



Social Security
Scotland

Tèarainteachd Shòisealta Alba

Annual Report and Accounts

for the year ended 31 March 2025

Laid before the Scottish Parliament by the Scottish
Ministers under Public Finance and Accountability
(Scotland) Act 2000 s22(5) SG/2025/213



Contents

Performance Report	4
Chief Executive’s Introduction	4
Performance Overview	6
Performance Analysis	19
Accountability Report	36
Corporate Governance Report	36
Remuneration and Staff Report	53
Parliamentary Accountability Report	60
Independent auditor’s report to Social Security Scotland, the Auditor General for Scotland and the Scottish Parliament	68
Financial Statements	72
Statement of Comprehensive Net Expenditure for the year to 31 March 2025	72
Statement of Financial Position as at 31 March 2025	73
Statement of Cash Flows for the year to 31 March 2025	75
Statement of Changes in Taxpayers’ Equity for the year to 31 March 2025	76
Notes to the Accounts	77
Annex A	94
Direction by the Scottish Ministers	94



“The woman who came to assist me with the form was wonderful. She really helped take the stress and difficulty out of the situation. It’s a great service you provide that I would have had real problems without.”

Client helped by specialist local adviser



Performance Report



Chief Executive’s Introduction

Our Annual Report and Accounts details our activities from 1 April 2024 to 31 March 2025. This year we have made significant progress improving the experience of our clients including offering more choice on how and when we communicate with them, whilst focussing on maintaining positive delivery and processing times across the range of benefits we provide.

Last year saw us launch new social security benefits across Scotland at pace, while continuing to deliver a high-quality service for our clients. Pension Age Disability Payment was launched in a phased rollout before being made available across Scotland earlier this year. This new payment is for older disabled people or those with a long-term health condition who need help looking after themselves or supervision to stay safe.

We also rolled out the new Scottish Adult Disability Living Allowance for people in Scotland who previously received Disability Living Allowance and completed the national launch of Carer Support Payment, supporting people who provide regular care for someone with a disability. I am pleased to confirm plans are well underway for Social Security Scotland to begin delivery of Pension Age Winter Heating Payment, and the launch of the new Two Child Limit Payment.

This year we supported people across Scotland – more than 960,000 clients received payments from us across our range of benefits, including almost £456 million through the Scottish Child Payment and £2.4 billion in support to disabled people through Adult Disability Payment.

Another key focus for us has been Public Service Reform, working together with other public organisations to share information, knowledge and facilities, to further set the foundations for our to clients have a better, more streamlined experience when dealing with government organisations.

We are also looking into the future as we move towards the formal close of the Scottish Government’s Social Security Programme next year. We will bring together together the skills and experience of colleagues across the Social Security Programme and Social Security Scotland into our organisation. This will be our biggest change and challenge since we launched our first benefit in 2018 but I am confident we have the right people in place to deliver our future plans.

Putting our clients first remains our priority and drive my colleagues to deliver for people across Scotland every day. I was particularly pleased to see that 84% of respondents to our most recent client survey said that their overall experience with our staff was “very good” or “good”. I would like to extend my thanks to my colleagues and valued stakeholders and partners who deliver a great service under increasing pressures. I look forward to the year ahead and continuing to put dignity, fairness and respect at the heart of everything we do.



David Wallace
Social Security Scotland Chief Executive
and Accountable Officer

Performance Overview

This Performance Report covers the period between 1 April 2024 and 31 March 2025 and measures how we have performed against the priorities in our [2024-25 Business Plan](#) and demonstrates where they link to the strategic goals set out in our [Corporate Plan 2024-27](#). The section on risk details our management of key risks to our performance. Key findings are set out in the Performance Analysis section on page 19.

We have included insights from our clients, colleagues, external stakeholders and partners, where appropriate. This includes feedback from people who used our services during the reporting year and was taken from our [2024-25 Charter Measurement Framework](#) and its accompanying [2024-25 Charter Research report](#) and the [Client Survey Annual Report 2024-25](#). Highlights of our performance can be found in the Performance Summary section on page 11.



About us

Social Security Scotland is an Executive Agency of the Scottish Government, established in September 2018. We are responsible for delivering social security benefits to eligible people across Scotland.

During the reporting period, we delivered 15 different benefits to disabled people, carers, people on low incomes, young people entering the workforce, and helped eligible clients to heat their homes.

Our head office is located in Dundee, with a secondary main site in Glasgow. Additionally, we have colleagues located across the country to support clients in local communities.

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 36.

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 with principles of dignity, fairness and respect at its core.

We do not decide on eligibility criteria of benefits or the value of payments, 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 to ensure people continue to receive the right payments at the right time. The agreements also 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 the strategic direction of Social Security Scotland and approves our organisational policies, plans and processes. They also consider Scottish Government plans and manage the impact on our staff resource, finances and ability to deliver a high-quality service to our clients.

- David Wallace, Chief Executive
- Miriam Craven, Chief Operating Officer¹
- Janet Richardson, Deputy Directory Client Services Delivery²
- Stephanie Devenny, Deputy Director of Finance and Corporate Services³
- Ally MacPhail, Deputy Director of Organisational Strategy and Performance
- Gayle Devlin, Deputy Director Disability Operations⁴
- Karyn Dunning, Deputy Director Low Income Benefits and Operational Improvements⁵
- Andy McClintock, Chief Digital Information Officer
- Nicola Rudnicki, Deputy Director People and Place
- Leanne Carson, Programme Director, Scottish Government’s Social Security Programme⁶

¹ Miriam Craven was appointed Chief Operating Officer in April 2024.

² Janet Richardson retired in December 2024. Following Janet’s retirement, the functions of the Client Service Delivery and Health and Social Care divisions were brought together in a new operational structure in March 2025.

³ James Wallace, Deputy Director of Finance and Corporate Services, is currently on secondment to Scottish Government Director General Communities. Stephanie Devenny was appointed in this role in May 2024.

⁴ Gayle Devlin was previously Deputy Director Health and Social Care prior to March 2025 restructure.

⁵ Karyn Dunning joined the Executive Team in December 2024, prior to March 2025 restructure to form a new operational division combining the functions of Health and Social Care and Client Services Delivery.

⁶ Leanne Carson rejoined our Executive Team in July 2024 ahead of the planned closure of the Scottish Government’s Social Security Programme in 2026.



David Wallace



Miriam Craven



Janet Richardson



Stephanie Devenny



Ally MacPhail



Gayle Devlin



Karyn Dunning



Andy McClintock



Nicola Rudnicki



Leanne Carson

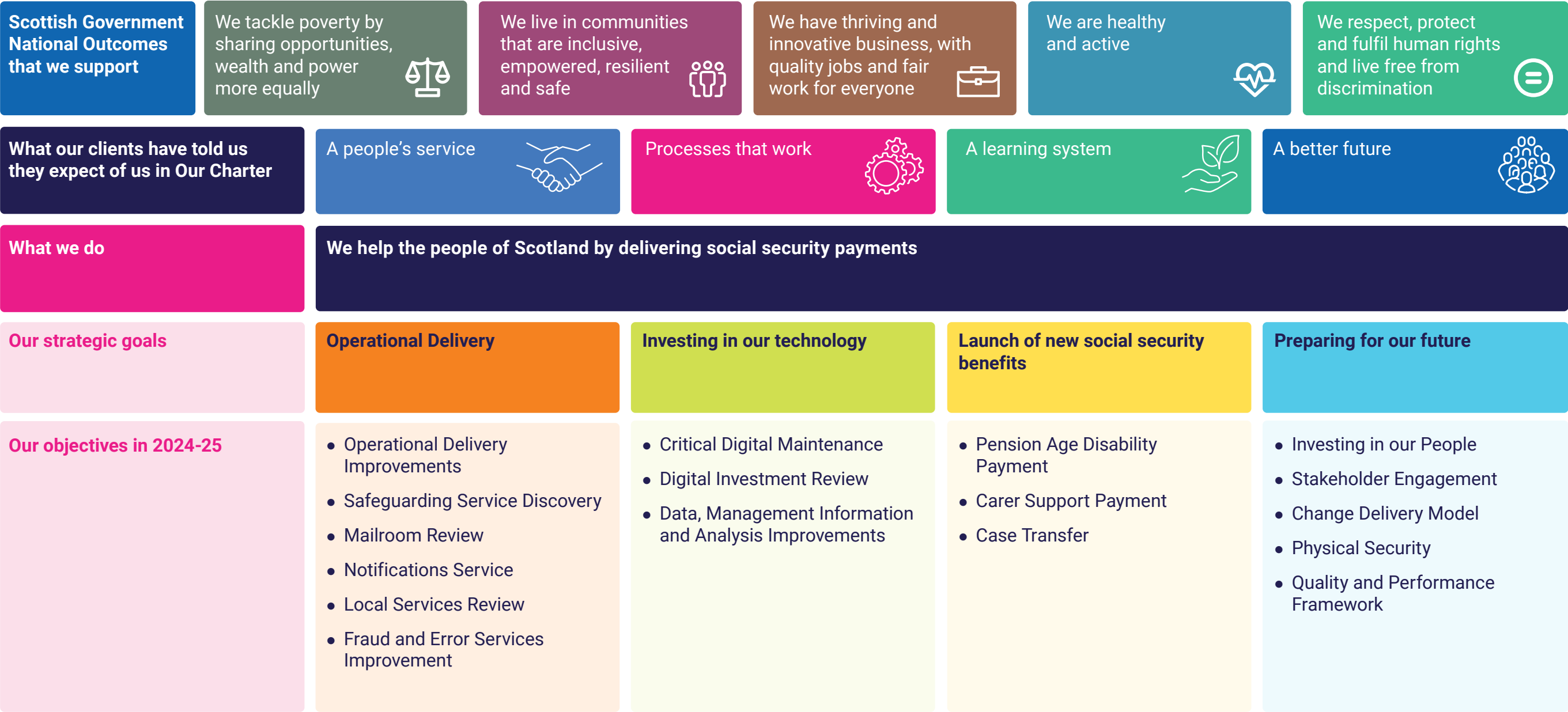
National Outcomes, Our Charter, Corporate Plan 2024-27 and 2024-25 Business Plan

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. We provide a public service that treats people with dignity and respect.

Our 2024-27 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



Performance Summary

This section is a summary of our performance against our 2024-25 Business Plan objectives and the associated strategic goals from our 2024-27 Corporate Plan.

More detailed information can be found within the Performance Analysis section from page 19.



