver an inclusive digital experience for clients and staff to help people manage their benefits</li> <li>• Work with the Social Security Programme to deliver methods to access data to ensure we are using data/Management Information/ insights to deliver a service that meets people's needs</li> </ul>	<ul style="list-style-type: none"> <li>• Build strong leadership and governance that provides clear strategic direction and effectively manages performance</li> <li>• Focus on developing the skills and capability of our people</li> <li>• Support the resilience of our people</li> <li>• Work jointly with Scottish Government to deliver a safe programme exit ensuring Social Security Scotland are left with a strong legacy to improve and evolve</li> </ul>	

# Performance Summary

This section is a summary of Social Security Scotland’s performance against our 2023-24 Business Plan objectives. More detailed information on our performance can be found within the Performance Analysis section from page 17 onwards.





Goal	Fulfil our legislative commitments with kindness, deliver the right benefit to the right people at the right time.
Business Plan Objectives	<ul style="list-style-type: none"><li>● Work with partners and promote payments so that those who may be eligible apply</li><li>● Prepare for the launch of future Scottish Government benefits</li><li>● Discharge the duties of a responsible public body, complying with our corporate and social responsibilities</li></ul>
<ul style="list-style-type: none"><li>✓ In November 2023, we started a phased rollout of Carer Support Payment in the Western Isles, Dundee City and Perth and Kinross and are on track to launch the payment nationally across Scotland in 2024.</li><li>✓ We have been successfully managing the safe and secure transfer of client awards from the Department for Work and Pensions to Social Security Scotland. We are currently on track to meet the planned transfer of 700,000 benefit awards to Social Security Scotland by 2025.</li><li>✓ We are further supporting the safe and secure transfer of our clients’ data by ensuring we have dedicated resource across operational teams.</li><li>✓ In February 2024, we successfully promoted Best Start Foods expanded eligibility criteria, contributing towards the Scottish Government’s commitment to tackling child poverty.</li><li>✓ We reduced our impact on the climate, contributing towards Scottish Government Net Zero initiatives.</li><li>✓ We produce an annual Climate Change Report, providing detailed information on our recent initiatives and future priorities.</li></ul>	

Goal	Continuously improve our services and systems, focusing on improving efficiency.
Business Plan Objectives	<ul style="list-style-type: none"><li>● Review the size and shape of our organisation ensuring it is supporting our clients’ experience</li><li>● Review the processes we use to increase performance and deliver an improved client experience</li><li>● Work with the Scottish Government’s Social Security Programme to deliver more automation, reducing manual intervention and enabling us to process applications more efficiently</li><li>● Work with the Programme to reduce dependency on Department for Work and Pensions’ technology to ensure we have control of future benefit delivery</li></ul>
<ul style="list-style-type: none"><li>✓ As well as improving application processing times across most of our benefits, we have also refined our messaging to clients, keeping them informed of progress on their applications.</li><li>✓ In collaboration with the Scottish Government’s Social Security Programme, we delivered improvements in the Adult Disability Payment client journey, adding automation to make the application process more efficient.</li><li>✓ We reviewed several of our services following client and stakeholder feedback and made improvements such as automating some payments.</li><li>✓ We proactively identify and implement improvements by regularly collating and analysing findings on official error to reduce error and use public money effectively.</li></ul>	



Goal	Design our services with those who will use them focusing on improving quality of outcome.
Business Plan Objectives	<ul style="list-style-type: none"><li>● Gather and learn from insights from clients, stakeholders and colleagues via client panels, surveys and stakeholder events</li><li>● Protect client outcomes and protect the public purse, by developing our approach to quality, embedding this across our systems and processes as we develop them</li><li>● Work with the Scottish Government’s Social Security Programme to deliver an inclusive digital experience for clients and staff to help people manage their benefits</li><li>● Work with the Social Security Programme to deliver methods to access data to ensure we are using data/Management Information/ insights to deliver a service that meets people’s needs</li></ul>
<ul style="list-style-type: none"><li>✓ Our Chief Digital Office continues to make improvements so that the benefits application process is better for our clients. We have invested in technology to ensure our systems can deliver an increased number of benefits and are able to process faster at peaks in demand for payments.</li><li>✓ 400,000 clients received Winter Heating Payment by February 2024 as a result of improvements to our processes.</li><li>✓ We have published comprehensive official statistics throughout the year, covering all of our benefits.</li><li>✓ Our annual Client Survey provides feedback and insights from our clients which drives continuous improvement.</li></ul>	

Goal	Ensure we have the capabilities we need, develop our people and foster a positive culture to deliver the best service possible.
Business Plan Objectives	<ul style="list-style-type: none"><li>● Build strong leadership and governance that provides clear strategic direction and effectively manages performance</li><li>● Focus on developing the skills and capability of our people</li><li>● Support the resilience of our people</li><li>● Work jointly with Scottish Government to deliver a safe Programme exit ensuring Social Security Scotland are left with a strong legacy to improve and evolve</li></ul>
<ul style="list-style-type: none"><li>✓ As we launched our new benefits, we engaged with over 3,500 stakeholders through online events and in person sessions and received robust feedback which has helped us improve the service we provide to our clients.</li><li>✓ We have designed and implemented professional development programmes across the organisation. Managers have attended a programme of training and development to broaden their skills, knowledge and help build capacity in their teams.</li><li>✓ We continue to gather feedback from our Client Services Delivery teams and through the Social Security Scotland website. This feedback helps us monitor performance and consider improvements to our service.</li></ul>	



Risks affecting delivery of our objectives

Our Executive Team and Audit and Assurance Committee manage and monitor 15 strategic risks. 9 of these risks are rated ‘red’ with planned actions progressing to manage the risk landscape. The following risks are not yet at acceptable levels due to limitations in resource or ability to take short-term action.

Management Information and performance

We are committed to generating good quality management information and performance insights to manage operational delivery effectively and efficiently; track fraud and error rates; assess corporate performance; meet reporting obligations and service the needs of key external stakeholders across the UK and Scottish Governments, as well as local authorities and the Scottish Fiscal Commission. Failure to do so would lead to inaccurate reporting (both internal and external), hamper decision making, and impact service delivery.

Financial Management

We must operate within the Resource Spending Review settlement. This requires that we accurately forecast our future needs and ensure that business areas spend in line with forecasts. If business activity varies from our forecast, this may lead to reallocation of funding to support priority activities at the expense of other areas, leading to an impact on service delivery.

Control confidence has been set to substantial as there is a robust process for financial management in place, with excellent forecasting accuracy demonstrated last year.

Fraud

We recognise that we will be targeted by people (both inside and outside our organisation, acting alone or in a group) who will seek to exploit vulnerabilities in our fraud defences for financial gain resulting in financial loss.

We are continuing to develop our strategy to combat the increased risk of fraud. We are aware of the particular risk that we face because we deliver a high volume of payments. To mitigate this, we have continued training colleagues, strengthened our detection capabilities by improving the data that we can access and are improving the strength of our anti-fraud policies. A key measure of our effectiveness is having the right systems to support accurate decision-making on benefit applications to manage fraud and error.

The Performance Analysis section reports on improvements we have made to our systems, but we acknowledge there is more work needed to reduce error. We have established our fraud and error service to mitigate exposure to targeted fraud from internal sources or people outside of our organisation.

To ensure we manage public money correctly and fairly, we will continue to refine how we manage fraud and error for the devolved benefits we administer. We will further develop high-value fraud and error activities including planning improvements to our technology. We will continue to build capability to create estimates of fraud and error in our benefit caseloads including getting ready for proposed changes in the law that will help us improve the fraud and error estimates we produce.

Programme Closure

Once the Scottish Government’s current Social Security Programme comes to its planned end, we must be in a position to take full responsibility and accountability for its services and have the right capability, capacity and funding to run, maintain and adapt services.

As this risk is highly scored, we have appointed a specific resource to manage this. We have had success in transitioning some services from the Programme to Social Security Scotland over the course of last year, in particular building greater digital capability. We are improving how we manage change in our organisation, considering our commitment to continuous service improvement. This new approach will ensure that operational delivery is maintained to a high standard while any changes are being implemented. We will manage the process by testing and evaluating any changes before rolling them out across the organisation.

**Quality**

Our efficacy as a public body delivering benefits is reliant on us making the correct decisions on benefit entitlement. Without the systems and processes that both support and demonstrate accurate decision making, the level of fraud and error is likely to significantly increase, leading to increased financial loss. System functionality and manual checking processes have improved this period. We will develop and publish our Quality and Performance Framework, setting out clearly the quality standards our clients can expect. It will also identify areas for further learning and improvement. The framework will demonstrate our links with National Outcomes, the Scottish Government’s Social Security Programme’s Measurable Improvements Strategy and Evaluation Activity and the Charter Measurement Framework.

**Cyber Security**

Our digital systems are likely to be compromised if an effective cyber resilience environment is not built and maintained. This would lead to the loss of confidentiality, integrity of our systems and availability of digital services or information systems used to deliver devolved benefits. Our cyber security risk will always be rated highly and we have taken steps to improve our resilience by appointing specialists to focus on this work. We will continue investment in our critical digital services and platforms that support efficient delivery of devolved benefits to our clients. We will also focus on cyber security, ensuring personal data and information continue to be stored securely.

**Business Resilience**

Without a robust and fully assured business continuity and incident management framework in place, we would not be able to continue service delivery. Failure to make benefit payments would have significant financial impact for people across Scotland. We will identify and implement improvements in our business continuity resilience. This approach should mitigate financial loss and disruption of service.

**Delivering for our Clients**

We need to prioritise actions to sustain appropriate internal operational processes, systems, controls and performance levels to support delivery of our service. If we do not, then we risk losing the confidence of public and stakeholders in our ability to deliver a vital public service. We will identify and implement improvements in how we process and deliver devolved benefits. This approach should help our clients easily access the benefits they are entitled to more efficiently. Examples of improvements include automation of some payments and testing different ways we communicate with our clients via telephone and webchat.

**Protective Security**

To deliver our services effectively, we need to ensure that our offices and client-facing spaces continue to be safe and secure. We are committed to reviewing and upgrading physical security measures where necessary to ensure the safety of our people, our clients and any information we hold. A protective security team has been established and has led on improved protections for our clients and colleagues.

Information on our approach to risk management over the year is outlined in the Governance Statement on page 37.



# Performance Analysis

This section provides insight on our performance against the objectives in our Business Plan.



## Our Goal

Fulfil our legislative commitments with kindness, deliver the right benefits to people at the right time.



## Our Objectives

- Work with partners and promote payments so that those who may be eligible apply
- Prepare for the launch of future Scottish Government benefits
- Discharge the duties of a responsible public body, complying with our corporate and social responsibilities

Our service meets the needs of clients across Scotland by offering a choice in how they access our support – by phone, online, in person at a community venue or at home if needed. We have developed relationships with local partners in a variety of venues to ensure we are reaching people who may not usually engage with us, while raising awareness of benefits they may be entitled to.

We successfully launched the phased rollout of Carer Support Payment in the Western Isles, Dundee City and Perth and Kinross, allowing people to apply for this vital payment. Stakeholder organisations were given detailed resources about Carer Support Payment to allow them to share information with clients and their networks to promote benefit uptake.

We originally planned national rollout in spring 2024 but have continued introducing the payment in phases as more data becomes available, allowing us to make continuous improvements during the pilot phase. We continue to work with the Scottish Government and Department for Work and Pensions colleagues to ensure the safe and secure sharing of client data and information. We are on track for national launch in autumn 2024.

As we launch new benefits, we have continued to provide a high standard of service to people across Scotland. In our annual Client Survey, respondents were asked about their overall experience with Social Security Scotland, around four-in-five respondents (81%) said their overall experience with us was ‘good’ or ‘very good’. We continue to make improvements to delivery across all devolved benefits. For Carer Support Payment, we developed a process with Department for Work and Pensions to avoid overpayments of linked qualifying benefits to ensure we get payments to clients right first time.



Details on the total amount of individual clients paid for each financial year can be found in Table 1 below. All figures can be found in the individual benefit publications on [our website](#).

Table 1 – Individual clients paid

Benefit	2023-2024	2022-2023
Adult Disability Payment	222,505	38,880
Best Start Foods and Best Start Grant	73,200	72,435
Child Disability Payment	83,710	61,985
Funeral Support Payment	6,670	4,965
Job Start Payment	765	700
Scottish Child Payment	204,465	177,150
Young Carer Grant	3,755	2,640

We have continued to manage the safe and secure transfer of client data and benefit awards. We have established joint working groups with the Department for Work and Pensions and the Scottish Government after benefit launches to identify any challenges and agree business priorities. We have now completed the process of transferring all Child Disability Payment claims from the Department for Work and Pensions and remain on track to complete the transfer of Adult Disability Payment claims. The below table shows the number of transferred clients who were part of the caseload for Adult Disability Payment or Child Disability Payment at the end of each year.

Table 2 – Number of transferred clients on caseload<sup>3</sup>

Benefit	Transferred clients on caseload	
	2023-24	2022-23
Adult Disability Payment	138,425	25,275
Child Disability Payment	43,920	45,685

We promoted the expanded eligibility for **Best Start Foods**, including the removal of income limits to make sure that newly eligible people were aware of the extra financial support available. This included securing media coverage, awareness raising sessions with partner organisations and creating a toolkit for stakeholders to help promote the payment on their channels and support eligible people to apply.

We have established a team focusing on reducing our impact on Scotland’s emissions and contributing towards the Scottish Government’s Net Zero ambitions. We produce an **annual Climate Change Report**, providing detailed information on our emissions, recent initiatives and future priorities. Our changes included switching to a fleet of fully electric vehicles, and the removal of single-use hot drink containers and cutlery from our catering services in Dundee and Glasgow.

<sup>3</sup> The point in-time caseload figures presented are lower than the all-time number of clients who had awards transferred as some clients have since left the respective caseloads due to age and other potential factors.

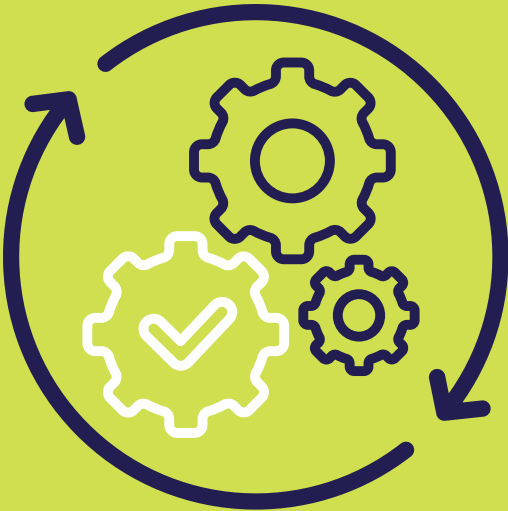
We have a duty to protect our clients who may be vulnerable to harm. We have delivered training and are establishing further guidance around safeguarding. We have worked with NHS Scotland and other partners to share best practice. We have established a team of Health and Social Care registered professionals who manage safeguarding referrals to other services including local authorities.

“When I received the payment, I’d try not to put the heating on so was a massive help. I now receive other benefits such as Adult Disability Payment, so no worries now, but at the time I was extremely grateful.”

**Winter Heating Payment client (Client Survey)**

Our Goal

Continuously improve our services and systems focusing on improving efficiency.



Our objectives

- Review the size and shape of our organisation, ensuring it is supporting our clients’ experience
- Review our processes to increase performance and deliver an improved client experience
- Work with the Scottish Government’s Social Security Programme to deliver more automation – reducing manual intervention enabling us to process applications more efficiently
- Work with the Programme to reduce dependency on Department for Work and Pensions’ technology to ensure we have control of future benefit delivery

We have improved our performance by making changes to the way we deliver our services including reducing processing and call waiting times across most of our benefits.