Operational Delivery

Strategic Goal	Fulfil our Charter commitments with kindness and ensure we deliver the right benefits to everyone who is eligible for them. This includes delivering Scottish Child Payment, which contributes to eradicating child poverty in Scotland.	
Business Plan Priorities	● Operational Delivery Improvements ● Safeguarding Service Discovery ● Mailroom Review	● Notifications Service ● Local Services Review ● Fraud and Error Services Improvement
✓ We undertook a review to ensure our operating model continues to safeguard our clients and colleagues, whilst delivering training and upskilling to colleagues ✓ We made improvements to how our mailrooms operate to improve our service in a number of ways, in order to enhance safety of our clients’ data and make savings. These improvements mean we provide a more cost-effective and efficient service for our clients and a better working environment for our people ✓ To ensure we contact our clients in the way that suits them best as well as driving efficiencies, we introduced email notifications for clients receiving Adult Disability Payment and Winter Heating Payment as well as trialling text notifications for Adult Disability Payment clients ✓ We undertook a review of the Local services we offer in communities, homes and other locations across Scotland. This allowed us to identify improvements to ensure we continue to deliver an inclusive service for our clients ✓ In November 2024, we published the first statistics estimating official error in Best Start Foods and in June 2025, we published estimated error statistics for Scottish Child Payment ✓ We reviewed our systems and technology and devised a plan to deliver continuous improvements to our fraud and error capabilities. This demonstrates our commitment to invest in the people of Scotland and deliver value for money		

In addition to Business Plan priorities, we:

- Directly administered £3.7 billion in payments to over 960,000 clients across Scotland
 - Reduced median processing times for Adult Disability Payment and Child Disability Payment in comparison to 2023-24
 - Maintained telephony call wait times at or slightly above expected levels as our client caseload has steadily grown.
- Improved our Benefits Assessment under Special Rules in Scotland (BASRiS) form to help medical professionals share information with us clearly and ensure our clients received their award from the date they became eligible.
 - Delivered a public service to our clients in line with Our Charter and our values of dignity, fairness and respect

Investing in our technology

Strategic Goal	Maintain our IT systems to a high standard ensuring robust cyber security and build additional essential functions as technology improves.
Business Plan Priorities	● Critical Digital Maintenance ● Digital Investment Review ● Data, Management Information and Analysis Improvements
✓ We completed critical digital maintenance activities that made our systems more secure and allowed us to process an increased number of payments while delivering a high-quality service to the people of Scotland ✓ We sought independent advice to inform a review of our Digital Estate to ensure it continues to be stable, resilient and capable of delivering our core services and future ambitions. The review also helped us prioritise future plans and digital spending. We reviewed the type and quality of data we use across the organisation, which allowed us to improve communication and prioritisation across multiple areas. This ensures our resources continue to focus on key operational and statistical data concerns. We have improved how we measure our performance and quality and improvements to our service	

Launch of new social security benefits

Strategic goal	Prepare for the launch of Carer Additional Person Payment, Pension Age Disability Payment and Pension Age Winter Heating Payment, while continuing work to transfer the awards of clients of Child Disability Payment and Adult Disability Payment from the Department for Work and Pensions to Social Security Scotland.
Benefit delivery commitments	● Pension Age Disability Payment ● Carer Support Payment ● Case Transfer
✓ We successfully launched a phased rollout of Pension Age Disability Payment in five local authority areas in October 2024, extending to a further 13 local authority areas in March 2025, before a full national rollout in April 2025, helping people with the extra costs that come with living with a disability or long-term health condition ✓ In February 2025, we began transferring the awards of 169,000 people in Scotland who currently receive Attendance Allowance from the Department for Work and Pensions to Pension Age Disability Payment ✓ Successful national rollout of Carer Support Payment in November 2024, recognising the huge amount of unpaid work and support provided by carers. This helped prepare the organisation for the launch of Carer Additional Person Payment in 2026 ✓ Completed the full transfer of all Child Disability benefit awards from the Department for Work and Pensions to Social Security Scotland ✓ We began the transfer of 66,000 clients to Scottish Adult Disability Living Allowance, which is a new benefit created to accommodate clients who had been on an equivalent United Kingdom benefit ✓ Continued to transfer Adult Disability Payment benefit awards from the Department for Work and Pensions. This process was fully completed in 2025.	

Preparing for the future

Strategic goal	Transfer 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.
Business Plan Priorities	● Investing in our People ● Stakeholder Engagement ● Change Delivery Model ● Physical Security ● Quality and Performance Framework
✓ Launched our new People Plan 2024-2027 with a focus on ensuring our colleagues have the skills, knowledge and experience required to support delivery of the organisation’s objectives ✓ Worked collaboratively with our stakeholders to ensure we are providing the right information to promote our benefits to the people of Scotland. As part of this, we launched a pilot with a number of third party stakeholder organisations, to allow them to contact us directly on behalf of clients ✓ As we prepare for the planned closure of the Scottish Government’s Social Security Programme, we improved how we manage change in our organisation while ensuring we continue delivering a high-quality service to our clients ✓ We made improvements to our buildings in Glasgow and Dundee including enhancements to CCTV and door entry access control to improve the safety of our colleagues, visitors and clients. ✓ Developed a Quality Framework for Benefit Delivery and Performance Framework, which set out clearly our quality standards for our clients and demonstrate our links to a range of Scottish Government outcomes	

Risks affecting delivery of our objectives

Our Executive Team and Audit and Assurance Committee have agreed the overall strategic risks to the organisation. During the reporting period we have continued to actively manage and monitor 16 strategic-level risks. 10 of these risks are rated ‘red’ with a number of planned actions in place to mitigate the risk and reduce the likelihood or impact and these are set out in further detail below.

Further detail on the key risks and our approach to managing those risks is provided in the Governance Statement on page 39 of this report. Details of our Strategic Risk Register are provided as part of our Audit and Assurance Committee minutes.

Fraud

We understand that, as an organisation responsible for delivering a high volume of payments, we may be targeted by individuals or groups—both internal and external—seeking to exploit weaknesses in our systems for financial gain.

To address this risk, we continue to actively strengthen our approach to fraud prevention. Over the past year, we have enhanced our data capabilities, improved our fraud detection systems, and continued to invest in staff training. These efforts help ensure that decisions on benefit applications are accurate and robust, reducing the potential for fraud and error.

We remain committed to managing public funds responsibly and fairly and we are demonstrating this by refining our processes for identifying and addressing fraud and error within the devolved benefits we administer. Looking ahead, we will continue to develop targeted, high-value fraud prevention activities and are seeking to invest in technology improvements to support this work.

Financial management

Sound financial management requires that we make every penny count. This means carefully forecasting our future financial needs and ensuring that each business area manages its spending in line with those forecasts.

We continue to demonstrate strong fiscal governance through accurate forecasting with robust controls, ensuring we operate within our allocated budget. We report on our operational fiscal sustainability at the Ministerial level (on-going work throughout the financial year) which includes sharing our plans for financial sustainability.

Our financial controls remain strong, with strong management and governance processes in place.

Quality

We continue to improve our systems and processes to ensure accurate benefit decisions and we are introducing a Quality and Performance Framework to guide service standards and continuous improvement.

Our ability to make the right decisions on benefit entitlement directly affects the integrity of our system and helps prevent fraud and error.

Over the past year, we’ve continued to improve both our system functionality and manual checking processes to support accurate decision-making. These enhancements help ensure that our services remain reliable and that public funds are used appropriately.

We developed a [Quality and Performance Framework](#), which outlines the standards our clients can expect. This framework helps us identify opportunities for learning and improvement, ensuring we continue to raise the quality of our service.

Business resilience

Ensuring uninterrupted service delivery is essential to our role, particularly when it comes to making benefit payments that have a direct financial impact on individuals and families across Scotland. To support this, we have strengthened our business continuity and incident management framework. These improvements, along with enhanced controls and dedicated resources, have increased our confidence in managing risks and responding effectively to any incidents that could affect our services. We remain focused on maintaining resilience across all areas of our operations, so that we can continue to deliver vital support even in challenging circumstances.

Delivering for our clients

Providing a reliable and efficient service is at the heart of what we do. To maintain public and stakeholder confidence, we must continue to prioritise strong internal processes, systems, and performance standards. We continued to enhance internal systems and processes to improve how clients access devolved benefits, with ongoing improvements aligned to business priorities.

We are committed to identifying and implementing improvements in how we process and deliver devolved benefits. These enhancements aim to make it easier and quicker for clients to access the support they are entitled to.

Throughout the year, we’ve made continuous improvements to our systems and architecture, resolving defects and strengthening our operational capabilities and we will continue to deliver continuous improvements in line with our business priorities and budget.

Cyber security

Without strong cyber resilience, there is a risk of disruption to the systems that support the delivery of devolved benefits. Protecting our digital systems is essential to maintaining the confidentiality, integrity, and availability of the services we provide.

Cyber security therefore remains a high priority for Social Security Scotland. We are investing in digital resilience and safeguarding personal data through dedicated resources and new controls. We have taken proactive steps to strengthen our defences, including appointing dedicated specialists whilst continuing to invest in the digital platforms that underpin our services. We are also focused on ensuring that personal data and information are stored securely and handled responsibly. New controls and mitigations have been introduced, and we continue to treat this risk with the seriousness it demands.

Programme closure

As the Scottish Government’s current Social Security Programme approaches its planned conclusion, we are preparing to take full responsibility for the services it has delivered. This includes ensuring we have the right capability, capacity, and funding to run, maintain, and to bring these services in to Social Security Scotland. We are improving how we manage this organisational change, guided by our commitment to continuous service improvement. Our new approach ensures that operational delivery remains high-quality while changes are being introduced. All changes will be carefully tested and evaluated before being rolled out across the organisation.

The new operating model was shared across the organisation in the final quarter of the year, and further improvements are expected throughout 2025–26.

Management information and performance (data)

We are committed to producing accurate data to support decision-making and reporting. This data helps us monitor fraud and error rates, assess corporate performance, meet reporting obligations, and respond to the needs of key stakeholders across the UK and Scottish Governments, local authorities, and the Scottish Fiscal Commission. Accurate and timely data is essential for informed decision-making. Without it, we risk misreporting, reduced operational efficiency, and a negative impact on service delivery. We have continued to work with our systems to extract the data required in order to ensure accurate decision making, forecasting and reporting.

Protective security

To deliver our services effectively, it is essential that our offices and client-facing spaces remain safe and secure. We are committed to regularly reviewing and upgrading our physical security measures to protect our people, our clients, and the information we hold.

We are enhancing physical security across our offices and client spaces, supported by a dedicated team and a growing culture of protective awareness. A dedicated protective security team has been established and has led improvements across the organisation, enhancing protections for both colleagues and clients. Throughout 2024–25, we made meaningful progress in strengthening the culture of protective security through site improvements to physical security and mandatory learning for our people.

Data Protection

We take our data protection responsibilities seriously and operate within a clear legal framework set at the level of the Scottish Ministers, whose registration with the Information Commissioner includes Social Security Scotland. The Scottish Ministers are responsible for appointing a Data Protection Officer for the Scottish Government.

All colleagues are required to complete annual data protection e-learning, and we continue to actively monitor completion rates to ensure compliance. Within Social Security Scotland, the Data Protection and Information Governance Lead oversees data protection matters and participates in both our Data Governance and Information Governance Groups.

Improvements are planned for 2025–26 to further strengthen our approach.

“A colleague had discussed our inbound telephony system and how to improve the coverage to make sure that all client calls were answered within a relatively quick time. This was implemented and extended the sessions to maintain a higher coverage of staff on inbound calls.”

Charter Research staff respondent

Performance Analysis

This section provides insights on our performance against the priorities in our 2024-25 Business Plan.

Our Business Plan consists of 14 priorities and our ongoing benefit delivery commitments, each of which is aligned to a strategic goal within our 2024-27 Corporate Plan. Both our Business Plan priorities and Corporate Plan strategic goals help us deliver on our wider responsibilities to support national outcomes and contribute to public service reform.



Delivering on National Outcomes

Alongside work on our Business Plan objectives, we have successfully maintained delivery of our existing benefits guided by the commitments set out in our Charter. The table on the right gives examples of how the work we do supports National Outcomes.

National Outcome	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.
What has been delivered.	As of 31 March 2025, 326,225 children aged 0-15 years were actively benefitting from Scottish Child Payment. This benefit supports low-income households with the costs of supporting a family.	Since the launch of Child Disability Payment, over £1.1 billion has been paid to over 100,000 children and young people. These disability benefits are designed to help people with the additional costs of being disabled or living with a long-term health condition and support people to live as independently as possible. From the 21 October 2024 to 31 March 2025 we paid £2.3 million to eligible Pension Age Disability clients across all local authority areas.	In the 2024-25 financial year £264,450 was paid to Job Start Payment clients, helping young people with the costs of starting a new job after a period of unemployment. We are committed to fair work by offering inclusive, flexible, and rewarding employment. We participate in schemes such as the Young Person’s Guarantee and Going Forward into Employment employability schemes, as well as the Disability Confident and Great Place to Work for Veterans Guaranteed Interview Schemes. Through these efforts, we help foster career development and contribute to a thriving and innovative workforce across Scotland.	In the 2024-25 financial year, £35.7 million was paid to Best Start Grant and Best Start Foods clients helping families to buy healthy foods and the additional costs of pregnancy.	We are committed to recruiting a workforce that represents and serves Scotland’s diverse population. We have a workforce that reflects increased diversity in terms of age, ethnicity, disabled people and those from minority religions. 92% of colleagues who responded to our 2024-25 Charter Research staff survey said they were confident that they could deliver a service without discrimination Most respondents (84%) who responded to our 2024-2025 Client Survey who had interacted with Social Security Scotland staff agreed their overall experience with our staff was ‘very good’ or ‘good’, and that staff made them feel comfortable (86%), listened to (87%) and treated with kindness (91%).

Public Service Reform



Social Security Scotland contributes to the wider agenda for Public Service Reform in several ways, including contributing to Scottish Government National Outcomes and to our Charter commitments. We do this in three key ways: by prevention; providing joined up services across the public sector; and through efficiencies in streamlining our processes and empowering our staff.

While our Business Plan priorities contribute to achievement of the Public Service Reform Strategy, specific examples of our contributions in 2024/25 include:

- Benefit Take-up activities to promote available support to people in Scotland and enable clients to claim benefits they are entitled to
- Improvements to our Fraud and Error systems and processes to ensure public money is used effectively
- Co-sharing our Local Delivery locations with local authority partners across Scotland to make maximum use of existing resources
- Data sharing ethically and legally with other public services

Benefit Take-up makes an important contribution to tackling poverty and inequality. We are working with our colleagues in the Scottish Government to understand the barriers that some of our clients may experience in accessing the benefits they are entitled to.

In May 2024, the Scottish Government published research into seldom-heard groups across the Scottish social security system. These communities include client groups such as ethnic minority communities, people with fluctuating health conditions, and socially isolated older people. In response to the research findings, we collaborated with the Scottish Government in the development of a [Seldom-Heard Groups Action Plan](#) which sets out activity the Scottish Government and Social Security Scotland will take over the next 12-months to reduce barriers to take-up for seldom-heard communities.

Where appropriate, we share services and information with other public bodies to be more efficient and to deliver savings. Partners include the Department for Work and Pensions, HM Revenue and Customs and local authorities across Scotland. During the last year, this has included sharing data with HM Revenue and Customs to support Tax Credit claims and with local authorities to support applications for a range of services, such as Housing Benefit and entitlement to Blue Badges. By sharing information across public services, we have reduced the amount of evidence that clients are required to provide, reduced duplication and delivered efficiencies. We will continue to look for ways to work with partners and integrate our services.

Our Head Office is on Dundee waterfront with a second main site in Glasgow. To drive efficiencies, we offer workspace to other public bodies. Colleagues from the Scottish Housing Regulator and the Scottish Environmental Protection Agency use our Dundee and Glasgow offices, reducing office costs and contributing to more efficient public services in Scotland.

Our Strategic Goal – Operational Delivery

Fulfil our Charter commitments with kindness and ensure we deliver the right benefits to everyone who is eligible for them. This includes delivering Scottish Child Payment, which contributes to eradicating child poverty in Scotland.



Operational Delivery Improvements

As the number of benefits we deliver continues to grow, the amount of people who use our services has also rapidly increased. More than ever, it is vital that we have a positive culture of continuous improvement to respond to the needs of the clients that use our services, whilst demonstrating effective use of our resources.

We have merged our Health & Social Care and Client Services Delivery divisions to better streamline Operational Delivery. As part of this restructure, we are establishing a Performance Quality & Planning, and Operational Improvement function. This will improve our ability to use resources effectively, identify and support, the delivery of continuous improvement initiative which respond to client needs. Work to embed this new structure will continue into next year.

Table 1 Number of clients paid by benefit ^{7 8}

Benefit	Number of Clients paid for Year 2024-25	Number of Clients paid for Year 2023-24
Best Start Grant and Best Start Foods	69,285	73,200
Funeral Support Payment	5,735	6,670
Young Carer Grant	4,120	3,755
Job Start Payment	725	765
Child Winter Heating Payment	39,730	30,380
Scottish Child Payment	209,200	204,465
Child Disability Payment	97,290	83,710
Adult Disability Payment	465,295	222,505
Winter Heating Payment	468,450	421,120
Carer Support Payment	77,380	240
Pension Age Disability Payment	1,260	n/a

We have committed to making operational delivery improvements that focus on improving the experience for our clients, particularly where we can be more efficient in processing applications. By implementing automation of selected time-consuming tasks, we have improved processing times in a number of our low-income benefits, as shown in Table 2.

⁷ Source – Social Security Scotland – Statistics.
⁸ This analysis does not include Carer’s Allowance Supplement as the data available for that payment cannot currently be linked to the data extracts for the benefits listed on the cover page. We are currently unable to identify how many of those clients are already counted within our overall measure of clients paid.

Since March 2025, our internal management information has calculated that automated processes have handled approximately 11,000 Carer’s Support Payment applications and 8,000 Five Family Payment applications. A further automation supported the processing of over 9,000 redetermination request forms. Combined, these automations have released more than 850 colleague hours year-to-date. This capacity has been redirected to support clients with more complex needs. In March 2025 we also commenced a pilot testing a new workforce management tool. This pilot is ongoing but has allowed us to automate our most time-consuming planning and scheduling tasks, bringing efficiencies to ensure our colleagues are in the right place at the right time for our clients.

We have also focused on making continuous improvements to how we deliver disability benefits to reduce processing times and improve the experience for clients. This work continues into the next financial year. We have seen a rise in processing times for Carer Support Payment due to increased eligibility which meant the number of payments to unpaid carers more than tripled as we moved from a phased roll out to national launch.

Table 2 – Processing times by benefit (days)⁹

Benefit ¹⁰	2024-2025	2023-2024
Adult Disability Payment	46	79
Best Start Foods and Best Start Grant	10	12
Carer Support Payment	21	14
Child Disability Payment	60	100
Funeral Support Payment	12	19
Job Start Payment	12	24
Pension Age Disability Payment	6	n/a
Scottish Child Payment	11	13
Young Carer Grant	14	21

Between 1 April 2024 and 31 March 2025¹¹, we handled a total of 746,604 telephone calls and 213,443 webchat queries. Our average answered call waiting time during this period was 13 minutes and 12 seconds. Reporting for telephony and webchat contacts and wait times for 2024/25 were based on revised metrics and differed from the published management information for previous years. The average call waiting time for 2023/24, based on the previous reporting metrics, was 17 minutes and 54 seconds.

⁹ Source – Social Security Scotland – Statistics.
¹⁰ Processing time is measured as the number of days between receiving 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 on being made. Values in the table represent the median processing time across the year.
¹¹ Source <https://www.socialsecurity.gov.scot/reporting/publications/telephony-and-webchat-management-information-to-march-2025>

The 2024/25 performance was supported by an internal telephony improvement plan, which included work to enhance the functionality of our phone systems. This ongoing project also delivered improved data on call handling, empowering our teams to better understand and respond to fluctuations in call volumes.

We also continued to support clients in person through our local delivery service across Scotland and via our drop-in space at our Dundee Head Office.

We also made improvements to our Benefits Assessment under Special Rules in Scotland (BASRiS) form to help medical professionals share information with us more easily and ensure our clients received their award as quickly as possible.

Safeguarding Service Discovery

We know that many of our clients may be at additional risk of harm, including financial exploitation and also physical and psychological harm and we are mindful of our responsibility towards them. We have delivered safeguarding services relying on the existing specialist knowledge of our in-house health and social care professionals but we are focused on empowering more of our colleagues to take responsibility for safeguarding. After an extensive review of our existing safeguarding processes, we have identified areas for improvement.

One key commitment is to increase awareness, strengthen our guidance and train more colleagues in safeguarding to enable them to support our vulnerable clients and meet our legal responsibilities. We will roll out training and improvements over the coming year.

Mailroom Review

Many clients prefer to receive communications from us by mail. While we are moving towards more digital communication, we recognise that mail continues to be an important service. We made improvements to how our Mailrooms operate to strengthen oversight, enhance safety, and streamline internal processes to improve efficiency and save money. This included clarifying roles and responsibilities, establishing a new group to oversee mailroom operations, and creating better ways to monitor and understand data. We successfully upgraded our document management system with minimal disruption and improved several operational processes, including how we handle handwritten mail, record stock levels, manage invoices and safely deal with potentially hazardous items. Informal working practices were reviewed, standardised then developed to formal published guidance, which has improved consistency and reduced duplication. Colleague training was reviewed, and new learning plan and structures created to better support our teams and reinforce best practice.

Notifications Service

We made a commitment to our clients that they can communicate with us in the way they prefer. Our research told us that this continues to be a priority for our clients. To do this, we delivered a series of improvements to how we communicate with our clients, supporting a more inclusive service. This included the successful rollout of email-based updating notifications for Adult Disability Payment and email outcomes for Winter Heating Payment awards, meaning that people will receive the information they need quickly, reducing the need to contact us.

Incorporating digital communications in these areas allowed us to make savings by reducing mailing costs. We made further savings by reducing the inserts we include in mailings to clients reducing the amount of paper used and printing costs required.

It was not technically and financially possible to deliver an online portal for Adult Disability Payment and Child Disability Payment for clients in 2024-25. However we recognise the need to do more across our benefits to ensure clients can access updates more easily in a secure space. Further evaluation, including user research, is underway to inform future improvements.

Local Services Review

As the range of benefits we deliver has expanded, so too has the scale and diversity of our client base. We committed to completing a review of our local services across Scotland to ensure we are meeting the evolving needs of our clients. This was completed and confirmed that our provision remains a critical service to help clients access benefits they are entitled to, particularly through face-to-face support. Key recommendations identified included simplifying client identity verification and appointee processes, and enhancing the accessibility of appointments. In response to the review’s findings, we are implementing key changes to streamline and enhance our processes to ensure in-person client support is targeted, efficient, and accessible, helping us better meet the needs of all our clients.

Fraud and Error Services Improvement

To ensure we protect public money and distribute it fairly, we have continued to refine how we manage fraud and error for all our benefits, whilst maintaining a robust, zero tolerance approach to fraud. We published our first **official statistics** to estimate official error in November 2024 in Best Start Foods and **Scottish Child Payment** in June 2025 which will help us build capability to estimate fraud and error across our benefit caseloads.

Table 3 – Estimated monetary value of official error overpayments and underpayments in Scottish Child Payment between May and October 2024¹²

Error Type	Monetary Value (£m)	Percentage of expenditure
Official Error Overpayment	2.4	1.0%
Official Error Underpayment	0.4	0.2%

The monetary value of official error overpayments in Scottish Child Payment between May and October 2024 was estimated to be £2.4 million, equating to 1.0% of expenditure on this benefit over this period. The value of official error underpayments was estimated to be £0.4 million, equating to 0.2% of expenditure.

Official error relates to errors made by Social Security Scotland, such as through human error or system error. This can result in overpayments where people are paid too much, or underpayments where people are not paid enough.

Adult Disability Payment will be reviewed as a pilot exercise due to the new processes required to review official error for a disability benefit. Findings from this are planned to be released as a research report in 2026. We have undertaken preparation work to make sure we are ready for when new regulations come into force that will impact on how we estimate levels of fraud and error. As a result, we have identified opportunities for further investment in continuously developing our management of fraud and error.