We have improved our processing times, trialling early intervention of our Health and Social Care team to review applications, and working with colleagues from the Department for Work and Pensions to share learning.

Table 3 – Median processing time in days for each benefit\*

Benefit	2023-2024	2022-2023
Adult Disability Payment	80	74
Best Start Foods and Best Start Grant	12	39
Carer Support Payment	14	n/a <sup>4</sup>
Child Disability Payment	101	77
Funeral Support Payment	20	28
Job Start Payment	24	16
Scottish Child Payment	13	29
Young Carer Grant	22	26

\* Processing time is measured as the number of days between receiving part two of an application and a decision being made. For Adult Disability Payment and Child Disability Payment this is measured as the number of days between receiving a part 2 application and a decision being made.

The early part of the year saw higher processing times across our disability payments than we would have liked. We took action to improve processing times and saw steady reductions throughout the year. Adult Disability Payment reduced from 96 days in April 2023 to 49 days in March 2024 and Child Disability Payment reduced from 109 days in April 2023 to 69 days in March 2024. Processing times for all our benefits are available at <https://www.socialsecurity.gov.scot/publications>.

4 Carer Support Payment was launched as a pilot in November 2023.



We are working with Scottish Government colleagues to centralise continuous improvement in our service delivery including in our systems and processes. We are focused on prioritising improvements to ensure we are concentrating on the most urgent issues affecting our clients with the aim of delivering a better service.

We are also committed to the learning and development of our colleagues with in-house training available, e-learning and opportunities to work with a mentor available throughout the year.

Although we are yet to see the full impact of this work, we expect these changes to have a positive impact for our clients, colleagues, stakeholders and the organisation.

Following feedback, we continue to refine and improve our services based on the needs of our clients and the business needs of our organisation. In collaboration with the Scottish Government’s Social Security Programme, we delivered automation into our Adult Disability Payment client journey to make the application process more efficient, including how we update clients about the status of their applications with text messages and emails.

We also worked in collaboration with the Scottish Government’s Social Security Programme to deliver changes to Best Start Foods eligibility and made it easier for people to receive payments, including reducing the number of steps involved in making an application.

We have a dedicated specialist team focussed on identifying, correcting and reporting error. They also analyse the reasons for errors with a view to improving error prevention. We have focused improvements on low-income and disability benefits.

Information on official error is regularly analysed to identify trends which require us to proactively make improvements in our systems. We continued to make progress this year testing how we estimate the monetary value of official error in our caseload, building on our successful pilot examining Scottish Child Payment. We completed an exercise to estimate official error levels in Best Start Foods, issuing these as official statistics as set out in the **Code of Practice for Statistics**.

“The whole process leaves you feeling vulnerable and in the past when you were not believed you were left very low in spirit. The process this time took a long time to be confirmed but I cried when I was accepted. To be believed and accepted was such a relief.”

**Social Security Scotland client (Client Survey)**

“The only drawback is the lengthy waiting times for decisions to be made within the required timescales. However, it is appreciated that there has been a large volume of applications as would be the case with the rollout of any new benefits.”

**Partner respondent (Charter Research)**

# Our Goal

Our Goal – Design our services with those who will use them focusing on improving quality.



## Our objectives

- Gather and learn from insights from clients, stakeholders and colleagues through client panels, surveys and stakeholder events
- Protect client outcomes and protect the public purse, by developing our approach to quality, beginning to embed it across our systems and processes as we develop them
- Work with the Scottish Government’s Social Security Programme to deliver an inclusive digital experience for clients and staff to help people manage their benefits
- Work with the Programme to ensure we are using Management Information and insights to deliver a service that meets people’s needs

To help us deliver the commitments in **Our Charter**, one of our key initiatives is setting out a clear and effective path to deliver the right improvements at the right time. This includes which changes we will prioritise and how we deliver projects while making continuous improvements to our service. We are preparing for the planned end of the Scottish Government’s Social Security Programme in 2026.

**Official statistics** covering all Social Security Scotland benefits are published regularly. In addition to feedback statistics, equality statistics and quarterly workforce statistics are published throughout the year.

Towards the end of the reporting year, we started a project which will develop a new organisation-wide approach to continuous improvement. Throughout the project, we’ll be trialling new ways of working and looking to centralise the continuous improvement function.

“The training has been top notch. There has always been encouragement to undertake upskilling, shadowing and anything else I need.”

**Colleague Respondent (Charter Research)**



In response to feedback from our clients and stakeholders, we publish information on our call waiting times, which can be found at [Social Security Scotland – Telephony and Webchat management information – Statistics to March 2024](#).

Our call waiting times improved overall from an average of 22 minutes and 17 seconds in 2022-23 to 17 minutes and 54 seconds in 2023-24. Winter Heating Payment call waiting times were steady across the majority of the year but there were peaks in demand which increased the call waiting time average.

We recognise Adult Disability Payment call waiting times were slightly higher in 2023-24. However, as a result of improvements to our processes, this decreased steadily throughout the year, from 44 minutes and 43 seconds in April 2023 to 20 minutes and 44 seconds in March 2024. Actions we have taken to reduce our call waiting times included redeploying more colleagues to phonelines and encouraging clients to use webchat where possible.

Our Chief Digital Office delivered improvements to our technology and IT systems to ensure the delivery of new benefits and strengthen the security of our existing systems. This included work to support automation of payments, and the uprating of benefits. We have also introduced automation for Best Start Grant Early Learning and School Age Payment, which means clients do not need to apply for these payments.

We also saw major improvements in the processing of Winter Heating Payment with more than 400,000 people receiving payments by February 2024. Improvements included receiving data earlier from the Department for Work and Pensions, and changes to our processes and guidance.

We are supporting thousands of families through our five family payments, and wider Scottish Government support is also helping to protect them as much as we can from the cost of living crisis. Up to the end of March 2024, over £829 million has been provided to families across Scotland through the five family payments.<sup>5</sup>

We have been developing a roadmap for fraud and error prevention and detection.

We have made it easier for clients to claim Funeral Support Payment by introducing technology that generates letters and reduces the amount of information requested from clients.

We continued to make progress in estimating error in our benefit caseloads in 2023-24. Work to produce the first official statistics in relation to official error levels has continued throughout the year, with an exercise examining the Best Start Foods caseload. This will help us evaluate how effective our error controls are. Targeted improvement to our controls based on this evaluation will help reduce loss of public money.

We made several recent improvements to controls which reduce the risk of payments being made to wrong bank accounts. In addition, new functionality has been developed to reduce the need for manual payments to be issued as these carry a higher error risk. The Internal Audit report on Official Error trends received a limited assurance and we will be focussing on the work described above but also working with the Scottish Government’s Social Security Programme to improve performance.

We continue to work collaboratively with stakeholders of the Dundee and Glasgow Pathfinder projects which are focused on tackling causes of child poverty.

<sup>5</sup> [www.socialsecurity.gov.scot/news-events/news/financial-support-for-families](https://www.socialsecurity.gov.scot/news-events/news/financial-support-for-families)

# Our Goal

Our goal – Ensure we have the capabilities we need, develop our people and foster a positive culture to deliver the best service possible.



## Our objectives

- Build strong leadership and governance that provides clear strategic direction and effectively manages performance
- Focus on developing the skills and capability of our people
- Support the resilience of our people
- Work jointly with Scottish Government to deliver a safe programme exit ensuring we are left with a strong legacy to improve and evolve

We continue to seek feedback on our disability benefits to improve the service for our clients. We found that people were struggling to obtain supporting information from GPs for their disability benefits applications. In response, we hosted events to promote other ways people can get this information from a range of professionals including support workers, nurses and occupational therapists. These professionals can confirm health conditions and disabilities clients outline in their application forms. We also made it possible for people to send supporting information from their wider support networks including family, friends and unpaid carers.

To help stakeholders share this information easily, we recorded a short video explaining the process which has improved our clients’ ability to submit completed applications for disability payments.

We have delivered training sessions to help managers increase their knowledge and improve their people management skills. These have included management development programmes as well as specific events on topics such as leadership resilience and capability, managing hybrid working and navigating through change. We are focused on embedding a positive culture across the organisation in line with our values of dignity, fairness and respect.

In our Charter Research 2023-24 survey of staff, most colleagues who responded said they’d received ‘good’ or ‘very good’ support from their line manager (79%).

Regular meetings between managers and colleagues supports development for all based on individual needs. All managers have been given the opportunity to attend a management training and development programme to broaden their skills and knowledge.

Colleagues are given the opportunity to develop their careers by taking on increased responsibility through temporary roles in their own or other teams. This gives our people experience of working with different benefits, or in a more senior role providing opportunities to further learn and develop. This has both broadened individual skills and given us more flexibility in deployment when we experience increased demand for certain benefits, leading to an improved service for our clients.

83% of colleagues who responded to our Charter Research 2023-24 survey of staff said they felt ‘confident’ or ‘very confident’ in their knowledge and skills to do their job.

Our Client Services Delivery teams gather feedback from our clients. We also ensure we review any complaints from clients to see if we can make improvements to our service.

Clients can make suggestions on our services through our website. Clients also share feedback through regular surveys and participation in our Client Panels.

A five-year **review** of **Our Charter** has been completed and was laid in Parliament in May 2024. We undertook a series of workshops with clients, and a total of 850 members of our Client Panels took part in a survey about their views and priorities for the Charter. As well as the Charter Review, we also engaged with external stakeholders and partners and our colleagues to gather views on how effectively we are delivering our commitments, which have been published in our Charter Measurement Framework.

To support the transition of the Scottish Government’s Social Security Programme, we have established a joint Executive Group. Members meet regularly to focus on joint decision-making and discussion.

This forum has delegated authority to oversee key elements and joint dependencies to ensure that the Social Security Programme can complete all planned delivery activity including a planned programme closure and that Social Security Scotland has the required capability and resources to continue to operate an effective benefits service.

**Financial Performance**

Our performance against budget is detailed in the Parliamentary Accountability Report on page 52. It cost £264.9 million to run our organisation in 2023-24 (£261.6 million in 2022-23).

The following table shows the main categories of spend:

**Table 4 – Operating costs by expenditure category**

Expenditure Type	2023-24 £million	2022-23 £million
Staff	196.5	172.6
Accommodation	4.2	3.8
Other Operating Costs	16.2	12.0
Scottish Government Shared Service recharges	8.6	7.5
IT Systems	13.3	6.6
Formal Agreements with the Department for Work and Pensions	26.1	59.1
<b>Total</b>	<b>264.9</b>	<b>261.6</b>

Our Staff Costs have increased by £23.9 million due to pay award and employee progression. Continued investment in our IT Systems has enhanced the benefit application process for our clients.

Expenditure on Formal Agreements has reduced this year in line with the reduction in the number of benefits being delivered by the Department for Work and Pensions.

Further information on our Operating Costs can be found in Notes 2 and 3 of the financial statements.



We closely monitored our budget throughout the year and were able to release money back to the Scottish Government through review of discretionary spend which contributed towards cost-saving initiatives. To maximise value for money, we also took steps to further increase the price weighting in our contract award decisions and limit price increases in multi-year contracts to the lower of 3% or the Consumer Price Index.

The table below notes our main assets and liabilities which are recognised in the Statement of Financial Position (page 65). Further details can be found within the Notes to the Financial Statements (page 68 to page 84).

**Table 5 – Assets and Liabilities within the Statement of Financial Position**

Asset/Liability type	2023-2024 £million	2022-2023 £million
Non-Current Assets	67.7	73.2
Current Assets	164.0	61.8
Trade and Other Payables	247.0	285.0
Lease Liabilities	28.7	31.4
Provisions	33.2	5.5



Non-current assets are shown in notes 5,6,7 and 9 of the accounts. Intangible assets are mainly our Social Programme Management licences and hosting platform.

Compared against 2022-23, our current assets have increased due to higher bank balances being held to ensure benefit payments were made over the Easter holiday period.

Trade and other payables decreased because of changes in the timing of payment of our Formal Agreements with the Department for Work and Pensions.

Our cash management forecasting was 0.63% (2022-23: 0.14%) different to what we needed which was a notable achievement in view of the variability of demand led benefit expenditure.

We published regular information on transactions over £25,000 and transactions over £500 made through Electronic Purchasing Cards. These can be found [here](#).

Full details of our Benefit Expenditure can be found within Note 4 of the Financial Statements.



**David Wallace**  
Chief Executive and Accountable  
Officer Social Security Scotland  
01 October 2024


“ My overall experience was positive and generally relaxed. I never felt judged but more supported and like I wasn’t the only new single mum trying to do best by her child. ”

**Social Security Scotland (Client Survey)**


“ The times I have met with people from [Social Security Scotland] I have found them to genuinely want to make these systems work as best as possible and have always been eager to hear feedback from outside organisations. ”

**Partner respondent (Charter Research)**


# Forward Look




Our **Business Plan 2024-25** sets out our priorities in continuing to implement new benefits and transfer our clients' benefit awards from the Department for Work and Pensions.



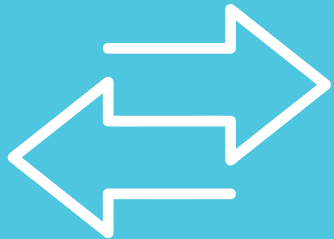
From winter 2024, **Pension Age Disability Payment** will begin a phased rollout in Argyll & Bute, Highland, Aberdeen City, Orkney, and Shetland.




In autumn 2024, **Carer Support Payment** will be launched across Scotland after a phased rollout during 2023-24.



The **transfer of client awards** from the Department for Work and Pensions will continue for Adult Disability Payment and Carer Support Payment.



We will continue to **transfer all the functions** needed to deliver benefits from the Scottish Government's Social Security Programme to Social Security Scotland as the Programme comes to a planned end in 2026.



We will continue to deliver services that provide **value for public money**. Focussing on achieving efficiencies through procurement contracts and reviewing our services in projects that we have set up in our Business Plan.



“ My experience has been very positive every time and has helped me rebuild my life. ”

Social Security Scotland (Client Survey)



# Accountability Report

## Corporate Governance Report

This report describes our governance structures and how they support delivery of our business objectives. It comprises the Directors’ Report, the Statement of Accountable Officer’s Responsibilities and the Governance Statement.

This meets accountability requirements as specified in both the [HM Treasury’s Financial Reporting Manual](#) and the [Scottish Public Finance Manual](#).

## Directors’ Report

### Relationship with Scottish Government

Social Security Scotland is an Executive Agency of the Scottish Government. Scottish Ministers are responsible for determining the overall policy and resource framework which we operate within. We are accountable to Ministers, and Ministers are accountable to Parliament for our functions and performance. Being an Executive Agency, our management and budgets are separate from core Scottish Government and our Chief Executive is accountable for managing our performance and the budget required to deliver a high-quality service based on our values of dignity, fairness and respect.

Following Humza Yousaf MSP’s appointment as First Minister, Shirley-Anne Somerville MSP was appointed Cabinet Minister for Social Justice in March 2023.

Our [Framework Document](#) sets out clear lines of accountability between the Accountable Officer of Social Security Scotland, through our Portfolio Accountable Officer, up to the Principal Accountable Officer for Scottish Government and Scottish Ministers.

## Chief Executive

David Wallace was Chief Executive of Social Security Scotland over the reporting period and continues in this post. The Chief Executive is the Accountable Officer of Social Security Scotland and is supported by the Executive Team, which he chairs, and the Executive Advisory Body. Further information on this can be found on page 34. Full details of the governance structure and risk management arrangements in operation in Social Security Scotland are provided as part of the Governance Statement.