¹² Source: [Social Security Scotland – Official Error Statistics: Official Error in Scottish Child Payment between May and October 2024](#).

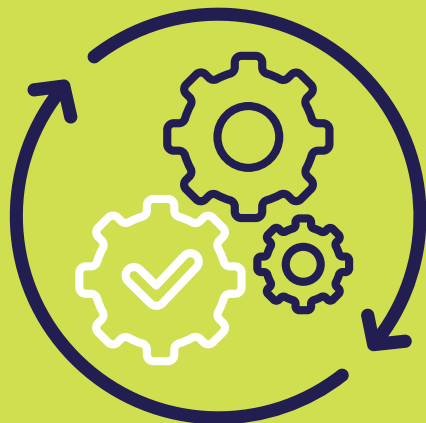


“ Being accepted for Scottish Child Payment has helped me and my family out so much, I’m very grateful for this. ”

Scottish Child Payment client

Our Strategic goal – Investing in our technology

Maintain our IT systems to a high standard ensuring robust cyber security and build additional essential functions as technology improves. Underpinning our work are the systems and technology that are required to deliver benefits and support our colleagues. We undertook the following activities last year.



Critical Digital Maintenance

We have focused on critical maintenance activities that support how our clients apply for benefits. The work, has resulted in improvements within the capacity and capabilities of supporting services and ensured we continue to deliver a high-quality service to the people of Scotland based on principles of dignity, fairness and respect. We implemented upgrades to our digital telephony system that provided additional functionality to help our colleagues be more self-sufficient and effective in their working processes.

We made improvements that have helped us increase the number of letters we can generate to our clients, with a focus on responding to a large increase in volume that occurred at the time of Winter Heating Payments. We increased the number of letters we can generate from 8,800 to 44,000 an hour, driving efficiencies.

Changes within our document management capabilities have supported client letters transferring to Royal Mail for printing, increasing our capability from 2,000 letters per hour to 10,000 letters per hour.

Digital Investment Review

We sought independent advice to undertake a digital review and determine key priorities for financial investment within our digital products. During the review, we agreed cyber security should continue to be a key priority. This will inform a vital part of our future planning to ensure that our digital estate remains current, affordable and sustainable, whilst protected against potential threats.

Data, Management Information and Analysis Improvements

We recently carried out a review to better understand how our teams use the data and tools we already have. While we’re still looking closely at all the findings, the early results are already helping us make more thoughtful and focused improvements.

As part of this work, we created a report on how data is used in the Adult Disability Payment service. The insights from this report are helping us focus on the most important areas, so we can provide useful information to the right people at the right time. This project has also helped us build stronger ways of working together across different teams. This makes it easier to share information, set shared priorities, and make sure our time and efforts are spent where they’re needed most.

Our Strategic Goal – Launch of new social security benefits

Prepare for the launch of Carer Additional Person Payment, Pension Age Disability Payment and Pension Age Winter Heating Payment



Pension Age Disability Payment Pilot

We launched our Pension Age Disability Payment phased rollout in October 2024. Pension Age Disability Payment is for disabled people or those with a long-term health condition that means they need help looking after themselves or supervision to stay safe. It is available to people of State Pension age and to pensioners who are terminally ill. We successfully launched the benefit in five local authority areas in October 2024, extending to a further 13 local authority areas in March 2025, ahead of national rollout in April 2025. We incorporated feedback from older disabled people that the ability to easily nominate a third-party representative was important and have included a streamlined process for this. In February 2025, we started transferring the awards of 169,000 people in Scotland who currently receive Attendance Allowance to the new benefit.

Carer Support Payment

Following our successful phased rollout of Carer Support Payment across several local authority areas, we began to deliver the benefit across Scotland in November 2024. This benefit replaces Carer’s Allowance and is available for unpaid carers who provide 35 or more hours a week, including some carers in education. This work paves the way for the launch of Carer Additional Person Payment which we expect to deliver in 2026.

Pension Age Winter Heating Payment

Pension Age Winter Heating Payment replaced the UK Government’s Winter Fuel Payment in winter 2024. Due to UK government legislative changes it was necessary for payments to be made in Scotland by the Department for Work and Pensions on behalf of the Scottish Government to ensure there is no gap in provision of support for vulnerable pensioners in Scotland. Social Security Scotland will take over administration of Pension Age Winter Heating Payment from winter 2025 onwards.

Case Transfer

Last year, we completed the full transfer of all Child Disability Payment awards from the Department for Work and Pensions to Social Security Scotland, whilst continuing to transfer Adult Disability Payment awards. In 2025, we fully completed the transfer of all Adult Disability Payment awards.

Table 4 – Number of transferred clients on caseload ¹³

Benefit	2024-2025	2023-2024
Adult Disability Payment	315,140	138,640
Carer Support Payment	105,110	n/a
Child Disability Payment	37,170	44,070

¹³ Source – Social Security Scotland – Statistics.

We have now completed the transfer process for children and young people who were in receipt of Disability Living Allowance for children in Scotland. As of 31 March 2025, 47,600 children and young people had their award transferred from Disability Living Allowance to Child Disability Payment.

Social Security Scotland has now completed the transfer process for everyone in Scotland who was in receipt of Personal Independence Payment. As of 30 April 2025, 350,475 people had their award transferred to Adult Disability Payment of which 345,955 were transferred from Personal Independence Payment and 4,520 were transferred from Disability Living Allowance for adults.

Social Security Scotland has now completed the case transfer process for more than 99% of those who were in receipt of Carer’s Allowance. As of 31 March 2025, 109,550 people had their award transferred to Carer Support Payment.

The number of transferred Child Disability Payment awards on caseload decreased from 2023-24 to 2024-25 as young people over 16 had moved to Adult Disability Payment. Similarly, new applicants on the Child Disability Payment caseload will move to Adult Disability Payment as they reach 16-18. The new applicants caseload will not necessarily decrease as new clients will continue to join the caseload.



Our Strategic Goal – Preparing for the Future

Transfer all of 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 began work to bring together skills and expertise, as well as functions, processes and capabilities of the Social Security Programme in house, ahead of the planned end of the Programme. Our key activities included:

Investing in our People

Our people are central to everything we do as an organisation and in December 2024 we produced our second People Plan 2024-2027. The plan, which included input from colleagues across the organisation, aims to ensure we provide a culture of diversity, opportunity and trust, as well as a service where clients and colleagues are treated with dignity, fairness and respect. Our People Plan is built around the strategic themes of Our Health and Wellbeing, Resourcing our Services, Developing our People, Defining How We Work, and Improving our Performance.

We recognise that having a skilled and knowledgeable workforce is essential for delivering the best possible service to our clients. 85% of colleagues who responded to our Charter Research 2024-25 survey of staff said they felt “confident” or “very confident” in their knowledge and skills to do their job. Survey comments showed that while colleague respondents often felt confident in their knowledge and skills, some described problems with internal tools, systems, guidance and training which made it challenging to carry out their role effectively.

We continue to make improvements to our digital systems and our People Plan sets out our approach to ensure our colleagues have the development, support and guidance they need.

Our **Mainstreaming Equality Report** was published in June 2025 and reviews progress against the outcomes set in 2021. It includes a number of cases studies outlining how we have delivered our previous equality outcomes, including improving our equality data to support service delivery improvement; and creating safe, accessible and inclusive workspaces to increase diversity in our workforce. The report sets three new equality outcomes for the period 2025 – 2029. These are to embed an equality mainstreaming culture; to improve diversity in leadership and management; and to improve the service and experience of clients from diverse backgrounds.

We are committed to treating both our clients and our colleagues with dignity, fairness and respect and recognise the role our line managers have in supporting our people. In our Charter Research 2024-25 survey of staff 80% of our colleagues who responded said that they received “good” or “very good” support from their line manager.

We noted increased sickness absence as has the wider Scottish public services sector. More details on absence rates can be seen on page 59 within the Accountability Report.

Stakeholder engagement

After a comprehensive review of how we manage our stakeholder relationships, we produced a new **Stakeholder and partner engagement plan**. This plan makes our outreach more proactive and consistent. We are capturing and sharing insight and evidence from our engagement at all levels to ensure we remain responsive to stakeholders and utilise their feedback in our decision making and continuous improvement processes. We have improved our processes and systems to better capture, track and assess feedback from our stakeholders. Social Security Scotland has also launched a pilot with third party organisations, including Local Authorities, Citizens Advice Bureaus and other charities who can contact us directly on behalf of clients with complex or challenging circumstances. To date, this pilot has involved 13 organisations, and a further expansion is under consideration.

Change Delivery Model

The planned closure of the Scottish Government’s Social Security Programme will see the functions, processes and capabilities required to deliver benefits for the people of Scotland transferred to Social Security Scotland. Much of the work to support this major development is underway and will continue throughout this year.

To prepare for this, we have reviewed our change governance to support delivery, underpinned by a more consolidated approach. This approach will support us managing resource across digital and change functions, including the transfer of some colleagues from within the Social Security Programme, ensuring key skills and experience are brought together and remain within Social Security Scotland.

Physical Security

We have continued to improve the physical security of our estate for the safety and wellbeing of colleagues, clients and visitors, with a focus on physical security, colleague awareness and procedural security. We have introduced enhanced control of entry mechanisms, improved CCTV coverage and delivered a safer and accessible environment for clients to visit our buildings. Colleagues have access to a comprehensive security information resource as well as increased security signage and support, underpinned by the introduction of revised security procedures and incident reporting.

Quality and Performance Framework

We published our **Quality Framework for Benefit Delivery and Performance Framework**. This framework outlines performance outcomes for Social Security Scotland and provides a comprehensive directory to our data and evidence on each of those outcomes. It has been developed collaboratively with colleagues from across the organisation, with input from external stakeholders.

The Quality Framework for Benefit Delivery outlines how we will ensure a consistent approach to monitoring quality that maintains the right standards and supports a collaborative drive towards continuous improvement.

Together both documents form the Quality and Performance Framework for Social Security Scotland. It ensures that an evidence base on performance is available, showing how we are contributing to public service reform while delivering value for money. It also provides structure for performance activities for colleagues. Our Performance Framework will clearly demonstrate how the activities we undertake directly link to Our Charter commitments. It also contains additional outcomes covering day-to-day performance of Social Security Scotland that do not appear in Our Charter but are related to our Corporate Plan goals, as well as our other strategies and plans.

Financial Performance

Table 5

Expenditure Type	2024-25 £million	2023-24 £million
Staff	218.0	196.5
Accommodation	5.1	4.2
Other Operating Costs	23.0	16.2
Scottish Government Shared Service Recharges	9.3	8.6
IT Systems	18.7	13.3
Formal Agreement with the Department for Work and Pensions	17.0	26.1
Total	291.1	264.9

Our performance against budget is detailed in the Parliamentary Accountability Report on page 36.

It cost £291.1 million to run our organisation in 2024-25 (£264.9 million in 2023-24).

Our staff costs have increased by £21.5m due to an increase to our headcount as detailed in our Staff and Remuneration Report (page 58) and employee pay award on a phased implementation across April 2024 and January 2025. 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 following the implementation of spending controls and a review of our discretionary spend requirements. The table below notes our main assets and liabilities which are recognised in the Statement of Financial Position (page 73). Further details can be found within the Notes to the Financial Statements (page 77 to page 93).