## Register of Interests

A [register of interests](#) for all Executive Advisory Body and Executive Team members is maintained and published on our website.

## Auditors

Audit Scotland is appointed under the [Public Finance and Accountability \(Scotland\) Act 2000](#) to carry out the external audit of Social Security Scotland. No fees were charged for other services.



Data Breaches

Our colleagues have a responsibility to report any personal data incidents, real or suspected, as soon as they are identified. Each incident is assessed and investigated immediately, with a lessons-learned exercise undertaken on any findings to reduce the likelihood of re-occurrence and we draw wider conclusions and look for opportunities to address root causes from our case-by-case analysis.

In 2023-24, 1,593 incidents were assessed by the Data Protection Team (in 2022-23 – 632). Of these, 681 were assessed as actual personal data breaches. This represents an increase in breaches of 105% on 2022-23. The increase may be attributed to the increased volume of client transactions and new benefit types. Activity undertaken to promote colleagues’ responsibilities for reporting potential breaches may also have contributed to an increase in reports through greater awareness.

Of these, 681 incidents (2022-23: 332) were assessed to have led to, or have had the potential to lead to, a personal data breach. Two breaches met the threshold for notification to the Information Commissioner’s Office.

Table 6 – Personal Data Breaches

Incident Type	Number of Incidents 2023-24	Number of incidents 2022-23
Mail sent to incorrect recipient	598	246
Email sent to incorrect recipient	14	23
Process failure	43	42
Unauthorised access to data	3	3
Verbal disclosure of data	17	13
Text sent to incorrect recipient	3	1
Lost personal data	0	4
Inaccurate data	3	0
Total	681	332

Statement of Accountable Officer’s Responsibilities

The Principal Accountable Officer for the Scottish Administration has designated our Chief Executive David Wallace 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. More information on our Executive Team is available on page 35.

In accordance with section 19(4) of the Public Finance and Accountability (Scotland) Act 2000, the Chief Executive is required to prepare and sign an Annual Report and Accounts to Scottish Ministers, and to arrange for laying before the Scottish Parliament. The accounts are prepared on an accruals basis and must give a true and fair view of the financial situation of Social Security Scotland, expenditure,



resources applied to objectives, recognised gains and losses and cash flows for the financial year.

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

- observe the Accounts Direction issued by Scottish Ministers, including relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis
- make judgements and estimates on a reasonable basis
- state whether applicable accounting standards, as set out in the Government Financial Reporting Manual, have been followed, and disclose and explain any material departures in the accounts
- prepare the accounts on a going concern basis; and
- confirm that the Annual Report and Accounts is fair, balanced and understandable, taking personal responsibility for the Annual Report and Accounts and the judgements required for determining that it is fair, balanced and understandable

Under section 15 of the **Public Finance and Accountability (Scotland) Act 2000**, the Principal Accountable Officer for the Scottish Administration has designated the Chief Executive of Social Security Scotland as Accountable Officer of Social Security Scotland. The Social Security Scotland Accountable Officer is personally answerable to the Scottish Parliament for the propriety and regularity of Social Security Scotland’s activities and for the economical, efficient and effective use of all associated resources. The Accountable Officer is also responsible for signing the accounts of Social Security Scotland.

So far as the Accountable Officer is aware, there is no relevant audit information of which Social Security Scotland’s Auditors are unaware. The Accountable Officer has taken all the steps that he ought to have taken to make himself aware of any relevant audit information and to establish that Social Security Scotland’s auditors are aware of that information.

Governance Statement

Scope of Responsibilities

As the Accountable Officer at the date of signing this report, I am personally accountable to the Scottish Parliament for the proper management of public funds and for ensuring these resources are used efficiently, economically and effectively.

In discharging this overall responsibility, I am responsible for putting in place appropriate arrangements for the governance of Social Security Scotland’s affairs, facilitating the effective exercise of its functions. This includes ensuring a sound system of control is maintained through the year and that appropriate arrangements are in place for the management of risk.

I believe Social Security Scotland fully complies with the principles of the Scottish Public Finance **Manual**.

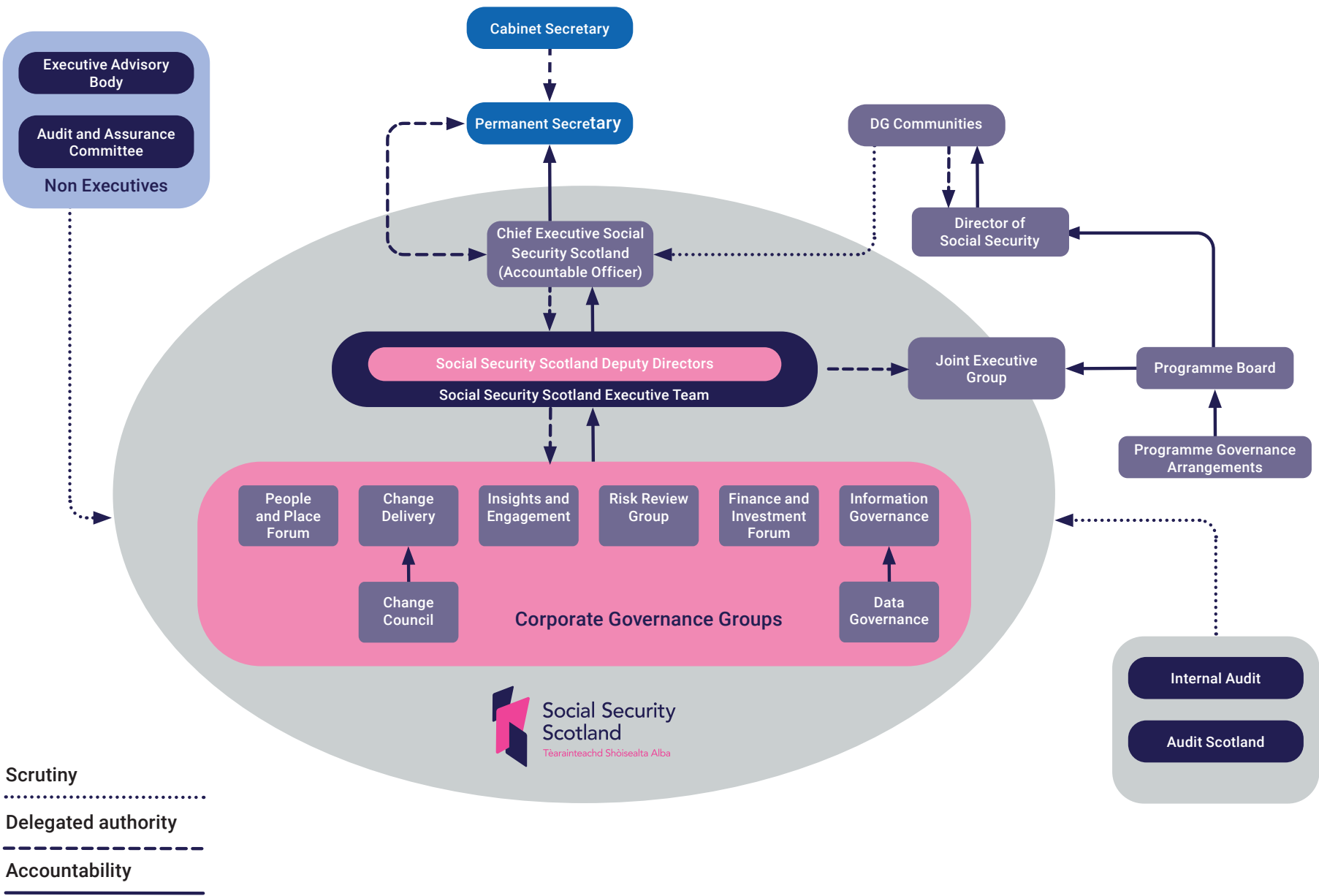
Governance Framework of Social Security Scotland

Social Security Scotland is an Executive Agency of the Scottish Government. We are responsible for the administration of devolved social security benefits for people in Scotland. Our Framework Document sets out the detailed accountability and governance framework for the organisation, and the context for our relationship with Scottish Ministers and the Scottish Government, including the Scottish Government’s Social Security Programme.

Our systems of internal control and assurance are in line with the Scottish Public Finance Manual and seek to identify the principal and emerging risks to the achievement of our aims and objectives. As Chief Executive, I have a direct relationship with the Cabinet Secretary for Social Justice and meet regularly to update her on Social Security Scotland’s performance and progress. I am a member of the Senior Civil Service and Social Security Scotland’s Accountable Officer.

I am responsible for the management of Social Security Scotland and I am accountable to the Principal Accountable Officer (the Permanent Secretary) and to Scottish Ministers on a day-to-day basis.

As part of Director General Communities and the Scottish Government’s Senior Civil Service leadership team, I ensure that we work with Scottish Government colleagues to support the achievement of strategic objectives and National Outcomes.



The Scottish Government’s Social Security Programme was established to design how Social Security Scotland would deliver devolved benefits. The **Scottish Government’s Social Security Programme Business Case** outlines how long this work will take, how much it will cost, and the benefits that the Scottish Government expects to realise as a result of this work. Successful completion of the Programme Business Case requires close collaborative working across the Scottish Government’s Social Security Programme and Social Security Scotland.

I share a mutual responsibility with Director General Communities and the Director for Social Security to ensure an effective relationship which allows each to discharge their respective responsibilities. To do this, I maintain a close working relationship with Stephen Kerr who plays a critical role as the Senior Responsible Officer of the Scottish Government’s Social Security Programme. I carry out my duties in a way which promotes mutual dependencies and cooperative working with the Director of Social Security and the Portfolio Accountable Officer (Director General Communities) and I routinely attend relevant management meetings.

**Portfolio Sponsor**

Director General Communities is our Scottish Government Portfolio Sponsor. Our Portfolio Sponsor is responsible for ensuring that we have the appropriate arrangements in place for business planning, performance reporting and risk management in line with our **Public Bodies Framework**.

Our Portfolio Sponsor provides support and constructive challenge to make sure that delegated authority is being exercised properly and that we are a high-performing and continuously improving organisation.

Minutes from the Portfolio Sponsor meetings are available on **our website**.

**Executive Advisory Body**

Our Executive Advisory Body provides advice and constructive challenge. The role of Chair is delegated to Chris Creegan, one of our non-Executive Members. The body is made up of our Executive Team, a senior representative from the Scottish Government’s Social Security Programme, and seven non-Executive Members. Non-Executive Members play an important role in offering constructive challenge and advice to me, as Chief Executive, on our strategy and effective governance. The non-Executive Members are appointed by me for a period set out in their terms and conditions which must not initially exceed four years. Individual members may be reappointed but may not serve for a total period exceeding eight years.

The Executive Advisory Body met seven times in the reporting year. Key discussion topics within this period were:

- Performance and Service Delivery
- Finance
- People
- Cyber Security
- Supporting the development of our Business Plan and Corporate Plan

Meetings are usually held in person in our Dundee head office, with occasional meetings in our Glasgow office. These meetings are hybrid to allow members unable to attend in person to join virtually.

All papers, including the agenda, minutes and action tracker related to meetings are publicly available on **our website**.

Formal meetings are held approximately every six weeks, except during peak leave time in July and December. Additional informal meetings of the Executive Advisory Body are organised outwith these periods. These include an annual review of effectiveness and focused sessions to build a comprehensive understanding into risks and the actions and mitigations required, for various topics.



A breakdown of attendance is provided below:

Member	Executive Advisory Body Meetings eligible to attend	Meetings attended
David Wallace	7	5
Ally MacPhail	7	6
James Wallace* <sup>6</sup>	6	5
Janet Richardson	7	5
Gayle Devlin	7	7
Paul Knight	7	4
Andy McClintock	7	7
Nicola Rudnicki	5	3
Leanne Carson	5	4
Chris Creegan	7	6
Barry Matheson	7	5
Naghat Ahmed	7	7
Russell Frith	7	7
Laura Brennan-Whitefield	7	6
Deborah Rodger (From October 2023)	4	4
Gillian Mudie (From October 2023)	4	3

<sup>6</sup> James Wallace was seconded to the Scottish Government in March 2024 and therefore did not attend the final Executive Advisory Body meeting of the reporting year.

Executive Team

The Executive Team remains the organisation’s key strategic governance forum with a focus on:

- considering and approving Social Security Scotland’s strategic policies, plans and processes
- setting out the strategic direction and ensuring that objectives are met
- considering and collectively approving significant outputs from the Scottish Government’s Social Security Programme – taking into consideration factors which impact on our capacity, finance and client service levels
- ensuring the visibility of key developments across the work of Social Security Scotland
- improving the performance of the organisation

The Executive Team hold a weekly hybrid meeting, reflecting our policies on hybrid working for the organisation.

Following this meeting, updates are shared with senior leaders at the Weekly Leadership Team meeting where the Executive Team also provide guidance on a range of corporate and operational topics and Ministerial engagement. The Weekly Leadership Team is not a decision-making governance forum.

Our Executive Team as of 31 March 2024 included:

- David Wallace, Chief Executive
- Janet Richardson, Deputy Director, Client Services Delivery
- Gayle Devlin, Deputy Director, Health and Social Care
- Ally MacPhail, Deputy Director, Organisational Strategy and Performance
- Andy McClintock, Chief Digital Information Officer
- Nicola Rudnicki, Deputy Director, People and Place

There were a few changes to our Executive Team within the reporting year:

Nicola Rudnicki was appointed as the new Deputy Director, People and Place, on 14 August 2023.

Leanne Carson, Programme Director, Scottish Government Social Security Programme attended our Executive Team meetings from 7 March 2023 until December 2023 when she gained a promotion within the Scottish Government’s Social Security Programme.

James Wallace was seconded to support the Scottish Government Director General Communities in March 2024.

Stephanie Glavin, appointed in May 2024, is temporarily filling the Deputy Director, Finance and Corporate Services role.

Miriam Craven joined Social Security Scotland in the role of Chief Operating Officer in April 2024. Miriam has responsibility for our main operational delivery areas, with a focus on client experience.

Paul Knight attends Executive Team meetings to support discussion relevant to his role as Chief Medical Advisor and Caldicott Guardian. His role is in an advisory capacity, and he does not form part of the decision-making quorum.

We continue to have representation on the Scottish Government’s Social Security Programme Senior Leadership Team and at several Programme Governance Groups including the Social Security Programme Board. This board ensures the successful delivery of the Programme and provides necessary scrutiny and challenge, while promoting alignment with Social Security Scotland. We are also represented on this board by our non-Executive Member Chris Creegan.

More information on our Executive Team is available on our website.

**Changes to our governance in 2023-24**

The Executive Team was supported by an Agency Leadership Team governance group until July 2023. The original purpose of this group was to provide leadership for Social Security Scotland on day-to-day business management and operational issues affecting performance. Following a review, the group was stood down to simplify decision making and focus on ongoing challenges and opportunities. The existing Governance Groups which reported into the Agency Leadership Team are utilised to ensure decisions are made at the appropriate level by subject matter experts and now feed directly into the Executive Team. Each of these governance groups is sponsored by a member of the Executive Team to facilitate decision making across the organisation.

**Audit and Assurance Committee**

The Audit and Assurance Committee continues to provide independent advice and support to me as the Accountable Officer. This scrutiny helps improve our service in supporting people in Scotland to access the benefits they are entitled to.

The Committee membership consists of three non-Executive members and operates independently from Social Security Scotland's management, performing a statutory function.

**Non-Executive Members**

- Russell Frith (Chair)
- Barry Matheson
- Naghat Ahmed

**Regular Attendees**

- David Wallace – Accountable Officer
- James Wallace – Deputy Director, Finance and Corporate Services
- Leads from Corporate Assurance, Risk, Finance and Fraud and Error Resolution

Also in attendance were representatives from Audit Scotland and the Scottish Government Directorate for Internal Audit and Assurance.

We also, as appropriate, allow observers to attend the meetings either from within Social Security Scotland or the wider Scottish Government.

The Terms of Reference for the Committee are reviewed on an annual basis and were approved at the November 2023 meeting. This is based on best practice and consistent with the Audit Committee Handbook issued by the Scottish Government. The revised Terms of Reference from November 2023 are available on our website.

The standard items discussed at each meeting include the minutes of the previous meeting and action tracker. Social Security Scotland provides updates on risk management, financials, fraud and error resolution and audit recommendations. The Directorate for Internal Audit and Assurance and Audit Scotland also provide updates.

Other items that are presented annually include the business resilience annual report, the Audit and Assurance Committee Terms of Reference and Self-Assessment, the assessment of external audit, the Social Security Scotland Accounting Policies and Annual Report and Accounts, the Register of Compliance annual update, Audit Scotland annual audit plan and annual audit report and the Directorate for Internal Audit and Assurance Plan and annual assurance opinion.

For a meeting to be consider quorate, a minimum of two members of the Committee must be present. All meetings met this requirement and a breakdown of attendance by members and regular attendees is provided below:

Member	Audit and Assurance Committee Meetings eligible to attend	Meetings attended
Russell Frith	5	5
Barry Matheson	5	3
Naghat Ahmed	5	5
David Wallace	5	5
James Wallace	5	5

Programme and Project Management Governance

Our Project Management Centre approach ensures the implementation of projects delivered in their entirety by Social Security Scotland and the implementation of new Social Security benefits, IT systems and processes by working closely with our colleagues in the Scottish Government’s Social Security Programme. This is achieved through close collaboration across all areas of governance.

Our Social Security Scotland Project Management Office supports effective change management within the organisation. We continue to be represented on all Social Security Programme Governance forums, such as the Delivery Escalation and Prioritisation Board, and senior colleagues from the Scottish Government’s Social Security Programme attend some of our governance forums. Joint working between Social Security Scotland and the Scottish Government’s Social Security Programme has resulted in an agreed single prioritised backlog for continuous improvement to our systems. Details of the Scottish Government’s Social Security Programme’s governance arrangements are set out in the Programme Business Case.

Risk Management

As set out in the Scottish Public Finance Manual we must operate a risk management framework. We have a Risk Management Strategy and Framework which sets out our approach to managing risk across our organisation and helps us ensure that we achieve our objectives. Within the Performance Report, we reflect on risk management performance for the year and this section further outlines our approach.



During 2023-24 we actively managed risks around four key themes:

- having the capacity, resource and organisational resilience to sustain delivery of a complex programme of benefit rollouts to clients that maintains levels of operational delivery performance in line with **Our Charter** commitments and meets our statutory obligations
- maturing and developing our systems and processes to manage growing numbers of clients and an increasing caseload, including improving management and performance information and our fraud and error controls
- managing key relationships with stakeholders and suppliers to ensure digital services meet clients’ needs and we minimise the impact of technical debt and impacts to our change management function
- Dealing with economic uncertainty and the impact on forecasting future benefit expenditure and the consequent impact on our administrative budgets and workforce planning

The risk landscape has remained complex as we continued to deliver the policy agenda for Scottish Ministers and manage a broad range of strategic risks.

In 2023-24 we moved to publication of our strategic risk register every quarter, alongside papers for the Audit and Assurance Committee. This is available [here](#).

The Executive Team are owners for our strategic risks and monitor and actively manage those risks through nominated responsible officers. The Risk Review Group, chaired by the Deputy Director, Finance and Corporate Services, continues to ensure senior sponsorship for risk management at Executive Team level and across our governance forums including the Audit and Assurance Committee. Membership of the Risk Review group was refreshed in 2023-24.

The Risk Review Group has also ensured visibility and careful monitoring of emerging and near-term risks. We have made good progress in actively managing and refocusing our strategic risks for 2023-2024, to reflect evolving external environmental factors and Ministerial priorities.

As we have continued work with our Scottish Government Social Security Programme colleagues to introduce new benefits using an Agile methodology we are working with minimum-viable products. This supports fast, user-focused and adaptable delivery by focusing on ‘must-have’ features to allow benefits to be launched. We have actively managed risks around rates of fraud and error as outlined in the **Counter Fraud and Error Control Strategies**. We manage fraud and error risk within the overarching framework, ensuring we prioritise new benefit delivery.

During 2023-24, several fraud and error risk assessments were carried out, providing an overview of potential vulnerabilities and associated mitigating provisions. We also began work to explore the fraud and error risk, which is transferred to and from other government departments, in collaboration with the Department for Work and Pensions which will continue through 2024-25.

A pilot project estimating the value and prevalence of official error in the benefit caseload of Scottish Child Payment was completed, with results published in November 2023. This project has enabled us to begin understanding and addressing the official error rates within our system. Building on this pilot, a sample of 1,200 Best Start Foods cases was reviewed for official error this year with the report expected to be issued in November 2024 as Official Statistics, enabling us to further reflect on our experience and improve our processes going forward. We are also focused on further development of our debt management and fraud and error controls for existing benefits.

**Fraud, Error and Debt**

Currently, debt recovery is limited to voluntary repayment arrangements. There are plans to support deductions from ongoing benefit awards when clients have failed to agree repayments.

We cannot introduce a policy of enforced deductions until the appropriate service design and process for re-determinations and appeals have been finalised. Similarly, provisions to recover debt through the Sheriff Court system are not yet in place. As such, the debt recovery service is limited in its effectiveness.

The Agile approach to benefit delivery focus has been on ensuring we are paying people the right amount of money at the right time. This means that some improvements to Fraud, Error and Debt services have not yet been delivered, impacting on effectiveness of these teams.

**Data Protection**

Data protection obligations and registration are set at legal entity level which in practical terms means that Scottish Ministers’ registration with the Information Commissioner includes Social Security Scotland. Scottish Ministers have responsibility for appointing a Data Protection Officer for the Scottish Government. Recognising that we operate at arm’s length from central government, a memorandum of understanding is in place between Social Security Scotland and the Scottish Government Data Protection Officer to manage these arrangements. 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.

All our colleagues are required to undertake and pass data protection e-learning on an annual basis. We monitor and report on completion rates to ensure compliance with this requirement. The Data Protection and Information Governance Lead is responsible for data protection matters in Social Security Scotland and is a member of our Data Governance and Information Governance Groups.

The groups receive reports and updates on data protection compliance.

In 2023-24 we:

- reviewed our data protection policy
- produced our second annual data protection assurance report
- produced a personal data breach minimisation strategy
- carried out a week-long programme of data protection awareness events
- initiated work to embed enterprise data protection risk management
- worked on arrangements for the transition of data protection products and responsibilities from the Scottish Government’s Social Security Programme

Further information on Data Protection breaches can be found on page 31.

**Public Records (Scotland) Act 2011**

Our first Records Management Plan was agreed by the Keeper of the Records of Scotland in September 2020. The plan is a compulsory requirement of the Public Records (Scotland) Act 2011. We submitted an informal Progress Update Review to the Keeper in early 2022 and received a report in October 2022 which reflected positively on progress. The Records Management Plan has been fully reviewed since then and was submitted to the Keeper for assessment in July 2023. We are still awaiting the report containing their findings. We continue to work towards full implementation of the plan. Our retention schedule has been approved and is also currently undergoing a full review.

**Formal assurance from the Department for Work and Pensions**

We have a range of agreements in place with the Department for Work and Pensions. These agreements help to ensure that people continue to receive the right payments at the right time, whilst we, along with the Scottish Government’s Social Security Programme, undertake the work required to develop our systems safely and securely. These agreements cover the Department for Work and Pensions’ administration of benefits for which the Scottish Government is responsible but are not yet being administered, as well as supporting services provided by the Department for Work and Pensions to support Social Security Scotland in administering our benefits.

The Department for Work and Pensions has provided us with assurances on the services provided during this reporting period and has again highlighted the monetary value of fraud and error as one of the main risks to which they are exposed, as their accounts continue to be qualified for regularity by the UK Comptroller and Auditor General. In 2023-24, risks to the administering of Attendance Allowance, Disability Living Allowance, Carer’s Allowance, Personal Independence Payment, Severe Disablement Allowance, Industrial Injuries Disablement Benefit were reviewed and managed within the Department for Work and Pensions in line with their other benefits.

The Departments for Work and Pension’s Debt Management function handle Scottish overpayments. In February 2024 an issue was identified in the recording of some recoverable overpayment debts and associated recoveries which resulted in an understatement of debt balances relating to Scottish Disability benefits delivered under Agency Agreements. The root cause was identified and a fix was applied on 20 May 2024. The Department for Work and Pensions have retrospectively recalculated new debts, recoveries and write offs to ensure all Scottish debt values are correctly reported from 2024-25.

The Department for Work and Pension's **Fraud and Error National Statistics** estimates for 2023-24 included a review of Fraud, Claimant Error for overpayments and Official Error for Universal Credit, Housing Benefit, Pension Credit, State Pension, Personal Independence Payment and Disability Living Allowance. The Department also published a new statistical release outlining Unfulfilled Eligibility in the benefit system – replacing customer error underpayment – which estimates the additional amount clients could have received had they provided accurate information.

There has been a change to the classification of claimant error underpayments, which are now classified as unfulfilled eligibility. Unfulfilled eligibility refers to cases where clients are eligible for a higher award but have not provided the Department for Work and Pensions with the correct information we need to calculate that award.

Social Security Scotland will continue collaborations with the Department for Work and Pensions to build in measures to prevent fraud and error as benefits are devolved to Scotland, in order to keep both qualifying and devolved benefits safe and to drive down fraud and error.



Internal Audit

The work of the Scottish Government’s Directorate for Internal Audit and Assurance (Internal Audit) provides independent, objective assurance on the adequacy and effectiveness of the systems of risk management, governance and control arrangements within Social Security Scotland.

To ensure effective scrutiny, Internal Audit undertook a substantial and well-balanced Internal Audit Plan, which resulted in an overall assurance level of “Reasonable” being provided.

We played our part in fostering a positive relationship with Internal Audit, leading to the successful delivery of the full audit plan. The [Internal Audit Annual Assurance Report 2023-24](#) is published on our website.

During 2023-24, Internal Audit undertook: 14 Assurance Reviews, 11 Follow Up audits and various pieces of advisory work. From this work, Internal Audit identified widespread good practice and evidenced clear progress being made in relation to risk management, governance and controls.

Internal audit reported that we have a positive approach to accepting and implementing recommendations for improvement, and colleagues throughout Social Security Scotland actively engage with Internal Audit and other assurance providers.

Our Audit and Assurance Committee provides scrutiny to ensure constructive feedback and recommendations are shared with our leadership team. The Corporate Assurance team manages the implementation of recommendations, with progress reviewed at each meeting.

Throughout the year, Internal Audit identified a significant amount of good practice with focus on improving governance, risk management and internal controls and embedding them in our day-to-day activities.

Themes are emerging from business areas which consistently feature in assurance and advisory activities which Social Security Scotland will work to address. Areas of improvements were also identified in relation to gaps in operational guidance, management information, system and internal controls. Actions to address these have been agreed with management progress being monitored. However, we have partially or not accepted a number of recommendations where we will tolerate the risk identified. For further information, good practice and management action to address recommendations all our Internal Audit reports are published on our [website](#), within 12 weeks of the Audit and Assurance Committee meeting the reports are presented at.

External Audit

The financial statements for 2023-24 are audited by auditors appointed by the Auditor General for Scotland. Audit Scotland carried out this audit and the fee for this service was £438,680 (£414,100 for 2022-23) which related solely to the provision of the statutory audit service. There were no payments made for non-audit work in the year.

A fee of £72,800 (2022-23: £72,800) for audit services provided by the National Audit Office is included within the costs of Formal Agreements with the Department for Work and Pensions. This is part of the audit arrangements with the Department for Work and Pensions.

Gateway Review Strategic Assessment

A Gateway Review Strategic Assessment took place in February 2024 on the Scottish Government’s Social Security Programme. Gateway Reviews are a ‘peer review’, in which independent practitioners from outside the Scottish Government’s Social Security Programme use their experience and expertise to examine the progress and likelihood of successful delivery of the Programme. They are used to provide a valuable additional perspective on the issues facing the internal team, and an external challenge to the robustness of plans and processes. Although the review focused on the Programme, Social Security Scotland participated as a key stakeholder, contributing to the review by liaising directly with the Review Team during their assessment.

The review provided a delivery confidence assessment rating of amber indicating successful delivery appears feasible but significant issues already exist requiring management attention. Social Security Scotland has accepted co-ownership with the Scottish Government’s Social Security Programme for the seven recommendations from this review, appointing an internal lead to oversee their implementation.

Whistleblowing

We have a whistleblowing hotline for colleagues to raise concerns where they have witnessed actions which go against the core values in the Civil Service Code, or something that breaches our security and conduct policies.

Review of Effectiveness of Internal Control

The development and delivery of systems and processes to deliver devolved benefits in Scotland follow an Agile approach. This means that we launch benefits with ‘must-have’ features and introduce enhanced features through continuous improvements. As such, minimum viable products for policies, systems and processes for each benefit are designed, built, and delivered by the Scottish Government’s Social Security Programme and policy teams within the Social Security Directorate, with input from Social Security Scotland and clients with lived experience of the benefits system.

After launching new payments, we gather feedback from clients and stakeholders to identify opportunities to make improvements. After a period of support and joint development beyond minimum viable product, systems and processes will transition to Social Security Scotland with an understanding of live running costs and funding arrangements agreed until the planned end of the Social Security Programme in 2026. Once products have been transitioned, it is our responsibility to continue to improve that service.

Taking into account the full range of assurance activity undertaken across the organisation, we have highlighted key areas of interest.

Quality

Whilst no overarching Quality Assurance Framework is in place, there are quality-checking processes operating across all benefits. In conjunction with colleagues within Fraud and Error and our Error Control Working Group, a formal approach and independent team were established in 2022-23. This approach has been refined and has enhanced our ability to deliver benefits effectively.

There has been an increase in the scale of our independent and quality-checking team which now encompasses all benefit areas. We have refined our approach, through regular review, and have established quality control measures across all benefit areas. Given the pace of growth, and new benefit launches in the financial year, progress to expand this formal approach to reduce the risk of inefficiencies and potential financial loss has been measured and considered.

Compliance with processes is improving due to enhanced operational guidance for colleagues which in turn reduces error. Managing rates of error remains challenging due to the use of an Agile approach where changes to systems and processes happen regularly. However, payment errors have reduced from the previous reporting year. Areas of non-compliance identified have mainly been administrative, with limited impact on payments to clients. Work to improve the operational guidance is ongoing.

**Monetary Value of Fraud and Error**

Progress has been made throughout the reporting year to improve the estimation of monetary value of fraud and error in our benefits. Legislative change is planned, which will come into effect in 2025, assisting us to make more accurate estimations. Until then, estimates can be completed for official error only. This is limiting our ability to evidence the efficacy of our control environment. We have our own counter-fraud response measures in place and continue to develop both our data-driven approach to proactive identification of fraud and error risk and our investigative capability.

**Internal Controls**

Internal control in relation to benefit administration through our digital case management system continues to be immature and a holistic framework for internal control governing the design of benefit administration has not yet been established. This is necessary to provide assurance that fraud and error risk is being adequately mitigated by design.