Table 6

Asset/Liability Type	2024-25 £million	2023-24 £million
Non-current Assets	69.0	67.7
Current Assets	136.4	164.0
Trade and Other payables	319.7	247.0
Lease liabilities	24.5	28.7
Provisions	13.5	33.2

Non-current assets are shown in notes 5,6,7 and 9 of the accounts. Our current assets have decreased compared to 2023-24, as we held higher reserves to ensure benefit payments were made over the Easter holiday period. Trade and other payables increased which reflects the timing of our benefit payments resulting in an increase in comparison to the prior year. Provisions are shown in note 12 of the accounts, and have decreased compared to 2023-24, due to values being written back in year and utilised in year. Our cash management forecasting was 0.27% (2023-4: 0.63%) 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 throughout the year. These can be found [on our website](#). Full details of our Benefit Expenditure can be found within Note 4 of the Financial Statements.

Sustainability Reporting

The Climate Change Act (Scotland) 2009 sets out climate change duties and reporting requirements for all major players in the public sector, including the Scottish Government.

Taskforce on Climate-Related Financial Disclosures Compliance Statement

Social Security Scotland has reported on climate-related financial disclosures consistent with HM Treasury’s TCFD-aligned disclosure application guidance which interprets and adapts the framework for the UK public sector. This section outlines our governance arrangements to manage and assess climate-related risks.

Climate related risks have not been included in our list of key strategic risks. As such, we are not required to report on metrics and target recommended disclosures and are compliant with Taskforce on Climate-Related Financial Disclosures Phase 2.

Disclosure of governance and risk management arrangements

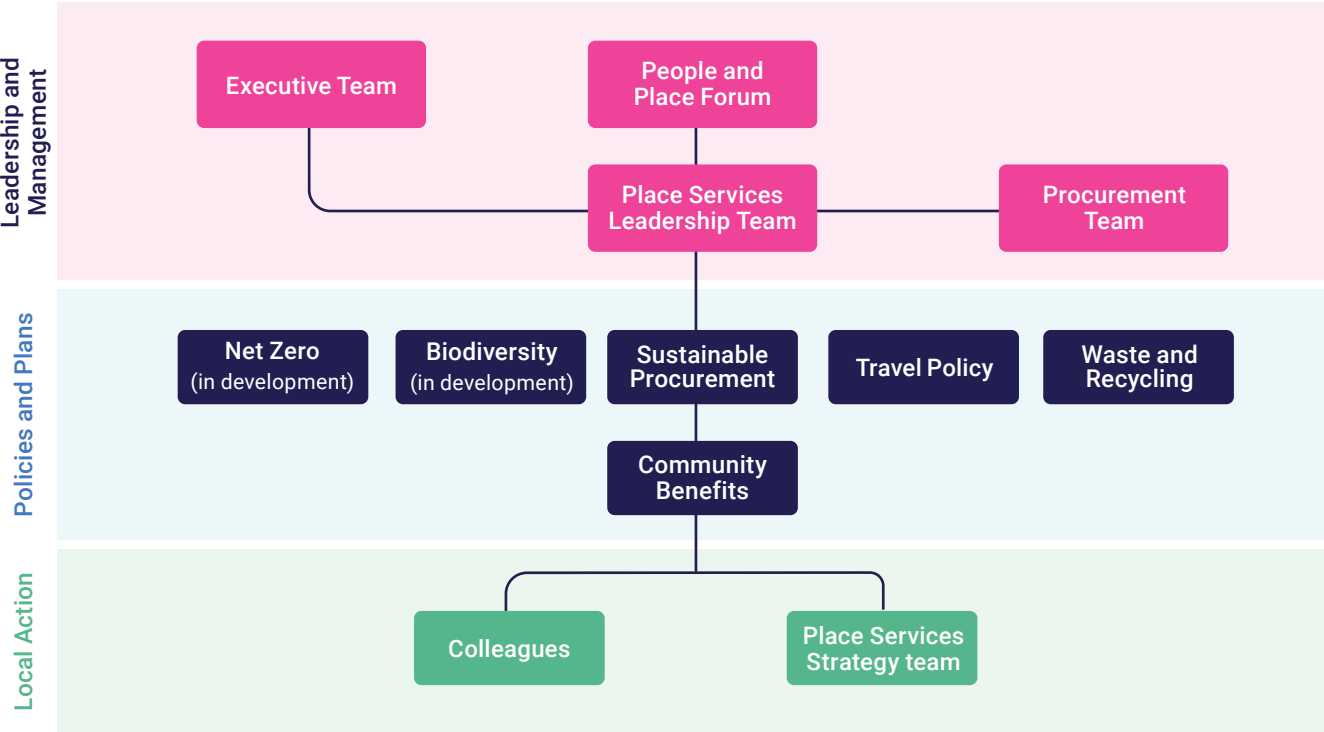
We introduced required sustainability reporting in 2020-21, by an Order under the Climate Change (Scotland) Act 2009. This aligns with section 44 of the Climate Change Act, which places duties on all public bodies to carry out their activities and operations in ways that help contribute to achieving our emissions targets and to act sustainably.

The overall responsibility for the organisation's environmental compliance and performance sits with the Executive Team. The People and Place Forum is responsible for the approval of actions and plans affecting the organisation.

The Place Services Strategy Lead is responsible for delivery of the overarching Net Zero and associated plans and strategies, and reports to the Place Services Leadership team. Our first Environmental Plan, covering our climate change and biodiversity duties was published in October 2025.

The Place Services Strategy Team has responsibility for reporting information, delivering awareness sessions/events for colleagues and ensuring relevant policies and plans are in place including sustainable travel, waste recycling arrangements and use of Sustainable Procurement Tools.

Climate Change Governance



Main assets in terms of IT infrastructure (servers, etc.) are not directly owned by Social Security Scotland, therefore risks associated with those are managed by the Scottish Government.

Any risks associated with the wider infrastructure which would impact on delivering organisational priorities, like those of a regional/national nature, cannot be easily mitigated against, but if materialised, these would become a regional or national priority.

The process for risk identification and escalation is in place, and this covers all risks, including those related to climate change. The Place Services Strategy Team has responsibility for the identification of environmental risks. These, according to the current process, can be escalated to the divisional level and, if required, moved onto the corporate risk register. 2022-23 was the first year when relevant data related to carbon emissions was collated, therefore this is treated as the baseline year. Social Security Scotland used the following metrics in relation to Scope 1, Scope 2, and Scope 3 emissions.

Reference year	Year	Year type	Scope 1	Scope 2	Scope 3	Total	Units
Baseline Year	2022-23	Financial	44.13	572.66	1,608.97	2,225.76	tCO ₂ e
Year 1 carbon footprint	2023-24	Financial	44.65	509.73	1,997.49	2,551.88	tCO ₂ e

A more comprehensive approach to developing organisational targets will be used when specific plans are developed for Social Security Scotland. This is expected to take place following implementation of the Environmental Plan. Currently, we have an organisational target aligned with the national target: 100% reduction in direct emissions.

All Scope 1 emissions assessed as part of the current reporting boundaries, are associated with the use of gas boilers in two of the offices and fugitive emissions from local heating/cooling systems.

In 2023-24, direct emissions were accounted at just under 2% of all reported emissions in Social Security Scotland. Whilst carbon budgets and the approach to tackle non-compliance are not yet known for Public Bodies in Scotland, Social Security Scotland’s risk associated with credit exposure to carbon-related assets is minimal. Similarly, any risks associated with physical assets like property, is limited due to all building assets within the organisation being leased from other bodies. Other climate related risks will be assessed in 2025.

Since the approach to environmental management is currently under development as part of the Environmental Plan, there are no specific details in relation to capital deployment toward climate-related risks or opportunities. This will be reviewed in the future.

Future Look



Pension Age Disability Payment national roll-out and Case Transfer

Extra money for people who have reached state pension age and have care needs because of a disability or long-term health condition; or who have a terminal illness.



Scottish Carer Supplement

An extra payment for unpaid carers. It will replace Carer’s Allowance Supplement and will be paid at the same time as Carer Support Payment.



Case transfer for Disability Living Allowance

Disability Living Allowance is being replaced by Scottish Adult Disability Living Allowance for adults in Scotland. This will happen automatically.



Two Child Limit Payment

A new payment which will be paid to families living in Scotland impacted by the Universal Credit two child limit policy. It will be equivalent to the Universal Credit child element and paid monthly in arrears.



Carer Additional Person Payment

Extra money on top of Carer Support Payment for people who care for more than one person.



Revised Pension Age Winter Heating Payment

To be introduced in winter 2025-26 for all pensioners with an income of less than £35,000 in Scotland.

Launch of new social security benefits

As part of the final year of the Social Security Programme, we will continue to launch further Social Security benefits at pace. We will roll out a revised Pension Age Winter Heating Payment, Scottish Carer Supplement and Carer Additional Person Payment. Alongside this, we are preparing for the launch of the new Two Child Limit Payment, case transfer for Disability Living Allowance, and have recently completed the national roll out of Pension Age Disability Payment, with case transfer ongoing. We will work with policy colleagues to understand any impacts from UK Government social security reforms. The scale and pace of the work is significant. Against this demanding backdrop, our focus will remain as delivering value for money and quality service for our clients.



David Wallace
Social Security Scotland Chief Executive
and Accountable Officer



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.

“ I trust Social Security Scotland because they come from a rights-based perspective. I trust them to investigate claims thoroughly and make a fair determination on the supporting evidence regardless of how badly someone completes a form due to misunderstanding questions. I trust them to strive to make the correct decision first time. ”

Charter Research partner respondent

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.

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 39. 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.

A total of 2,187 incidents were reported to the Data Protection Team in 2024-25.

Following risk assessment/investigation of the above incidents, a total of 719 were categorised as personal data breaches. We are maintaining efforts to understand root causes and identify preventative measures to try to reduce occurrences overall, while encouraging colleagues to continue reporting suspected incidents. Following risk assessment and investigation, no personal data breaches were reported to the Information Commissioner’s Office in 2024 -25.

Table 7 – Personal Data Breaches

Incident Type	Number of incidents 2024-25	Number of incidents 2023-24	Number of incidents 2022-23
Mail sent to incorrect recipient	621	598	246
Email sent to incorrect recipient	17	14	23
Process failure	30	43	42
Unauthorised access to data	1	3	3
Verbal disclosure of data	21	17	13
Text sent to incorrect recipient	18	3	1
Lost personal data	8	0	4
Inaccurate data	3	3	0
Total	719	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 42.

In accordance with section 19 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

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.

“ In all the teams I have been part of, my experience has been very good. I have never seen anyone not being allowed to share their views, or put recommendations for improvement to management. Everyone is treated equally. ”

Charter Research staff respondent

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.

Social Security Scotland is an Executive Agency of the Scottish Government. We are responsible for the administration of devolved 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. The Executive Team, Chief Operating Officer and me meet regularly to update her on Social Security Scotland’s performance and progress. I am Social Security Scotland’s Accountable Officer and 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.

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 maintain a close working relationship with the Director for Social Security 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 that 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

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.

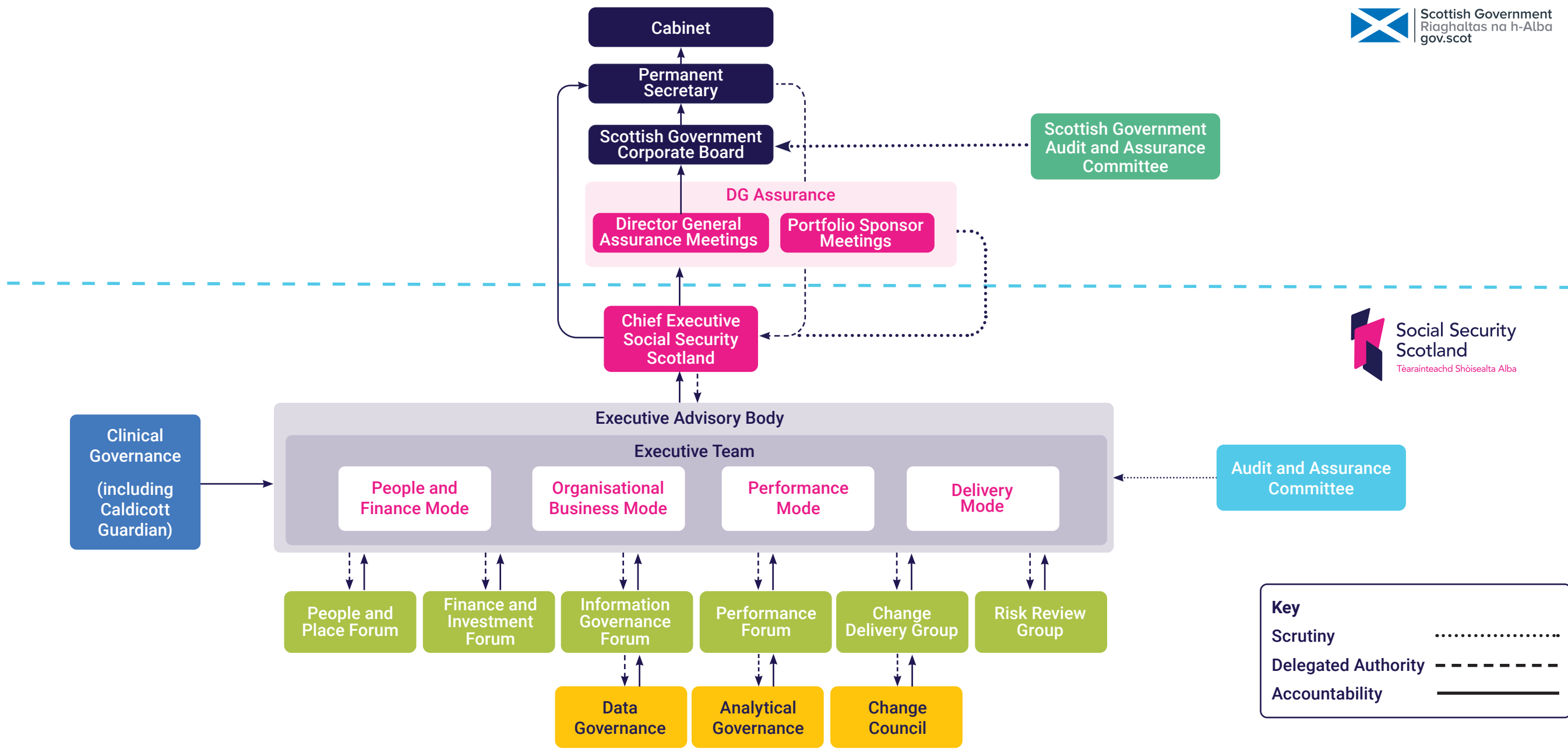
Minutes from the Portfolio Sponsor meetings are available on our [website](#).

Executive Advisory Body

Our Executive Advisory Body provides advice and constructive challenge. The role of meeting 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.

Governance Diagram

Scottish Government and Social Security Scotland



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 7 times in the reporting year.

Key discussion topics within this period were:

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

Meetings are usually held 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 outside 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	Role	Executive Advisory Body meetings eligible to attend	Meetings attended
David Wallace	Chief Executive	7	7
Miriam Craven	Chief Operating Officer	7	7
Ally MacPhail	Deputy Director of Organisational Strategy and Performance	7	6
Janet Richardson	Deputy Director of Client Services Delivery	5	5
Stephanie Devenny	Deputy Director of Finance and Corporate Services	6	5
Gayle Devlin	Deputy Director Disability Operations	7	5
Andy McClintock	Chief Digital Officer	7	7
Nicola Rudnicki	Deputy Director of People and Place	5	5
Social Security Programme Representative		7	5
Paul Knight	Chief Medical Advisor	7	7
Chris Creegan	Non-Executive Member	7	7
Barry Matheson	Non-Executive Member	7	6
Naghat Ahmed	Non-Executive Member	7	7
Russell Frith	Non-Executive Member	7	5
Laura Brennan-Whitefield	Non-Executive Member	7	7
Gillian Mudie	Non-Executive Member	7	6
Deborah Rodger	Non-Executive Member	7	5

Executive Team

Our Executive Team as of 31 March 2025 included:

- David Wallace, Chief Executive
- Miriam Craven, Chief Operating Officer
- Gayle Devlin, Deputy Director, Disability Operations
- Karyn Dunning, Deputy Director, Low-Income Benefits and Operational Improvement
- Stephanie Devenny, Deputy Director Finance and Corporate Services
- Ally MacPhail, Deputy Director, Organisational Strategy and Performance
- Andy McClintock, Chief Digital Information Officer
- Nicola Rudnicki, Deputy Director, People and Place
- Leanne Carson, Programme Director Social Security

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

- Stephanie Devenny, appointed in May 2024, continues to temporarily fill 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
- Leanne Carson rejoined our Executive Team in July 2024, as part of her role so Programme Director Social Security, ahead of the planned closure of the Social Security Programme in 2026
- Gayle Devlin was previously Deputy Director Health and Social Care prior to a restructure to form a new operational division in March 2025
- Karyn Dunning joined the Executive Team in December 2024, prior to a restructure to form a new operational division in March 2025
- Paul Knight attends Executive Team and Executive Advisory Body meetings in his role as Chief Medical Advisor and Caldicott Guardian

We continue to have representation on the Scottish Government’s 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 2024-25

We continue to monitor our governance to ensure that it is as effective and efficient as possible. This takes into consideration the maturity of the wider organisation and our evolving requirements as we ready ourselves for the end of the Social Security Programme. Improvements we have made to our governance this year include:

- implementing specific areas of focus for our Executive Team meeting, which are Performance, Delivery, Corporate and People and Finance. This is carried out on a rotating basis
- a newly constituted Performance Forum that reports directly into the Executive Team Performance mode
- establishing a Strategic Workforce Forum that reports directly into the Executive Team People and Finance mode
- establishing a Future Operating Model Senior Working Group ahead of the planned closure of the Social Security Programme in March 2026

Audit and Assurance Committee

The Committee membership consists of three Non-Executive Members and operates independently from Social Security Scotland's management as a statutory function.

Non-Executive Members:

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

Social Security Scotland:

From Social Security Scotland, Audit and Assurance Committee meetings were attended by:

- David Wallace – Accountable Officer
- Stephanie Devenny – 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. Social Security Scotland senior leaders also attended for annual reports. 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 is reviewed on an annual basis and was approved at the November 2024 meeting. This is based on best practice and consistent with the [Audit Committee Handbook](#) issued by the Scottish Government. The revised Terms of Reference is available on the Corporate Website.

The standard items discussed at each meeting include:

- Minutes of Previous Meeting and Action Tracker
- Social Security Scotland Risk Management Update
- Social Security Scotland Financial Update
- Social Security Scotland Fraud and Error Resolution Unit Update
- Social Security Scotland Audit Recommendations Update
- Directorate for Internal Audit and Assurance Update

Other items which are presented annually are:

- Audit Scotland Annual Audit Report
- Social Security Scotland Accounting Policies
- Social Security Scotland Annual Report and Accounts
- Social Security Scotland Register of Compliance Update
- Social Security Scotland Annual Data Protection update
- Social Security Scotland Business Resilience Annual Report
- Audit and Assurance Committee Terms of Reference
- Audit and Assurance Committee Self-Assessment
- Directorate for Internal Audit and Assurance Audit Plan
- Directorate for Internal Audit and Assurance Annual Assurance Opinion
- Assessment of External Audit
- Audit Scotland Annual Audit Plan

Following each meeting the minutes are submitted to the Executive Advisory Body as the formal report of business. We also proactively publish all meeting papers and minutes within 12 weeks of the meeting date on our [Corporate Website](#).

The Committee met five times during the period 1 April 2024 and 31 March 2025. This is in line with the Terms of Reference.

For a meeting to be considered 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	5
Naghat Ahmed	5	5
David Wallace	5	5
Stephanie Devenny	5	5

Programme and Project Management Governance

We work in close partnership with our colleagues in the Scottish Government’s Social Security Programme and across all areas of governance to ensure co-ordinated and effective delivery.

This close collaboration 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](#).

2024-25 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 that 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.

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 2024-25 we moved to publication of our strategic risk register every quarter, alongside papers for the Audit and Assurance Committee. This is [available on our website](#).

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.

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 2024-25, to reflect evolving external environmental factors and Ministerial priorities.

An internal audit of risk management was undertaken during 2024-25 and delivered a reasonable assurance rating.

As before we continue to work with our Scottish Government Social Security Programme colleagues to introduce new benefits using an Agile methodology and we continue to work 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.

Fraud, Error and Debt

Social Security Scotland aligns with the Scottish Government’s zero tolerance towards fraud. Details of our Fraud arrangements are on page 66.

Recovery of debt within Social Security Scotland is guided by our Debt Management Strategy, aligned with our values to deliver all of our services with dignity, fairness and respect. 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 redeterminations 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.

In 2024-25 we:

- reviewed our data protection policy
- produced our third annual data protection assurance report
- implemented a plan to reduce occurrences of personal data breaches
- carried out training and awareness activities
- implemented arrangements for the transition of data protection products and responsibilities from the Scottish Government’s Social Security Programme, work which is due to be fully completed later in 2025

Further information on Data Protection breaches can be found on page 37.

Public Records (Scotland) Act 2011

We received the final report from the Keeper of the Records of Scotland on the Records Management Plan which was submitted for assessment in July 2023. The report agreed that the Records Management Plan was robust. The Records Management Team continues to work to fully implement the requirements of the Plan. A full review of the Records Management Plan is planned to take place in the next reporting year. Over the course of the year we have worked with our Information Management Support Officer (IMSO) network to refine and update our retention schedule. We started our records management assurance programme which will give us a baseline level of compliance with the Records Management Plan, supporting policies and the Public Records (Scotland) Act 2011. The Records Management Team has also worked to rationalise the use of shared network drives in the organisation and encourage the use of eRDM as the corporate records storage repository.

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. Over 2024-25, 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 Pension, in line with their other benefits.

This year’s fraud and error national statistics estimates included a review of fraud, claimant error for overpayments and official error for Universal Credit, Housing Benefit (Passported Working Age), Carer’s Allowance, Pension Credit, State Pension and Personal Independence Payment.

For the second year, the Department for Work and Pensions also published a new statistical release outlining Unfulfilled Eligibility in the benefit system. Unfulfilled eligibility refers to cases where claimants are eligible for a higher award but have not provided the Department with the correct information we need to calculate that award. The claimant might have provided the wrong information or failed to inform the department about changes to their circumstances which would have resulted in a higher award. Last year this replaced customer error underpayments which were removed from fraud and error statistics.

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 2024-25 is published on our [website](#).

During 2024-25, Internal Audit undertook: 15 Assurance Reviews, 14 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. Other areas of good practice identified were:

- Clear roles and responsibilities are established for recruitment, supported by well-structured training that ensures a consistent understanding of the recruitment process
- The Approach to Performance strategy being rolled out across Social Security Scotland to manage performance
- The risk management process is effective and has been reflected appropriately in the Strategic Risk Register

Areas of improvements were identified in relation to gaps in roles and responsibilities training, systems and internal controls and further updates will be required. Actions to address these have been agreed with management with progress being monitored.

A small number of Internal Audit reports have attracted a ‘Limited Assurance’ rating. These related to our Mailroom, Data sharing/Data governance, Benefits and Automation, GP Payments and Transition. Transition was undertaken as a year- long review in 2024/25, and its findings highlighted a lack of overarching strategy and plan for transition to ensure Social Security Scotland was prepared, both operationally and developmentally, for Social Security Programme Closure. The Transition Audit and findings have now been superseded by the internal audit review into the Future Operating Model. This report was undertaken in Quarter 1 2025-26 and finalised during Quarter 2 2025-2026.