While manual controls have been implemented where possible, these controls are unlikely to provide an effective substitute for inbuilt controls for each benefit workflow, incorporating complementary manual and system-based controls. By way of mitigation, we are mapping processes; identifying, documenting and assessing key controls; and developing potential improvement actions for each benefit. The agreed actions emerging from this work will be prioritised, alongside pre-existing improvement actions, for implementation through our standard change delivery processes.

**Management Information**

We have made improvements to our real-time management information, however there are still gaps in workflow and operational information. This means that only a limited amount of information is available to support performance and operational management. This, in turn, could lead to financial losses. To mitigate the risk, we have a quality-checking process in place which is reliant on the manual collation of data and forecasting.

Management information in relation to overpayments, underpayments and debt has, for much of this reporting period, been manually collated. Ease of access to data from our IT systems, for management information or audit purposes, continues to be challenging.

**Redeterminations and Appeals**

We are reliant on manual processes to enable us to meet our statutory obligations for both re-determinations and appeals. We continue to focus on bringing stability to our systems and processes to minimise risks and weaknesses. This includes addressing system integration issues between Social Security Scotland and the Scottish Courts and Tribunals Service. This continues to cause resource-intensive, additional work to ensure the safe delivery of appeals’ documentation between the two organisations.



Disability Benefits

During the financial year 2023-24, we have experienced some challenges within the delivery of disability benefits. This has been further impacted by an agile delivery environment which means that we do not yet have a stable operating system with full functionality. This has enabled us to deliver additional benefits in line with the Programme timetable, improve performance outputs and meet our obligations.

Improvements to our governance arrangements this year include:

- Delivering on the actions in our Counter Fraud IT Strategy, including developing opportunities for data analysis
- Colleagues undertaking a variety of professional development activities including Accredited Counter Fraud Specialist training, basic surveillance training, and Accredited Risk Management Training
- Making progress on the development of our Performance Management processes, providing a consistent unit-wide approach, with standardised inputs and regular meetings
- Holding regular weekly leadership meetings between the Executive Team and senior leaders within the organisation to support effective information sharing

- Strengthening our collaborative process with the Scottish Government’s Social Security Programme by forming a joint Executive Group. Members meet regularly on a formal and informal basis to focus on joint decision making and discussion

As the 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.

This has been assessed through the following:

- regular review and discussion of internal controls at the Executive Team, Executive Advisory Body and Audit and Assurance Committee meetings
- formal assurance from each member of the Executive Team and the Principal Accounting Officer of the Department for Work and Pensions

- the work of the Directorate for Internal Audit and Assurance
- information from our Risk Management and Fraud, Error and Debt Functions
- assurances provided by the Audit and Assurance Committee and external auditors assessment

On the basis of these assurances, I can confirm that reasonable systems of governance, risk management and internal control, consistent with the requirements of the Scottish Public Finance Manual, have been developed and were operational over the year ended 31 March 2024 and up to the date of approval of the Annual Report and Accounts.

“When attending events [the] limitations of the service are recognised and solutions discussed. Any gaps are explored and there is always a willingness to look at any issues that there are.”

**Partner respondent (Charter Research)**

# Remuneration and Staff Report

The salaries of all colleagues, except the Executive Team who are Senior Civil Servants (pay band 1 and 2) and one seconded member, are determined by the Scottish Government’s pay policy which is informed by UK Government pay policy, public sector spending controls and the need to recruit, retain and motivate our workforce. The Scottish Government’s Remuneration Group makes recommendations to Scottish Ministers on Senior Civil Servants’ annual pay and guidelines for increases to non-Executive board members’ fees. The Chief Executive, who is the Accountable Officer, is supported by an Executive Team whose annual salaries and pension details are as follows (no bonus payments, performance payments, or non-cash benefits have been made):

**Table 7 – Executive Team members’ salary and pension details (Information subject to audit)**

Single total figure of remuneration	Salary (£000)		Pension Benefits (£000)		Total (£000)	
	2023-24	2022-23	2023-24	2022-23	2023-24	2022-23
<b>David Wallace</b> Chief Executive	105-110	100-105	51	2	160-165	100-105
<b>Ally MacPhail</b> Deputy Director, Organisational Strategy and Performance (From 11 May 2022)	85-90	80-85	41	17	125-130	95-100
<b>Janet Richardson</b> Deputy Director, Client Services Delivery	85-90	80-85	43	5	130-135	85-90
<b>James Wallace</b> Deputy Director, Finance and Corporate Services (until 8 March 2024)	80-85 (85-90 full year equivalent)	80-85	35	22	120-125	100-105
<b>Andy McClintock</b> Chief Digital Information Officer	105-110	100-105	58	0	165-170	100-105

Table 7 – Executive Team members’ salary and pension details (Information subject to audit) continued

Single total figure of remuneration	Salary (£000)		Pension Benefits (£000)		Total (£000)	
	2023-24	2022-23	2023-24	2022-23	2023-24	2022-23
<b>Paul Knight</b> Joint Chief Officer, Health and Social Care Operations (until 19 February 2023) Chief Medical Advisor (From 20 February 2023) <sup>7</sup>	65-70	65-70	N/A	N/A	65-70	65-70
<b>Nicola Rudnicki</b> Deputy Director, People and Place (From 14 August 2023)	50-55 (full year equivalent 75-80)	N/A	43	N/A	120-125	N/A
<b>Gayle Devlin</b> Deputy Director, Health and Social Care (From 20 February 2023)	80-85	10-15 (80-85 full year equivalent)	N/A <sup>8</sup>	3	80-85 <sup>9</sup>	15-20
<b>Leanne Carson</b> Programme Director, Scottish Government’s Social Security Programme (From 7 March 2023 to 29 December 2023)	65-70 (85-90 full year equivalent)	5-10 (80-85 full year equivalent)	43	2	130-135	5-10

<sup>7</sup> As Paul Knight is not a member of any government pension schemes, only his salary is disclosed.  
<sup>8</sup> The pension benefit figure for Gayle Devlin is not included in this table for 2023-24 due to an exceptional delay in the calculation of this figure following the application of the public service pensions remedy.  
<sup>9</sup> Calculation excludes pension benefit figure.



Table 8 – Executive Team members’ pension details (Information subject to audit)			Cash Equivalent Transfer Value		
Pension Benefits	Accrued pension at pension age as at 31 March 2024 and related lump sum	Real Increase in pension and related lump sum at pension age	At 31 March 2024	At 31 March 2023	Real Increase
	£’000	£’000	£’000	£’000	£’000
David Wallace Chief Executive	45 - 50 plus a lump sum of 115 – 120	2.5 - 5 plus a lump sum of 0 – 2.5	1,016	895	38
Ally MacPhail Deputy Director, Organisational Strategy and Performance (From 11 May 2022)	30 – 35	0 – 2.5	597	522	25
Janet Richardson Deputy Director, Client Services Delivery	45 – 50 plus a lump sum of 120 – 125	0 – 2.5 plus a lump sum of 0 – 2.5	1,118	991	36
James Wallace Deputy Director, Finance and Corporate Services (until 8 March 2024)	20 – 25	0 – 2.5	319	263	19
Andy McClintock Chief Digital Information Officer	30 – 35	2.5 – 5	697	599	51

Table 8 – Executive Team members’ pension details (Information subject to audit) continued			Cash Equivalent Transfer Value <sup>10</sup>		
Pension Benefits	Accrued pension at pension age as at 31 March 2024 and related lump sum	Real Increase in pension and related lump sum at pension age	At 31 March 2024	At 31 March 2023	Real Increase
	£’000	£’000	£’000	£’000	£’000
<b>Nicola Rudnicki</b> Deputy Director, People and Place (from 14 August 2023)	15 – 20	0 – 2.5	212	183	26
<b>Gayle Devlin</b> Deputy Director, Health and Social Care (From 20 February 2023)	N/A	N/A	N/A	389	N/A
<b>Leanne Carson</b> Director, Scottish Government’s Social Security Programme (From 7 March 2023 to 29 December 2023)	25 – 30	0 – 2.5	415	359	28

The pension benefit figure for Gayle Devlin is not included in this table for 2023-24 due to an exceptional delay in the calculation of this figure following the application of the public service pensions remedy.

<sup>10</sup> Pension benefit is in line with the rules of the type of scheme that the Director is enrolled in. It is not a realisable benefit. The Civil Service pension scheme is unfunded and so there is not an agreed amount of the fund that relates to a member. The Government Actuary calculates what they think is needed to fund future pension payments (a cash equivalent transfer value). This is quite a complicated calculation affected by many things that can change from year to year. A change in salary, particularly a promotion, can have a significant impact on this calculation and show a very high increase in that particular year.

There were changes to the non-Executive Members during the year, with two new members joining per Table 9 below. The non-Executive members of the Executive Advisory Body and Audit and Assurance Committee and Independent non-Executive members of the Audit and Assurance Committee were paid the following fees which are non-pensionable (no bonus payments, performance payments, or non-cash benefits have been made):

Table 9 – non-Executive Members’ Fees (Information subject to audit)

Member	Committees	2023-24 £’000	2022-23 £’000
Chris Creegan	Executive Advisory Body (Chair)	0-5	0-5
Laura Brennan-Whitefield	Executive Advisory Body	0-5	0-5
Russell Frith	Executive Advisory Body Audit and Assurance Committee (Chair)	0-5	5-10
Naghat Ahmed	Executive Advisory Body Audit and Assurance Committee	0-5	0-5
Barry Matheson	Executive Advisory Body Audit and Assurance Committee	0-5	0-5
Gillian Mudie (From October 2023)	Executive Advisory Body	0-5	0
Deborah Rodger (From October 2023)	Executive Advisory Body	0-5	0

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, as well as the 25<sup>th</sup> and 75<sup>th</sup> percentiles. Total remuneration includes salary, performance-related pay and non-cash benefits. There were no performance-related pay or non-cash benefits made during the financial year. We have detailed the pay ratios and the prior year comparatives in the table below.

Table 10 – Fair Pay Ratios

		25th Percentile	Median pay	75th Percentile
2023-24	Pay Ratio	4.04:1	3.41:1	2.89:1
	Salary	£26,631	£31,509	£37,156
2022-23	Pay Ratio	4.39:1	3.52:1	3.06:1
	Salary	£23,335	£29,102	£33,520

The remuneration of the Chief Executive was in the range £105,000 to £110,000 (2022-23: £100,000 to £105,000). This represents an increase of 4.88% compared to 2022-23. In 2023-24, we spent £133.5 million (2022-23: £111.1 million) on the salaries of our people. The average remuneration during 2023-24 for all employees increased by 10.83% (2022-23: 5.46%) as a result of pay grade progression and pay award in April 2023 and January 2024. A breakdown of our staffing costs is available at Note 2 of the financial statements. Remuneration across Social Security Scotland ranged from £24,000 – £110,000 (2022-23: £22,000 – £102,000).

The median pay does not include the cost of contractors secured through recruitment agencies by our procurement framework. Contractors are not employees of Social Security Scotland and, since 1 April 2017, all contractors must pass the IR35 HMRC test to ensure they should not be included in the payroll.



In 2023-24, the daily rates for contractors ranged from £249 to £869 per day for 89 contractors across the financial year (2022-23: £138 to £809 per day for 166 contractors). The total cost of contractors in 2023-24 was £11.9 million (2022-23: £19.5 million). The cost includes 20% irrecoverable VAT, as well as respective agency fees which vary from agency to agency. The reduction reflects efforts made across the organisation to replace contractors with permanent members of the workforce.

Civil Service and other Compensation Scheme (Exit Packages) (Information subject to audit)

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. No colleagues retired on ill-health grounds and there were no exit packages to disclose for 2023-24.

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

The workforce over the last two years:

Table 11 – Social Security Scotland workforce (Information subject to audit)

Headcount	2023-2024	2022-2023
Directly Employed Staff:		
Permanent	3,875	3,968
Temporary Workers	80	59
Total Directly Employed Staff	3,955	4,027
Other Staff <sup>11</sup>	116	213
Total Headcount	4,071	4,240

11 This includes temporary agency workers, consultants, contractor staff, interim managers, inward secondment, UK fast stream and short-term youth employment initiatives.

Table 12 – The number of employees broken down by grade and sex

Grade	Sex		
	Female	Male	Total
A3	700	463	1,163
A4	55	39	94
B1	927	532	1,459
B2	438	216	654
B3	172	157	329
C1	93	87	180
C2	21	33	54
C3	[c]	6	[c]
Graduate Development Programme	[c]	0	[c]
SCS – Deputy Director 1	2	3	5
SCS – Director	0	1	1
Total	2,418	1,537	3,955

[c] Numbers between 1-4 are suppressed for disclosure reasons. Exception has been made for Director and Deputy Director grades as information on these individuals is already in the public domain.

Further information is available in our [Workforce Information Report](#).

Our internal policies are the same as those of the Scottish Government. Their aim is to make colleagues feel valued and free to contribute to the best of their ability. We are an equal opportunities employer with policies in place to guard against bullying, harassment or discrimination and to ensure there are no barriers to employment or advancement. We are also committed to meeting our duties under the Equality Act 2010, ensuring that all colleagues 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, caring responsibilities, or trade union membership.

Table 13 – Employee Engagement People Survey Results

Year	Employee Engagement
2022	78%
2023	69%

The annual Civil Service People Survey looks at civil servants’ attitudes to, and experiences of, working in government departments. It is coordinated by the Civil Service People Survey Team in the UK Government Cabinet Office. Every colleague in Social Security Scotland is invited to participate in the Civil Service People Survey.

Our 2023 Employee Engagement Index score was 69%. Although a drop from the previous year, this was higher than the Civil Service median of 64%. Despite the organisation’s considerable growth over the past year and the challenges this has brought, our results for most themes within the survey were notably better than for comparable operational delivery bodies. Nevertheless, we are embarking on improvement activity in several key areas where results have deteriorated.

Trade Union Disclosure

There were 28 member-elected representatives during 2023-24, including one full-time equivalent post which is shared between representatives.

Trade Union Time Regulations 2017 came into force on 1 April 2017. The regulations place a requirement on public sector employers to publish information relating to facility time taken by union representatives.

There are no separate arrangements in place for us to publish information relating to facilities time and the requirements are covered within the main Scottish Government Annual Report and Accounts. We are part of the Scottish Government main bargaining arrangements.

Sickness Absence Data

Table 14 – Sickness absence data

Average Working Days Lost	2023-24	2022-23
Long-Term	5.3	2.8
Short-Term	4.2	3.6
Total	9.5	6.4

Staff absence increased from 2022-23 due to an increase in respiratory and stress related conditions. We continue to provide support to managers dealing with staff absences.

Parliamentary Accountability Report

We spent £264.9 million on operating expenditure which was £4.8 million (1.78%) lower than our operating expenditure budget. This was a planned saving, with all areas of the organisation working to identify savings to support the Scottish Government corporate position.

We spent £5,163.3 million on demand-led benefit expenditure which was £9.1 million (0.18%) above the benefit expenditure budget.

Operating Expenditure	Budget £million	Expenditure £million	(Under)/Over budget £million
Operating Expenditure (Fiscal resource)	269.7	264.9	(4.8)
Capital	3.5	3.6	0.1
<b>Total</b>	<b>273.2</b>	<b>268.5</b>	<b>(4.7)</b>
Non-cash items:			
Depreciation	5.7	5.7	0.0
<b>Total</b>	<b>278.9</b>	<b>274.2</b>	<b>(4.7)</b>
Social Security Assistance Delivered by Social Security Scotland	Budget £million	Expenditure £million	(Under)/Over budget £million
Carer’s Allowance Supplement	47.9	48.1	0.2
Best Start Grant	22.0	21.3	(0.7)
Best Start Foods	14.0	12.7	(1.3)
Funeral Support Payment	12.9	13.2	0.3
Young Carer’s Grant	1.4	1.4	0.0
Job Start Payment	0.4	0.3	(0.1)
Scottish Child Payment	426.8	429.2	2.4
Child Winter Heating Payment	7.2	7.7	0.5
Child Disability Payment	400.9	425.3	24.4
Adult Disability Payment	994.9	942.3	(52.6)
Winter Heating Payment	22.1	23.4	1.3
Carer Support Payment <sup>12</sup>	0.0	0.5	0.5
<b>Sub Total</b>	<b>1,950.5</b>	<b>1,925.4</b>	<b>(25.1)</b>

12 Carer Support Payment is in pilot phase and will eventually replace Carer’s Allowance. Budget cover is within the Carer’s Allowance line.

Delivered through Agency Agreements with the Department for Work and Pensions

Carer’s Allowance	359.1	357.1	(2.0)
Attendance Allowance	659.9	659.2	(0.7)
Disability Living Allowance <sup>13</sup>	443.9	444.5	0.6
Personal Independence Payment	1,651.1	1,690.1	39.0
Severe Disablement Allowance	5.7	5.6	(0.1)
Industrial Injuries Disablement Benefit	84.0	81.4	(2.6)
<b>Sub Total</b>	<b>3,203.7</b>	<b>3,237.9</b>	<b>34.2</b>
<b>TOTAL BENEFIT EXPENDITURE</b>	<b>5,154.2</b>	<b>5,163.3</b>	<b>9.1</b>
Non-Cash Items:			
Provision for Benefit Underpayments <sup>14</sup>	0.0	27.7	27.7
Benefit Overpayment Impairment Writeback <sup>15</sup>	0.0	(2.4)	(2.4)
<b>TOTAL</b>	<b>5,154.2</b>	<b>5,188.6</b>	<b>34.4</b>

13 Disability Living Allowance includes the adult and child elements.

14 Provision for benefit underpayments funded by Annually Managed Expenditure non-cash budget – This is in relation to a Legal Entitlement and Administrative Practices (LEAP) review being conducted by the Department for Work and Pensions on Personal Independence Payment. New data resulted in a late shift of liability between the Department for Work and Pensions and Social Security Scotland and Scottish Government have provided written permission for the overspend.

15 The benefit overpayment impairment writeback is because of the methodology change and new model was introduced in 2022-23 following a full review of the Department for Work and Pensions impairment model.



Social Security assistance expenditure is forecast by the Scottish Fiscal Commission which informs the Scottish Budgets that are set by the Scottish Parliament at the beginning of the financial year. Final budgets may differ from this as revisions are made in-year to reflect demand. The Scottish Fiscal Commission provides analysis on reasons why benefit expenditure differs from budget forecast in its annual Forecast Evaluation Report.<sup>16</sup>

Benefit expenditure is demand led and cannot be controlled in the same way as other budgets where spending limits can be set. This means there is always a risk that spend will not align with budget.

We do not raise any significant income through fees and charges. No gifts were made in the year. We have no contingent liabilities arising from financial guarantees or indemnities to report.

More information is provided in the Financial Statements (pages 64 to 84).

Public Services Reform (Scotland) Act 2010

Part 3 of the Public Services Reform (Scotland) Act 2010 requires the publication of information on expenditure incurred in connection with the following matters.

<sup>16</sup> The Scottish Fiscal Commission’s Forecast Evaluation Report compares actual spending against the original Budget voted by the Scottish Parliament and does not take account of later budget revisions during the year.

The following expenditure was incurred in 2023-24:

Table 15 – Public Relations

	2023-24 £million
Pay of staff solely dealing with communications	0.666
Marketing and publicity	0.198
Outsourced production of literature/information resource	0.020
Miscellaneous	0.002
Total	0.886

Table 16 – External Consultancy

	2023-24 £million
Merritt-Harrison Catering Consultancy	0.003
NCC Group Security Services Limited	0.119
Commissum Associates Limited	0.067
Total	0.189

Overseas Travel

No expenditure.

Hospitality and Entertainment

No expenditure.

Regularity of Expenditure (information subject to audit)

Operating expenditure and benefit expenditure administered by Social Security Scotland 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 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.

Benefits administered by the Department for Work and Pensions under Agency Agreements are governed by the Social Security Contributions and Benefits Act 1992 and the Welfare Reform Act 2012. The independent auditor’s report is qualified on the regularity of these payments because of the material impact of estimated levels of fraud and error. The Department for Work and Pensions publish information on their rates of fraud and error on an annual basis and Social Security Scotland use this data to assess the impact on our financial statements. Note 19 provides more detail on this.

Losses and Special Payments

Ex-gratia and ex-statutory payments of £0.034 million were made to clients during 2023-24 (£0.313 million in 2022-23).

Error

We take our responsibility as a public service that mitigates the loss to the taxpayer seriously and understand that it is critical that we ensure that benefits go only to those who are entitled. Fraud and error increase the cost of administering benefits, and may take resource away from other priorities, so we continue to give this focus.

Errors are either made by clients or staff – either our staff or those of Department for Work and Pensions while they administer benefits on our behalf. Clients may unintentionally cause an error when applying for assistance or by not keeping their claim up to date.

If a claim for assistance has not been administered in line with policy and guidance there will be an official error. This could be due to human error by staff, technical issues with Information Technology systems, or erroneous data shared by another government department. We aim to prevent errors and to learn from them when they do occur. Our Error Control Strategy<sup>17</sup> outlines the key objectives and tactics to control the risk of errors. We identify, record and monitor errors on an ongoing basis.

17 [Social-Security-Scotland-FERU-Error-Control-Strategy.pdf \(socialsecurity.gov.scot\)](#)

For those benefits administered by Department for Work on Pensions under Agency Agreements the following errors were detected:

Table 17 – Overpayment errors detected in Department for Work and Pensions administered cases

	Year to 31 March 2024 £million	Year to 31 March 2023 £million
	Total errors detected	Total errors detected
Carer’s Allowance	1.261	2.017
Attendance Allowance	3.334	3.941
Disability Living Allowance	1.382	1.539
Personal Independence Payment	1.448	1.534
Industrial Injuries Disablement Benefit	0.011	0.027
Severe Disablement Allowance	0.000	0.004
Total	7.436	9.062

Table 18 – Historic Value of Errors detected in Social Security Scotland administered cases – all reasons<sup>18</sup>

	Year to 31 March 2024 £million	Year to 31 March 2024 £million
Benefit	Underpayments	Overpayments
Best Start Grants	0.012	0.200
Best Start Foods	0.338	0.553
Funeral Support Payment	0.014	0.179
Scottish Child Payment	3.808	1.912
Child Winter Heating Payment	0.000	0.000
Child Disability Payment	3.399	0.653
Adult Disability Payment <sup>19</sup>	12.263	1.693
Winter Heating Payment	0.003	0.000
Young Carers Grant	0.000	0.001
Total	19.837	5.191

Over and underpayments are created by a variety of different activities, including routine administrative and claim maintenance actions such as backdating new applications, and time taken for a client to report a change of circumstances. Other factors include the time we take to process reports and complete a redetermination or appeal. Table 18 above reflects the details of all approved and activated payment correction cases created across Social Security Scotland in 2023-24, although approved and activated in this financial year, some may relate historically to previous years.

18 This is a new disclosure for 2023/24, with information being possible due to improved system functionality in the current financial year. No prior year's figures available. These are overpayments and underpayments activated during this year, but not all belong in this financial year. Some go back historically to previous years and includes under and overpayments generated by both routine administrative action and error generated across the agency, including fraud and error resolution unit in which the teams have taken corrective action on this financial year.

19 Adult Disability Payment includes backdating of arrears.

Included within the information provided in Table 18 are results secured by our Fraud and Error Resolution Service, tasked with identification and correction of official and client induced errors, associated trend analysis and continuous improvement feedback. In addition to correcting erroneous case referrals, this service also proactively looks for instances of error in the benefit caseload, through random sampling exercises and targeted data mining. Table 19 below shows detected official and client induced errors identified by the work of Fraud and Error Resolution. Our levels of detected error are lower than those of the Department for Work and Pensions as we continue to develop our capabilities. In addition, a detailed report on the estimated official error for Scottish Child Payment was published in November 2023<sup>20</sup>.

Table 19 – Historic Value of Official or Client Induced Errors detected by Fraud and Error Resolution

	Year to 31 March 2024 £million		Year to 31 March 2023 £million
	Underpayments detected	Overpayments detected	Total value of all historic errors detected <sup>21</sup>
Best Start Grants	0.007	0.190	0.101
Best Start Foods	0.125	0.264	0.184
Funeral Support Payment	0.001	0.003	0.005
Scottish Child Payment	0.382	1.358	0.335
Child Winter Heating Payment	0.000	0.000	0.000
Child Disability Payment	0.026	0.105	0.030
Adult Disability Payment	0.032	0.367	0.022
Total	0.573	2.287	0.677

The value of an error intervention is not limited to the identification of a historic under or overpayment – for recurring benefit awards, it also effects an impact on future expenditure. We are finalising the methodology for estimating the future impact of an error intervention and will report on this in future.

20 [Official Error in Scottish Child Payment: Pilot Review, March – May 2023 \(socialsecurity.gov.scot\)](#)

21 Includes overpayments and underpayments.

Official Error (Human) is the largest cause of underpayments and is related to the complexity of applying a change to an ongoing award. Guidance has been strengthened and e-learning developed to support staff. Further cross benefit discovery work is being undertaken to increase automation and reduce handoffs to address this type of error.

Client Induced Error is the largest cause of overpayments, and mainly relates to client failure to notify a change in their circumstances – most notably, the loss of their qualifying benefit entitlement. While most of these instances occur through genuine error, where a suspected fraud is detected, this is also classified as client induced error until a criminal conviction is secured.

**Fraud Arrangements**

Social Security Scotland aligns with the Scottish Government’s 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 colleagues are aware of their obligations under the Civil Service Code and their conditions of employment.

Our exposure to fraud is higher than that faced by many other organisations because we pay out significant sums in the social security system - consequently our fraud arrangements need to be appropriate to mitigate that risk.

We have a Counter Fraud Strategy<sup>22</sup> 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. Work to develop the capability to estimate the extent of fraud and error present within our caseloads has progressed significantly in 2023-24, with the methodology for use having been identified and necessary legislative change requested. We piloted testing of official error in Scottish Child Payment. Work has also been undertaken in collaboration with the Department for Work and Pensions to explore fraud and error loss which is transferred between departments as a result of moving qualifying benefits from one organisation to the other.

Our Counter Fraud response delivers services across Intelligence Management, Investigations, and Fraud and Error Risk Analysis and Controls. These teams have the skillsets, experience and resources to undertake all aspects of fraud identification through to detection and reporting where appropriate to the Crown Office and Procurator Fiscal. Our work is governed by the Statutory Code of Practice for Investigations and supported by the provisions made in the Social Security Assistance (Investigation of Offences) (Scotland) Regulations 2020. We ensure that staff engaged in Counter Fraud work receive the appropriate training to ensure a consistent professional standard across our work.

We have continued to develop capability relating to analysis of data to enable a targeted approach to identifying potential fraud and error, making better use of our information and resources.

22 [Social-Security-Scotland-Counter-Fraud-Strategy.pdf \(socialsecurity.gov.scot\)](#)



Our focus over the last year was to be ready to provide a comprehensive counter fraud service offering with a primary focus on disability benefits. We also have agreements in place to work collaboratively with the Department for Work and Pensions where a common interest exists, and joint investigation is appropriate.

During 2023-24, one crime report was submitted to the Crown Office Procurator Fiscal Service, with an associated conviction secured.

There is an ongoing programme of work to raise awareness of the risk of fraud among colleagues throughout the organisation. This includes role specific presentation sessions and advice and guidance tailored to individual incidents. This work is supported by a network of counter-fraud champions across Social Security Scotland who engage directly with counter-fraud teams. This network has increased visibility of counter-fraud work and improved our ability to gather fraud intelligence and identify risks and trends, enabling development of preventative anti-fraud strategies.

Debt Management Arrangements

Where client induced error results in an overpayment of benefit, we or the Department for Work and Pensions would recover that debt where appropriate. Note 9 of the financial statements discloses debt balances.

During 2023-24 the Recoveries and Recharge Team wrote off 2,485 overpayment cases with a total value of £322,510. The following table shows a breakdown of these by reason:

Table 20 – Overpayment Write Offs

Write-off Category	Volume	Value £million
No Liability to repay	1,244	0.200
Small value	706	0.027
Routine Change of Circumstances (short administrative delay)	494	0.085
Other	41	0.011
Total	2,485	0.323

There were 2,264 recoverable overpayment referrals with a value of £923,221 sent to the Recoveries and Recharge Team throughout the year. Work to recover this debt is ongoing.

In addition, the team received 538 referrals in relation to recharge of Funeral Support Payment awards to the estate of the deceased. The team successfully recharged £189,086 in 2023-24.



David Wallace  
Chief Executive and Accountable Officer  
01 October 2024

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

## Reporting on the audit of the financial statements

### Opinion on financial statements

I have audited the financial statements in the annual report and accounts of Social Security Scotland for the year ended 31 March 2024 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 material accounting policy information. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards, as interpreted and adapted by the 2023/24 Government Financial Reporting Manual (the 2023/24 FReM).

In my opinion the accompanying financial statements:

- give a true and fair view of the state of the body’s affairs as at 31 March 2024 and of its net expenditure for the year then ended;
- have been properly prepared in accordance with UK adopted international accounting standards, as interpreted and adapted by the 2023/24 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 3 April 2023. My period of appointment is five years, covering 2022/23 to 2026/27. I am independent of the body in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council’s Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. Non-audit services prohibited by the Ethical Standard were not provided to the body. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

### Conclusions relating to going concern basis of accounting

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

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

These conclusions are not intended to, nor do they, provide assurance on the body’s current or future financial sustainability. However, I report on the body’s arrangements for financial sustainability in a separate Annual Audit Report available from the [Audit Scotland website](#).

### Risks of material misstatement

I report in my Annual Audit Report the most significant assessed risks of material misstatement that I identified and my judgements thereon.

### Responsibilities of the Accountable Officer for the financial statements

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

In preparing the financial statements, the Accountable Officer is responsible for using the going concern basis of accounting unless there is an intention to discontinue the body’s operations.

**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 decisions of users taken on the basis of these financial statements.

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

- using my understanding of the central government sector to identify that the Public Finance and Accountability (Scotland) Act 2000 and directions made thereunder by the Scottish Ministers are significant in the context of the body;

- inquiring of the Accountable Officer as to other laws or regulations that may be expected to have a fundamental effect on the operations of the body;
- inquiring of the Accountable Officer concerning the body’s policies and procedures regarding compliance with the applicable legal and regulatory framework;
- discussions among my audit team on the susceptibility of the financial statements to material misstatement, including how fraud might occur; and
- considering whether the audit team collectively has the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations.

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

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

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

**Reporting on regularity of expenditure and income**

**Qualified opinion on regularity**

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

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

**Basis for qualified opinion on regularity**

The Statement of Comprehensive Net Expenditure includes benefit expenditure of £5.2 billion, of which £3.2 billion was administered by the Department for Work and Pensions under an agency agreement with the Scottish Ministers, as detailed in note 4 of the accounts. The basis of entitlement to these benefits is set out in Sections 64-76 and 94-101 of the Social Security Contributions and Benefits Act 1992, and Part 4 of the Welfare Reform Act 2012.