With all limited assurance ratings, and to support appropriate scrutiny and accountability, Audit and Assurance Committee invite the relevant Deputy Director to the committee.

This allows for further in-depth questioning and challenge and for the committee to seek assurance on timescales and adequacy of any follow-up activities planned.

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 2024-25 are audited by auditors appointed by the Auditor General for Scotland. Audit Scotland carried out this audit and the fee for this service was £446,920 (£438,680 for 2023-24), 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 £75,000 (2023-24: £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.

Independent reviews

The Cabinet Secretary for Social Justice appointed Edel Harris OBE to Chair an Independent Review of Adult Disability Payment, with work beginning in February 2024. The independent review will consider people’s experiences of the first year of delivery of Adult Disability Payment, as well as the eligibility criteria. An interim report was published in November 2024 with the [final report](#) published in July 2025. The Scottish Government is considering the findings and will respond by January 2026. Further details of the review are [available on our website](#).

The Scottish Commission on Social Security (SCoSS) was established in 2019 to provide independent scrutiny of the Scottish social security system based on fairness, dignity and respect.

The commission is separate from the Scottish Government and carries out work independently of both Scottish Ministers and the Scottish Parliament. This year the Commission published a report into people with communication needs and the Scottish Social Security System, which we will respond to. Full details of the commission are [available via the SCoSS website](#)

A review was undertaken of the digital estate. We are reflecting on the findings, and they will form the basis of our future business planning and investment decisions in years to come.

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 implementation of systems and processes for delivering devolved benefits in Scotland follow an Agile approach. This means that benefits are launched with essential features, with additional enhancements introduced through continuous improvement. The policy for benefits is established by the Scottish Government Social Security Policy Division and the systems, and processes, which begin as minimum viable products are designed, built, and delivered by the Scottish Government’s Social Security

Programme. This process is informed by input from Social Security Scotland and individuals with lived experience of the benefits system.

Following the introduction of new payments, feedback from clients and stakeholders is gathered to identify opportunities for further refinements. After a period of collaborative development beyond the initial minimum viable product, these systems and processes transition to Social Security Scotland, with a clear understanding of live operational costs and agreed funding arrangements in place until the planned conclusion of the Social Security Programme in 2026. Once transitioned, the responsibility for ongoing service improvement lies with Social Security Scotland.

Taking into account the full range of assurance activities across the organisation, we have identified key areas of focus.

Quality

The quality framework has been embedded across our operational business areas. This allows focused testing and provides greater visibility of the challenges being experienced while operating in an Agile environment. In addition, the annual Internal audit assessing compliance with processes and procedures showed that there was a lower percentage of fully compliant cases found in comparison to those tested in 2023-2024. This could be contributed to the adapted, risk focused approach, which placed greater emphasis on higher-risk benefits compared to 2023-2024.

Non-compliance was mainly procedural where processes had not been followed – there was no monetary impact to the client. Work to improve feedback loops and make improvements based on lessons learned has continued, which combined with our established quality checking team and the current internal audit compliance work, will ensure we further reduce the risk of ineligible clients receiving payments, and ensure eligible clients receive the correct payment.

Management Information

There has been some further development in the data available to understand overall performance, this has been a key part on the journey to implement ‘our approach to performance’. The availability of Management information still needs to be improved and operational resource is still required to manually extract data, this includes granular information required by managers to assist them with the monitoring of productivity within their teams. A limited amount of information is available to support Performance and Operational Management, development of additional management information requirements to support operational delivery is required. These will be considered and assessed in line with the wider organisational priorities.

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 core case management system, Social Programme Management (SPM) for management information or audit purposes continues to be challenging.

The largely manual nature of our control environment, coupled with financial constraints and tactical system solutions for administration across a number of service areas, is leading to challenges in sustaining the operation of some core functions.

In some areas operational guidance still needs to be developed which requires policy and legal advice.

Disability Benefit performance

There has been significant improvement within the delivery of disability benefits. The experience, and capability of our teams has continued to develop, which has improved median processing times particularly in relation to new applications. Due to the nature of operating within an Agile environment there has been continuous systems and process improvements that have also contributed to performance improvements. However, there have been challenges in relation to the numbers of unscheduled and scheduled reviews, most evident within Child Disability Payment, requiring work to balance operational priorities to mitigate and address the issues. Additionally, system enhancement work continues to stabilise and support performance improvements in this area.

Internal Controls

A holistic framework for internal control governing the design of benefit administration has not yet been established. Such a framework is necessary to provide assurance that fraud and error risk is being adequately mitigated by design.

Internal control in relation to benefit administration via the core case management system, SPM, requires further development. While manual control has been implemented where possible, such controls are unlikely to prove an effective substitute for purposefully designed controls for each benefit workflow, incorporating complimentary manual and system-based controls.

Debt Recovery

Debt Recovery continued to be constrained to voluntary repayment arrangements throughout the operational year. The Social Security Programme is developing a tactical solution.

Monetary Value of Fraud and Error

Progress has been made throughout the year to further develop capability to estimate the monetary value of fraud and error in our benefit products. We are presently only able to produce estimated levels of official error. Primary legislation came into force in January 2025 to enable estimation of client induced error and fraud, with subsequent work being undertaken by Policy to produce associated Regulations.

Official Error estimates for Best Start Foods were published in November 2024, and work continued throughout the year to produce statistics for Scottish Child Payment, which was published in June 2025.

Work progressed well in 2024-25 to recognise the current fraud and error service provision and the range of improvements required to achieve target state.

United Nations Convention on Rights of a Child

Whilst we work to develop operational guidance and processes to ensure that colleagues are appropriately trained for their responsibilities under the United Nations Convention on Rights of a Child, we have put in place a process where cases are referred to our complaints and feedback team who have been upskilled to support these.

Oracle Cloud Platform

During the year, Social Security Scotland was involved as a shared service customer, with the implementation of the Oracle Cloud platform, one of the largest transformation projects the Scottish Government has undertaken in years. It has brought our HR, Finance and Procurement data into one integrated solution, delivering a single data source, improved processes, improved controls, and greater transparency of data. Improved process and controls were embedded swiftly in Social Security Scotland across all users however these improvements took time to be fully understood, resulting in a decrease in our payment performance (note 11).

The platform was implemented in the Scottish Government and 32 public sector organisations in October 2024. A phased approach on the 1st of October saw around 3,000 users begin accessing the first 3 finance modules, with the HR component rolled out to the full customer base (around 20,000 users) across Scottish Government core and 32 public sector bodies on 7 and 8 October.

A further rollout on 14 October saw the implementation of additional finance modules. The platform has been built around a suite of best practice processes, adopted from the UK Government Global Design principles (now superseded by NOVA Functional Reference Model) and was implemented in response to the recognition that the previous Finance and People platforms, SEAS and e-HR respectively, were approaching the end of their useful lives and had not kept pace with the scale or functions of the organisation. Social Security Scotland supported the implementation as a significant customer partner, providing targeted challenge and advice on implementation areas of particular interest to the Agency such as accessibility and user experience.

Social Security Scotland experienced some operational challenges when the system was implemented. This included issues with generating reports in relation to sickness, diversity and staffing. While a number of these issues have now been resolved, we continue to encounter challenges for both workforce and resource planning and the provision of data for Public Sector Reform.

To ensure that the platform continues to meet the ever evolving needs of modern government the Scottish Government has put in place a dedicated management team which will manage and maintain the platform with a process of quarterly updates which Social Security Scotland will continue to support.

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 2025 and up to the date of approval of the Annual Report and Accounts.

“ [The practitioner] explained everything and asked questions but gave me time to explain as I am deaf and don’t process information easily. She was very kind in her manner and allowed me to talk freely without judgement of me as a person which made me feel less anxious. ”

**Respondent with experience of Adult Disability Payment
(Client Survey)**

“ I honestly feel like your advisers working in the webchat field should be recognized for their personable approach. It made a huge difference to me and my stress level. People do not want a scripted AI interaction when it comes to this field and by allowing your advisers to let their personality out it really helps you to connect and calm.”

Respondent with experience of having their award transferred to Carer Support Payment (Client Survey)



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 8 – Executive Team members’ salary and pension details (Information subject to audit)

Single total figure of remuneration	Salary (£000)		Pension Benefits ¹⁴ (£000)		Total (£000)	
	2024-25	2023-24	2024-25	2023-24	2024-25	2023-24
David Wallace Chief Executive	115-120	105-110	75	51	190-195	160-165
Ally MacPhail Deputy Director, Organisational Strategy and Performance	90-95	85-90	56	41	145-150	125-130
Miriam Craven Chief Operating Officer (From 1 st April 2024)	100-105	N/A	64	N/A	165-170	N/A
Janet Richardson Deputy Director, Client Services Delivery (Until 31 December 2024)	70-75 (90-95 full year equivalent)	85-90	31	43	100-105	130-135
Karyn Dunning Deputy Director, Low-Income Benefits and Operational Improvement (From 2 December 2024)	25-30 (90-95 full year equivalent)	N/A	43	N/A	70-75	N/A
Gayle Devlin Deputy Director, Disability Operations (from 20 February 2023) ¹⁵	90-95	80-85	59	26 ¹⁶	150-155	110-115

14 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.

15 Gayle Devlin commenced her role as Deputy Director of Health and Social Care in February 2023, then took on the role of Deputy Director of Disability Operations in November 2024.

16 Gayle Devlin’s 2023-24 pension benefit figure was not disclosed in the 2023-24 Annual Report and Accounts due to a delay in the calculation.

Table 8 – Executive Team members’ salary and pension details (Information subject to audit)

Single total figure of remuneration	Salary (£000)		Pension Benefits ¹⁴ (£000)		Total (£000)	
	2024-25	2023-24	2024-25	2023-24	2024-25	2023-24
James Wallace Deputy Director, Finance and Corporate Services (Until 8 March 2024)	N/A	80-85 (85-90 full year equivalent)	N/A	35	N/A	120-125
Stephanie Devenny Deputy Director, Finance and Corporate Services (From 13 May 2024)	75-80 (90-95 full year equivalent)	N/A	31	N/A	110-115	N/A
Nicola Rudnicki Deputy Director, People and Place ¹⁷ (From 14 August 2023)	80-85 (90-95 full year equivalent)	50-55 (75-80 full year equivalent)	0	43	80-85	120-125
Andy McClintock Chief Digital Officer	110-115	105-110	67	58	175-180	165-170
Paul Knight Chief Officer, Health and Social Care Operations ¹⁸	65-70	65-70	N/A	N/A	65-70	65-70
Leanne Carson Deputy Director, Social Security Programme (Rejoined Executive Team on 1 July 2024) ¹⁹	80-85 (105-110 full year equivalent)	65-70 (85-90 full year equivalent)	62	43	140-145	130-135

17 Nicola Rudnicki has been on a period of leave since January 2025, with Ally MacPhail providing Deputy Director cover alongside our Head of People & Place, within our People Services Branch.

18 Paul Knight has been seconded to the organisation part-time. As Paul Knight is not a member of any government pension schemes, only his salary is disclosed.

19 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 rejoined our Executive Team in July 2024 ahead of the planned closure of the Social Security Programme in 2026.