As set out within note 19 of the accounts, there are estimated overpayments of £42.4 million paid to Scottish residents as a result of fraud and error. This is based on estimates by the Department for Work and Pensions that overpayments as a result of fraud and error in relation to each type of benefit ranges between 0.4% and 5.2%. Overpayment as a result of fraud and error means the expenditure was not incurred in accordance with legislation specifying benefit entitlement. The expenditure is therefore irregular. I consider this level of overpayments to be material to my opinion on regularity. I have therefore qualified my opinion on regularity because the expenditure resulting from such overpayments was not incurred in accordance with the applicable enactments. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

**Responsibilities for regularity**

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

**Reporting on other requirements**

**Opinion prescribed by the Auditor General for Scotland on audited parts of the Remuneration and Staff Report**

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

**Other information**

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

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

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 the Performance Report and Governance Statement to the extent explicitly stated in the following opinions prescribed by the Auditor General for Scotland.



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

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

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

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

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

- adequate accounting records have not been kept; or
- the financial statements and the audited parts of the Remuneration and Staff 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 108 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.



Pauline Gillen, Audit Director  
4<sup>th</sup> Floor  
8 Nelson Mandela Place  
Glasgow  
G2 1BT  
01 October 2024

“Thank you for making me feel, for the first time, that being disabled is not something that should provoke an anxiety attack just by you thinking about how your impairments are translated into official paperwork.”

Social Security Scotland client (Client Survey)



# Financial Statements

The annual report and accounts were approved and authorised for issue by the Accountable Officer on 01 October 2024

## Statement of Comprehensive Net Expenditure for the year to 31 March 2024

	Note	Year to 31 March 2024 £million	Year to 31 March 2023 £million
<b>Administration costs</b>			
Staff Costs	2	196.5	172.6
Other Administration costs	3	48.0	35.1
Formal agreements with the Department for Work and Pensions	3	26.1	59.1
<b>Total Administration costs</b>		<b>270.6</b>	<b>266.8</b>
<b>Programme costs</b>			
Benefit Expenditure	4	5,188.6	4,039.6
<b>Total Programme costs</b>		<b>5,188.6</b>	<b>4,039.6</b>
<b>Total comprehensive net operating costs for the year to 31 March 2024</b>		<b>5,459.2</b>	<b>4,306.4</b>

The above results relate to continuing activities.

The notes on pages 68 to 84 form part of these accounts.

Statement of Financial Position as at 31 March 2024

	Note	31 March 2024 £million	31 March 2023 £million
<b>Non-current assets</b>			
Property, plant and equipment	5	11.8	12.9
Intangible Assets	6	11.1	9.0
Right of use Assets	7	29.8	33.0
Other receivables	9	15.0	18.3
<b>Total Non-Current Assets</b>		<b>67.7</b>	<b>73.2</b>
<b>Current assets</b>			
Trade and other receivables	9	24.3	20.3
Cash and cash equivalents	10	139.7	41.5
<b>Total Current Assets</b>		<b>164.0</b>	<b>61.8</b>
<b>Total Assets</b>		<b>231.7</b>	<b>135.0</b>
<b>Current liabilities</b>			
Trade and other payables	11	(247.0)	(285.0)
Lease liabilities	8	(2.7)	(2.7)
Provisions	12	(17.8)	(1.3)
<b>Total Current Liabilities</b>		<b>(267.5)</b>	<b>(289.0)</b>
<b>Total Assets less Current Liabilities</b>		<b>(35.8)</b>	<b>(154.0)</b>
<b>Non-current liabilities</b>			
Lease Liabilities	8	(26.0)	(28.7)
Provisions	12	(15.4)	(4.2)
<b>Total Non-Current Liabilities</b>		<b>(41.4)</b>	<b>(32.9)</b>
Total liabilities		(308.9)	(321.9)
<b>Total assets less Total Liabilities</b>		<b>(77.2)</b>	<b>(186.9)</b>
<b>Taxpayers' equity</b>			
General Fund	SoCTE	(77.2)	(186.9)
<b>Total taxpayers' equity</b>		<b>(77.2)</b>	<b>(186.9)</b>

The notes on pages 68 – 84 form part of these accounts



**David Wallace**  
Chief Executive and  
Accountable Officer  
01 October 2024



Statement of Cash Flows for the year to 31 March 2024

	Note	31 March 2024 £million	31 March 2023 £million
<b>Cash flow from operating activities</b>			
Net Operating Costs for the year	SoCNE	(5,459.2)	(4,306.4)
Adjustment for non-cash transactions	3	6.5	5.9
(Increase)/decrease in other receivables	9	(0.7)	(2.5)
Increase/(decrease) in Payables	11	(35.8)	103.1
Increase/(decrease) in Provisions	12	27.7	5.5
<b>Net cash outflow from operating activities</b>		<b>(5,461.5)</b>	<b>(4,194.4)</b>
<b>Cash flow from investing activities</b>			
Purchase of Property, Plant and Equipment	5	(1.1)	(2.4)
Purchase of Property, Plant and Equipment (non-cash)	12	0.0	(1.8)
Purchase of Intangibles	6	(2.5)	(4.9)
Movement in Capital Creditors	11	(2.2)	1.2
<b>Net cash outflow from investing activities</b>		<b>(5.8)</b>	<b>(7.9)</b>
<b>Cash flow from financing activities</b>			
From Scottish Consolidated Fund	SoCTE	5,568.5	4,221.1
Repayment of principal on Right of Use Lease Assets		(3.0)	(3.2)
<b>Net Financing</b>		<b>5,565.5</b>	<b>4,217.9</b>
<b>Net increase/(decrease) in cash and cash equivalents in the year</b>		<b>98.2</b>	<b>15.6</b>

Statement of Changes in Taxpayers’ Equity for the year to 31 March 2024

	Note	General Fund £million
Balance at 1 April 2023		(186.9)
Net operating costs for the year and total recognised expense for 2023-24	SoCNE	(5,459.2)
Non-cash charges – auditors’ remuneration		0.4
Funding from Scottish Government		5,568.5
Balance at 31 March 2024		(77.2)

Prior year information

Statement of Changes in Taxpayers’ Equity for the period to 31 March 2023

	Note	General Fund £million
Balance at 1 April 2022		(102.0)
Net operating costs for the year and total recognised expense for 2022-23	SoCNE	(4,306.4)
Non-cash charges – auditors’ remuneration		0.4
Funding from Scottish Government		4,221.1
Balance at 31 March 2023		(186.9)

Notes to the Accounts

1 Summary of significant accounting policies

1.1 Basis of preparation

- The financial statements have been prepared in accordance with:
- HM Treasury’s 2023-24 Government Financial Reporting Manual (FReM)<sup>23</sup>
  - the Accounts Direction issued by Scottish Ministers

The accounting policies and, where necessary, estimation techniques are selected in accordance with the principles set out in International Accounting Standard (IAS) 8.<sup>24</sup> The policies and techniques have been applied consistently in dealing with items considered material in relation to the accounts. The financial statements are prepared in Pound Sterling (GBP £), which is Social Security Scotland’s functional currency. A transaction which is denominated in a foreign currency is translated into the functional currency at the spot exchange rate on the date of the transaction.

1.2 Accounting standards, interpretations and amendments

We have adopted all International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), International Financial Reporting Interpretations Committee (IFRIC) interpretations and amendments to published standards that were effective at 31 March 2024. We have also considered the specific interpretations and adaptations included in the Financial Reporting Manual (FReM).

1.3 Accounting convention

These financial statements are prepared on an accrual basis under the historical cost convention modified by the revaluation of assets and liabilities to fair value as determined by the relevant account standard.

1.4 Accounting Standards Issued, not yet adopted

International Financial Reporting Standard 17 (Insurance Contracts) is expected to replace International Financial Reporting Standard 4 (Insurance Contracts) in 2025-26. We do not expect that there will be any impact on our accounts.

1.5 Going Concern

The accounts are prepared on the going concern basis, which assumes that we will continue in operational existence for the foreseeable future.

Our funding for 2024-25 has been approved by the Scottish Parliament. The funding position for 2025-26 onwards is included within the Scottish Government’s Spending Review.

1.6 Accounting estimation techniques

The financial statements are prepared by making judgements, estimates and assumptions.

Impairment of Benefit Receivables

The most complex assumptions relate to impairment of benefit receivables, detailed in 1.13.

Fraud and Error – Benefits Administered by the Department for Work and Pensions

The Department for Work and Pensions administers six benefits on behalf of Scottish Ministers under Agency Agreements. Administering benefits is a complex process which introduces a risk of fraud and error leading to some incorrect payments being made. Incorrect payment estimates for these benefits are produced to the standards of the UK Statistics Authority national statistics protocols.

23 The Financial Reporting Manual applies International Financial Reporting Standards as adapted or interpreted for the public sector context.  
24 International Accounting Standard 8 – Accounting Policies, Changes in Accounting Estimates and Errors.

The Department for Work and Pensions do not report on fraud and error rates based on Scottish caseload only, therefore the rates<sup>25</sup> for the rest of the UK have been used to calculate the estimated Monetary Value of Fraud and Error on those benefits administered under Agency Agreements. We believe these rates are representative as the Department for Work and Pensions continues to administer these benefits in the same way as they are administered in the rest of the UK – under the Social Security Contributions and Benefits Act 1992 and the Welfare Reform Act 2012.

1.7 Value Added Tax

Administration 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.

1.8 Pensions

Past and present employees are covered by the provisions of the Principal Civil Service Pension Scheme (PCSPS) which is an unfunded multi-employer defined benefit scheme.

The scheme is accounted for as a defined contribution scheme under the multi-employer exemption permitted in IAS 19 Employee Benefits. 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 PCSPS of an amount 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 on the PCSPS. Payments to the defined contribution schemes are expensed as they become payable.

1.9 Benefit payments recognition

Expenditure is recognised at the qualifying date and year-end adjustments are made to allow for future requests that missed the qualification deadline. We recognise the cost of benefit payments as follows:

Benefits administered on our behalf by the Department for Work and Pensions

Agreements are in place with the Department for Work and Pensions Central Payment System to account for these payments in Scotland:

**Carer's Allowance Supplement** – payments are made twice yearly. Year-end adjustments are made to allow for any future requests that missed the qualification deadline.

**Child Winter Heating Assistance and Winter Heating Payment** – payments are made annually.

**Best Start Foods** – recognised on a cash basis as payments are made every 4 weeks through a third party.

**Best Start Grant, Funeral Support Payment, Young Carer Grant, Job Start Payment, Scottish Child Payment, Child Disability Payment and Adult Disability Payment** – When an application is made and approved the benefit expenditure will be recognised from the application date.

Adjustments are made monthly for identified benefit overpayments, accruals and prepayments, along with final year-end adjustments where required.

1.10 Segmental Reporting

We report on three segments – Administration costs, Formal Agreements with the Department for Work and Pensions and Programme costs. Administration Costs and Formal Agreements are detailed in Notes 2 and 3. Programme costs, which represent our Benefit Expenditure, are detailed in Note 4.

25 [Fraud and error in the benefit system, Financial Year Ending \(FYE\) 2024 – GOV.UK \(www.gov.uk\)](#)



1.11 Non-current assets

Property, Plant and Equipment and Intangible assets are accounted for as non-current assets as they are not deemed to be held for sale. Social Security Scotland does not own any land or buildings; office accommodation is occupied under lease agreements.

Property, Plant and Equipment

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, however we may choose to capitalise information technology hardware that can be identified on the network.

Depreciated historic cost has been used as a proxy for the fair value of Property, Plant and Equipment assets as permitted by IFRS 13.

Depreciation for leasehold improvements is provided, in the year following transfer or purchase, over the shorter of asset life or lease term. For Plant and Equipment depreciation is 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

Assets Under Construction are not depreciated until they are brought into use.

Intangible assets

These assets are capitalised under IAS 38 if expenditure is greater than £5,000. Intangible assets recognised by the organisation are valued at historic cost and depreciated over the expected useful life as follows:

Class	Years
Information Technology Infrastructure	5
Software Licenses (finite time period)	Length of License
Software Licenses (indefinite time period)	10

Historic spend on Information Technology assets is expected to transfer to Social Security Scotland as the management of those processes transfer across from the Scottish Government’s Social Security Programme.

1.12 Benefit overpayments

These are recognised when the associated case has been assessed either by Social Security Scotland or Department for Work and Pensions. Social Security Scotland does not account for omitted, pending or potential debt.

Debt for those devolved benefits delivered through Formal Agreements is recovered by the Department for Work and Pensions under their policies. Overpayments under £65 and those relating to official errors which we would not reasonably expect a person to notice are written off.

1.13 Impairment of benefit overpayments

These are reviewed annually for impairment, in line with IFRS 9. Social Security Scotland use the Department for Work and Pensions methodology for benefit overpayments managed by the Department for Work and Pensions under Formal Agreements as there is no access to the level of information required to maintain its own model. The assessment of the recoverability of benefit overpayments and the associated expected credit losses is a complex matter, dealing with uncertain outcomes, assumptions regarding probability and estimation of volatile contributing factors. All evidence and assumptions used to calculate the impairment are the best available at the time.

1.14 Trade and Other Receivables

Assets held by Social Security Scotland have been classified as trade and other receivables. These have been measured at amortised cost, using the effective interest method. 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. Most 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.

As at 31 March 2024 Social Security Scotland has no significant exposure to foreign currency risk.

1.15 Leases

IFRS 16 is applied when accounting for leases. We have elected not to recognise right of use assets and lease liabilities for the following leases:

- non-lease components of contracts where applicable
- low value assets (in line with capitalisation thresholds, except vehicles which have been deemed to be not of low value); and
- leases with a lease term of 12 months or less

Initial Recognition

At the inception of a contract, we assess whether a contract is, or contains, a lease.

IFRS 16 defines a lease as a contract that ‘conveys the right to control the use of an identified asset for a period of time in exchange for consideration.’ The FReM expands this to include arrangements with £nil consideration.

We assess whether:

- the contract involves the use of an identified asset
- we have the right to obtain substantially all the economic benefit from the use of the asset throughout the period of use; and
- we have the right to direct the use of the asset

Right of Use Asset

At the commencement of a lease, Social Security Scotland recognises a right-of-use asset and a lease liability. The right-of-use asset is measured at the value of the liability, adjusted for:

- any payments made, or amounts accrued before the commencement date
- lease incentives received; and
- any disposal costs at the end of the lease

The cost measurement model in IFRS 16 is used as an appropriate proxy for our existing leases. The right of use asset is depreciated using the straight-line method. The estimated useful lives of the right of use assets are determined on the same basis as those of property, plant and equipment assets.

Lease Liabilities

Each lease liability is measured at the present value of the lease payments that are not paid at the commencement date. We have applied the HMT treasury discount rate as the interest rate for each lease cannot be readily determined. Lease payments included in the measurement lease liability comprise of:

- fixed lease payments (set for the duration of our lease agreements)
- rent-free periods and rent incentives we have received
- the option to extend our current leases if we are reasonably certain to exercise an extension option

**Remeasurement**

At the lease commencement date, contracts which contain a lease component are assessed to determine whether it is reasonably certain to exercise break options or extension options. We reassess this if there are significant events or changes in circumstances that were not anticipated.

When the lease liability is re-measured, a corresponding adjustment is made to the right of use asset or recorded in the Statement of Comprehensive Net Expenditure (SoCNE), if the carrying amount of the right of use asset is £nil.

**Operating Leases**

These costs are treated as operating leases and charged to the SoCNE. We have operating leases for photocopiers and leases for premises which do not meet the criteria set out in IFRS 16 Leases.

**1.16 Provisions and Contingent Liabilities**

IAS 37 Provisions, Contingent Liabilities and Contingent Assets applies in full, whereby provisions are made for legal or constructive obligations which are of uncertain timing or amount at the statement of financial position date. Provisions reflect the best estimate of the expenditure required to settle the obligation. Benefit provisions for underpayments arise from ongoing legal cases or from internal procedures such as Legal Entitlement and Administrative Practices (LEAP) at the Department for Work and Pensions or Scottish Administrative Exercises in Scotland. These provisions are estimated using data provided by analysts which is based on sampling and other analytical data.

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

2 Staff Costs

	Year to 31 March 2024 £million	Year to 31 March 2023 £million
Wages and salaries	133.5	111.1
Overtime	1.4	1.2
National Insurance costs	13.4	11.1
Pension costs	36.1	29.7
Total permanent employee costs	184.4	153.1
Interim workers	12.1	19.5
<b>Total staff costs as at 31 March</b>	<b>196.5</b>	<b>172.6</b>

Permanent employees are civil servants who have an employment contract with Scottish Government; interim workers include contractors and seconded staff from other government organisations.

Staff numbers can be found in the Remuneration and Staff report on page 45

Our total headcount numbers of 3,955 represents a decrease of 72 (2022-23: 4,027) headcount.



3 Other administration costs

	Note	Year to 31 March 2024 £million	Year to 31 March 2023 £million
<b>Cash Items</b>			
Operating leases		0.1	0.0
Office operating costs		9.4	6.5
Office accommodation		4.2	3.8
Supplies and services		4.2	3.4
Travel, subsistence and staff related costs		1.0	0.6
Training		0.4	0.5
Scottish Government shared service recharges		8.6	7.5
Auditor’s remuneration – Internal Audit		0.3	0.3
Information Technology Systems		13.3	6.6
<b>Sub-total: Cash Items</b>		<b>41.5</b>	<b>29.2</b>
<b>Non-Cash Items</b>			
Auditor’s remuneration – External Audit	14	0.4	0.4
Depreciation		5.8	5.2
Lease Interest	8	0.3	0.3
<b>Sub-total: Non-Cash Items</b>		<b>6.5</b>	<b>5.9</b>
<b>Total Administration Costs (excluding Formal Agreements)</b>		<b>48.0</b>	<b>35.1</b>
Formal Agreements with the Department for Work and Pensions		26.1	59.1
<b>Total Administration Costs</b>		<b>74.1</b>	<b>94.2</b>

4 Programme costs

Benefit expenditure	Year to 31 March 2024 £million	Year to 31 March 2023 £million
<b>Delivered by Social Security Scotland</b>		
Carer’s Allowance Supplement	48.1	43.9
Best Start Grant – Pregnancy and Baby	8.0	7.4
Best Start Grant – Early years	6.7	7.4
Best Start Grant – School age	6.6	6.0
Best Start Foods	12.7	12.6
Funeral Support Payment	13.2	9.8
Young Carer’s Grant	1.4	0.8
Job Start Payment	0.3	0.2
Scottish Child Payment	429.2	213.2
Child Winter Heating Assistance	7.7	5.7
Child Disability Payment	425.3	214.8
Adult Disability Payment	942.3	99.4
Winter Heating Payment	23.4	19.8
Carer Support Payment	0.5	0.0
	<b>1,925.4</b>	<b>641.0</b>
<b>Delivered through Agency Agreements with the Department for Work and Pensions</b>		
Carer’s Allowance	357.1	314.0
Attendance Allowance	659.2	553.6
Disability Living Allowance	444.5	523.8
Personal Independence Payment	1,690.1	1,927.2
Severe Disablement Allowance	5.6	6.0
Industrial Injuries Disablement Benefit	81.4	78.0
Provision for Benefit Underpayments <sup>26</sup>	27.7	3.7
Impairment of Benefit Overpayments	(2.4)	(7.7)
	<b>3,263.2</b>	<b>3,398.6</b>
<b>Total</b>	<b>5,188.6</b>	<b>4,039.6</b>

26 Provision for benefit underpayments funded by Annually Managed Expenditure – this relates to a Legal Entitlement and Administrative Practices (LEAP) review being conducted by the Department for Work and Pensions on Personal Independence Payment. New data resulted in a change in liability. Scottish Government have provided written permission for the overspend.

5a Plant and Equipment – current year

	IT Equipment £million	Leasehold Improvements £million	Other £million	Assets Under Construction £million	Total £million
At 1 April 2023	2.9	8.0	1.9	0.1	12.9
Additions	0.6	0.2	0.3	0.0	1.1
Adjustments	(0.4)	0.1	(0.1)	(0.1)	(0.5)
Depreciation	(0.9)	(0.7)	(0.1)	0.0	(1.7)
At 31 March 2024	2.2	7.6	2.0	0.0	11.8

5b Plant and Equipment – prior year

	IT Equipment £million	Leasehold Improvements £million	Other £million	Assets Under Construction £million	Total £million
At 1 April 2022	4.4	5.4	1.9	2.3	14.0
Additions	0.7	1.5	0.2	0.0	2.4
Adjustments	0.6	1.5	0.0	(2.2)	(0.1)
Depreciation	(2.8)	(0.4)	(0.2)	0.0	(3.4)
At 31 March 2023	2.9	8.0	1.9	0.1	12.9

6a Intangible Assets – current year

	Software Licenses £million	IT Software and Development £million	Assets Under Development £million	Total £million
At 1 April 2023	2.5	0.0	6.5	9.0
Additions	0.0	2.4	0.0	2.4
Adjustments	0.0	6.5	(6.5)	0.0
Depreciation	(0.3)	0.0	0.0	(0.3)
At 31 March 2024	2.2	8.9	0.0	11.1

6b Intangible Assets – prior year

	Software Licenses £million	Assets Under Development £million	Total £million
At 1 April 2022	1.0	3.2	4.2
Additions	1.6	3.3	4.9
Depreciation	(0.1)	0.0	(0.1)
At 31 March 2023	2.5	6.5	9.0

7 Right of Use Assets

	As at 31 March 2024 £million	As at 31 March 2023 £million
Opening Net Book Value	33.0	34.4
Additions	0.0	1.8
Adjustments	(0.2)	0.0
Depreciation	(3.0)	(3.2)
Closing Net Book Value	29.8	33.0



8 Lease Liabilities

Obligations under leases for the following periods comprise:

	As at 31 March 2024 £million	As at 31 March 2023 £million
No later than 1 year	3.1	3.0
Later than one year and no later than 5 years	13.3	13.1
Later than 5 years	14.0	17.3
Less Interest Element	(1.7)	(2.0)
<b>Present Value of Obligations</b>	<b>28.7</b>	<b>31.4</b>
<b>Current – Lease Creditors &lt;1 year</b>	<b>2.7</b>	<b>2.7</b>
<b>Non-Current – Lease Creditors &gt;1 year</b>	<b>26.0</b>	<b>28.7</b>

9 Trade and Other Receivables

	As at 31 March 2024 £million	As at 31 March 2023 £million
<b>Amounts falling due within one year</b>		
Benefit overpayments	9.1	6.9
Department for Work and Pensions debtor	0.5	0.4
Other Debtors	0.3	0.4
Prepayments	16.1	15.0
Less impairment on benefit overpayments	(1.7)	(2.4)
<b>Net receivables due within one year</b>	<b>24.3</b>	<b>20.3</b>
<b>Amounts falling due more than one year</b>		
Benefit overpayments	22.0	26.9
Less impairment on benefit overpayments	(7.0)	(8.6)
<b>Net receivables due more than one year</b>	<b>15.0</b>	<b>18.3</b>
<b>Total net receivables</b>	<b>39.3</b>	<b>38.6</b>

Benefit overpayments arise where a change of circumstances has been processed after that change of circumstances took place, or where client error or fraud have been identified.  
Benefit prepayments arise where a payment has been made in the period up to 31 March 2024 for entitlement periods in the following financial year.<sup>27</sup>

<sup>27</sup> Fraud and error in the benefit system: financial year 2023 to 2024 estimates – GOV.UK ([www.gov.uk](http://www.gov.uk))

10 Cash and cash equivalents

	As at 31 March 2024 £million	As at 31 March 2023 £million
Commercial banks	0.2	0.2
Government banking service	139.5	41.3
<b>As at 31 March 2024</b>	<b>139.7</b>	<b>41.5</b>
As at 1 April 2023	41.5	25.9
Net change in cash and cash equivalents	98.2	15.6
<b>As at 31 March 2024</b>	<b>139.7</b>	<b>41.5</b>

11 Trade and other payables

	As at 31 March 2024 £million	As at 31 March 2023 £million
Trade payables	17.2	88.2
Accruals	49.7	47.7
Deferred rent	2.3	1.8
Benefits payable	177.8	147.3
<b>Balance as at 31 March</b>	<b>247.0</b>	<b>285.0</b>

Our policy is to pay all purchase invoices within 10 days and for 2023-24 we paid 98% within this timeframe which represents 6,194 invoices out of 6,322. (In 2022-23 we paid 96.9% which represents 11,671 invoices out of 12,041).

12a Provisions – current year

	As at 1 April 2023 £million	Increase in year £million	Utilised in year £million	Balance at 31 March 2024 £million
Benefit Underpayments	3.7	43.2	(15.5)	31.4
Dilapidations	1.8	0.0	0.0	1.8
<b>Total Provisions</b>	<b>5.5</b>	<b>43.2</b>	<b>(15.5)</b>	<b>33.2</b>
<b>Current – Provisions &lt;1 year</b>				<b>17.8</b>
<b>Non-Current – Provisions &gt;1 year</b>				<b>15.4</b>

12b Provisions – prior year

	As at 1 April 2022 £million	Increase in year £million	Utilised in year £million	Balance at 31 March 2023 £million
Benefit Underpayments	0.0	3.7	0.0	3.7
Dilapidations	0.0	1.8	0.0	1.8
<b>Total Provisions</b>	<b>0.0</b>	<b>5.5</b>	<b>0.0</b>	<b>5.5</b>
<b>Current – Provisions &lt;1 year</b>				<b>1.3</b>
<b>Non-Current – Provisions &gt;1 year</b>				<b>4.2</b>

13 Operating Leases

	As at 31 March 2024 £million	As at 31 March 2023 £million
<b>Obligations:</b>		
Due within 1 year	0.1	0.1
Due after one year but not more than 5 years	0.1	0.0
Commitments thereafter	0.0	0.0
<b>Total</b>	<b>0.2</b>	<b>0.1</b>

Our Operating leases comprise of buildings, which do not meet the criteria of IFRS 16, and printing equipment. We have no lease commitments of more than 5 years.



14 Notional Charges

The following charges have been included in the accounts:

	Year to 31 March 2024 £million	Year to 31 March 2023 £million
Auditor’s remuneration	0.4	0.4
Total	0.4	0.4

15 Capital Commitments

As at 31 March 2024 contracted commitments for which no provision has been made are as follows:

	As at 31 March 2024 £million	As at 31 March 2023 £million
Property, Plant and Equipment		
220 High Street	0.6	0.3
Agnes Husband House	0.0	0.2
Intangible Assets		
IT Infrastructure	0.9	3.5
Total	1.5	4.0

16 Related party transactions

A related party transaction is a business arrangement between two parties who are already linked prior to the deal. For example, a business arrangement between Social Security Scotland and the Scottish Government. 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 including recharges for the provision of a range of support services.

During this year we also had significant transactions with:

- Local Authorities, principally in relation to the offices at Agnes Husband House and Enterprise House in Dundee, and 220 High Street, Glasgow
- Other Local Authorities and third sector organisations for rental of desk space for our Local Delivery, Health and Social Care, and Fraud and Error Resolution staff
- Other government departments/bodies, mainly the Department for Work and Pensions, in relation to delivery of benefit administration under Formal Agreements

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

17 Contingent Liabilities

Benefit underpayments

Social Security Scotland acknowledges that administrative errors by its staff (official error) and that of the Department for Work and Pensions under Formal Agreements will sometimes result in the underpayment of benefit. Where underpayments relating to official error are identified, we pay arrears in full at the earliest opportunity.

Due to limitations in data the liability for benefit underpayments cannot currently be quantified and so a contingent liability exists for underpayments not yet identified and corrected.

Legal cases and appeals

Social Security Scotland is aware of ongoing legal cases and appeals which may lead to possible future obligations.

It is not possible to assess the timing, likelihood or amount of any financial settlement of these cases at this time. We will continue to monitor ongoing developments in this area.

Administrative Exercises

Social Security Scotland acknowledges that administrative errors may occur when making award decisions that affect a group of clients. When such errors are identified through legal challenge or internal processes, an Administrative Exercise will arise where all affected cases are reviewed, and errors corrected. This is similar to the Department for Work and Pensions Legal Entitlement and Administrative Practices process.

18 Post balance sheet events

There are no post balance sheet events to note.

19 Fraud and Error

Benefits administered by the Department for Work and Pensions

We are responsible for paying clients the right benefit at the right time. The Department for Work and Pensions administers six benefits on behalf of Scottish Ministers, and these costs are accounted for by Social Security Scotland. The basis of entitlement to these benefits is set out in Sections 64-76 and 94-101 of the Social Security Contributions and Benefits Act 1992 and Part 4 of the Welfare Reform Act 2012.

The estimated cost of fraud and error is as follows:

Table 21 Fraud and Error Estimates <sup>28</sup>	Year to 31 March 2024		Year to 31 March 2023	
	% Expenditure considered to be irregular <sup>29</sup>	£million	% Expenditure considered to be irregular	£million
Carer’s Allowance	5.2	18.6	5.2	16.3
Attendance Allowance	2.2	14.5	2.2	12.2
Disability Living Allowance	0.5	2.2	1.9	9.9
Personal Independence Payment	0.4	6.8	1.1	21.2
Industrial Injuries Disablement Benefit	0.4	0.3	1.1	0.9
Severe Disablement Allowance	0.8	0.0	3.4	0.2
Total		42.4 <sup>30</sup>		60.7


The Department for Work and Pensions do not report on fraud and error rates based on Scottish caseload only, therefore the Department for Work and Pensions rates<sup>31</sup> for the rest of the United Kingdom have been used to calculate the estimated Monetary Value of Fraud and Error. We believe these rates are representative as Scottish benefits are being administered in the same way. Disability Living Allowance was reviewed in 2023-24 and excluded clients of working age but we consider that this is still a relevant rate to apply to our expenditure.

28 The Department for Work and Pensions proxy rates have been applied to Severe Disablement Allowance and Industrial Injuries Disablement Scheme.  
29 Irregular refers to payments which are not in line with legislation.  
30 All rates used are overpayment rates.

31 Fraud and error in the benefit system: financial year 2023 to 2024 estimates – GOV.UK ([www.gov.uk](https://www.gov.uk))

# Annex A

Direction by the Scottish Ministers



Scottish Government  
Riaghaltas na h-Alba  
gov.scot

SOCIAL SECURITY SCOTLAND

DIRECTION BY THE SCOTTISH MINISTERS

1.

The Scottish Ministers, in accordance with section 19(4) of the Public Finance and Accountability (Scotland) Act 2000 hereby give the following direction.

2.


The statement of accounts for the financial period ended 31 March 2019, and subsequent years, shall comply with the accounting principles and disclosure requirements of the edition of the Government Financial Reporting Manual (FRM) which is in force for the year for which the statement of accounts are prepared.

3.

The accounts shall be prepared so as to give a true and fair view of the income and expenditure and cash flows for the financial year, and of the state of affairs as at the end of the financial year.

4.

This direction shall be reproduced as an appendix to the statement of accounts.



Signed by the authority of the Scottish Ministers

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





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

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