Table 9 – Executive Team members’ pension details (Information subject to audit)			Cash Equivalent Transfer Value		
Pension Benefits	Accrued pension at pension age as at 31 March 2025 and related lump sum £’000	Real Increase in pension and related lump sum at pension age £’000	At 31 March 2025 £’000	At 31 March 2024 £’000	Real increase £’000
David Wallace Chief Executive	50-55 plus a lump sum of 125-130	2.5 - 5 plus a lump sum of 2.5 - 5	1,126	1,016	63
Ally MacPhail Deputy Director, Organisational Strategy and Performance	35-40	2.5-5	664	597	39
Miriam Craven Chief Operating Officer (From 1 April 2024)	40-45	2.5-5	734	N/A	N/A
Janet Richardson Deputy Director, Client Services Delivery (Until 31 December 2024)	45-50 plus a lump sum of 125-130	0-2.5 plus a lump sum of 0-2.5	1,161	1,118	25
Karyn Dunning Deputy Director, Low Income Benefits and Operational Improvement (From 2 December 2024)	25-30 plus a lump sum of 65-70	0-2.5 plus a lump sum of 0-2.5	587	N/A	N/A
Gayle Devlin Deputy Director, Disability Operations ²⁰ (from 20 February 2023)	25-30	2.5-5	516	444	48
James Wallace Deputy Director, Finance and Corporate Services (Until 8 March 2024)	N/A	N/A	N/A	319	N/A

20 Gayle Devlin’s 2023-24 pension benefit figure was not disclosed in the 2023-24 Annual Report and Accounts due to a delay in the calculation.

Table 9 – Executive Team members’ pension details (Information subject to audit)			Cash Equivalent Transfer Value		
Pension Benefits	Accrued pension at pension age as at 31 March 2025 and related lump sum £’000	Real Increase in pension and related lump sum at pension age £’000	At 31 March 2025 £’000	At 31 March 2024 £’000	Real increase £’000
Stephanie Devenny Deputy Director, Finance and Corporate Services (From 13 May 2024)	10-15	0-2.5	138	N/A	N/A
Nicola Rudnicki Deputy Director, People and Place (from 14 August 2023)	15-20	0	226	212	(6)
Andy McClintock Chief Digital Officer	35-40	2.5-5	765	697	60
Leanne Carson Deputy Director, Social Security Programme (From 1 July 2024)	30-35	2.5-5	535	481	42

There were no changes to the non-Executive members during the year. 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 10 – Non Executive Members’ Fees (Information subject to audit)

Member	Committees	2024-25 £’000	2023-24 £’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	0-5
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	Executive Advisory Body	0-5	0-5
Deborah Rodger	Executive Advisory Body	0-5	0-5

Fair pay disclosure (Information subject to audit)

Reporting bodies are required to disclose the relationship between the remuneration of the highest paid director in the organisation and the median remuneration of the organisation’s workforce, as well as the 25th and 75th 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 11– Fair Pay Ratios

		25th Percentile	Median pay	75th Percentile
2024-25	Pay Ratio	4.18:1	3.50:1	2.93:1
	Salary	£28,131	£33,549	£40,041
2023-24	Pay Ratio	4.04:1	3.41:1	2.89:1
	Salary	£26,631	£31,509	£37,156

The remuneration of the Chief Executive was in the range £115,000 to £120,000 (2023-24: £105,000 to £110,000). This represents an increase of 5% compared to 2023-24. In 2024-25, we spent £149.0 million (2023-24: £133.5 million) on the salaries of our people. The average remuneration during 2024-25 for all employees increased by 5% (2023-24: 10.83%) as a result of pay grade progression and pay award followed a phased implementation across April 2024 and January 2025. Senior Civil Service colleagues pay increases were processed in August 2024, whose salary bandings is managed by the Cabinet Office and not delegated in the same way as the terms and conditions for our other employees. Remuneration across Social Security Scotland ranged from £25,000 to £120,000 (2023-24: £24,000 - £110,000).

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 HRMC test to ensure they should not be included in the payroll. In 2024-25, the daily rates for contractors ranged from £249 to £725 per day for 73 contractors across the financial year (2023-24: £249 to £869 per day for 89 contractors). The total cost of contractors in 2024-25 was £9.6 million (2023-24: £11.9 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.

There were no exit packages to disclose for 2024-25.

Further information on the details of the Civil Service pension arrangements is available at:

www.civilservicepensionscheme.org.uk

The workforce over the last two years:

Table 12 – Social Security Scotland workforce (Information subject to audit)

Headcount	2024-2025	2023-2024
Directly Employed Staff:		
Permanent	4,190	3,875
Temporary Workers	59	80
Total Directly Employed Staff	4,249	3,955
Other Staff ²¹	134	116
Total Headcount	4,383	4,071

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

Table 13 – The number of employees broken down by grade and sex

Grade	Sex		
	Female	Male	Total
A3	654	456	1,110
A4	45	44	89
B1	1,074	588	1,662
B2	471	237	708
B3	205	183	388
C1	104	97	201
C2	24	37	61
C3	9	[c]	[c]
Graduate Development Programme	0	[c]	[c]
SCS – Deputy Director 1	4	3	7
SCS – Director	1	1	2
Total	2,591	1,658	4,249

[c] Numbers have been suppressed for disclosure control. Exception has been made for Director and Deputy Director grades as information on these individuals is already in the public domain.

A breakdown of our staffing costs is available at Note 2 of the financial statements. 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 14 – Employee Engagement People Survey Results

Year	Employee Engagement
2023	69%
2024	65%

The annual Civil Service People Survey looks at civil servants’ attitudes to, and experiences of, working in government departments. It is run by the UK Government Cabinet Office, for all civil servants across the UK. Every colleague in Social Security Scotland is invited to participate in the survey. Our engagement index this year was 65%, which is above the Civil Service average of 64%. This is a measurement of colleagues' attachment, motivation and commitment to Social Security Scotland. Despite the continued expansion in the range of benefits we deliver, and the on-going changes and improvements to our ways of working, our results in most areas still compare favourably to most other parts of the Civil Service. Nevertheless, we are using the insights from the survey to inform our improvement initiatives, including our People Plan.

Trade Union Disclosure

There were 25 member-elected representatives during 2024-25, 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.

Table 15 – Sickness absence data

Average Working Days Lost	2024-2025	2023-2024
Long term	5.3	5.3
Short term	4.9	4.2
All absences	10.1	9.5

Parliamentary Accountability Report

We spent £291.1 million on operating expenditure which was £2.6 million (0.88%) lower than our operating expenditure budget. This reflects continued efforts to deliver savings to support the Scottish Government corporate position.

Operating Expenditure	Budget £million	Expenditure £million	(Under)/Over budget £million
Operating Expenditure (Fiscal resource)	293.6	291.1	(2.5)
Capital	4.0	3.9	(0.1)
Total	297.6	295.0	(2.6)
Non-cash items:			
Depreciation	6.9	7.2	0.3
Total	304.5	302.2	(2.3)

We spent £5,943.6 million on demand-led benefit expenditure which was £42.2 million (0.71%) below the benefit expenditure budget.

Social Security Assistance	Budget £million	Expenditure £million	(Under)/Over £million
Delivered by Social Security Scotland			
Carer’s Allowance Supplement	53.9	54.7	0.8
Best Start Grant	20.4	20.0	(0.4)
Best Start Foods	15.8	15.7	(0.1)
Funeral Support Payment	12.9	12.1	(0.8)
Young Carer’s Grant	1.6	1.6	0.0
Job Start Payment	0.3	0.3	0.0
Scottish Child Payment	456.0	455.8	(0.2)
Child Winter Heating Payment	10.2	10.2	0.0
Child Disability Payment	518.0	513.6	(4.4)
Adult Disability Payment	2,486.6	2,479.1	(7.5)
Winter Heating Payment	28.8	29.2	0.4
Carer Support Payment ²²	0.0	92.9	92.9
Pension Age Disability Payment ²³	0.0	2.3	2.3
Pension Age Winter Heating Payment	32.2	29.5	(2.7)
Sub Total	3,636.7	3,717.0	80.3

²² Carer Support Payment will eventually replace Carer’s Allowance. Budget cover is within the Carer’s Allowance line.
²³ Pension Age Disability Payment will eventually replace Attendance Allowance. Budget cover is within the Attendance Allowance line.

Delivered through Agency Agreement with Department for Work and Pensions

Carer’s Allowance	401.8	297.4	(104.4)
Attendance Allowance	763.8	760.2	(3.6)
Disability Living Allowance ²⁴	435.2	429.7	(5.5)
Personal Independence Payment	659.4	651.9	(7.5)
Severe Disablement Allowance	5.2	5.0	(0.2)
Industrial Injuries Supplement	83.7	82.4	(1.3)
Sub Total	2,349.1	2,226.6	(122.5)
TOTAL BENEFIT EXPENDITURE	5,985.8	5,943.6	(42.2)
Non-Cash Items:	8.5	(15.8)	(24.3)
Of which;			
Benefit Overpayment Impairment	0.0	3.9	3.9
Benefit Underpayment Provision ²⁵	0.0	(19.7)	(19.7)
TOTAL	5,994.3	5,927.8	(66.5)

The majority²⁶ of Social Security assistance expenditure is forecast by the Scottish Fiscal Commission. The expenditure forecast 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](#).

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 72 – 76).

²⁴ Disability Living Allowance includes the adult elements
²⁵ The benefit underpayment provision expenditure is negative due to the utilisation and write back of provision in year
²⁶ The Scottish Fiscal Commission do not forecast Job Start Payment or Young Carer Grant due to scope and materiality thresholds.

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. The following expenditure was incurred in 2024-25:

Table 16 – Public Relations

	2024-25 £million
Pay of staff solely dealing with communications	0.598
Marketing and publicity	0.379
Outsourced production of literature/information resource	0.106
Miscellaneous	0.007
Total	1.090

Table 17 – External Consultancy

	2024-25 £million
Deloitte LLP	0.403
Ipsos MORI UK	0.005
QI Consulting Limited	0.005
Total	0.413

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 £0.048 million were made to clients during 2024-25. (2023-24: total ex-gratia and ex-statutory payments were £0.034 million).

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 and the award has been paid incorrectly, this constitutes 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 Strategy²⁷ outlines the key objectives and tactics to control the risk of errors. We identify, record and monitor errors on an ongoing basis.

27 [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 18 – Overpayment errors detected in Department for Work and Pensions administered cases

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

	Year to 31 March 2025 £million	Year to 31 March 2024 £million
	Total errors detected	Total errors detected
Carer’s Allowance	4.355	1.261
Attendance Allowance	4.202	3.334
Disability Living Allowance	1.589	1.382
Personal Independence Payment	2.000	1.448
Industrial Injuries Disablement Benefit	0.019	0.011
Severe Disablement Allowance	0.000	0.000
Total ²⁸	12.165	7.436

28 The total errors detected in 2024-25 includes some debt identified in the prior year but not reported until 2024-25 due to system challenges.

Table 19 – Historic Value of Errors detected in Social Security Scotland administered cases – all reasons

	Year to 31 March 2025 £million	Year to 31 March 2025 £million	Year to 31 March 2024 £million	Year to 31 March 2024 £million
Benefit	Underpayments	Overpayments	Underpayments	Overpayments
Best Start Grants	0.000	0.265	0.012	0.200
Best Start Foods	0.014	0.746	0.338	0.553
Funeral Support Payment	0.002	0.237	0.014	0.179
Scottish Child Payment	0.072	4.485	3.808	1.912
Child Winter Heating Payment	0.000	0.000	0.000	0.000
Child Disability Payment	0.150	0.944	3.399	0.653
Adult Disability Payment	0.300	7.532	12.263	1.693
Winter Heating Payment	0.000	0.000	0.003	0.000
Young Carers Grant	0.000	0.000	0.000	0.001
Carer Support Payment	0.004	0.035	0.000	0.000
Pension Age Disability Payment	0.000	0.011	0.000	0.000
Total	0.542	14.255	19.837	5.191

Table 19 above was a new disclosure in the prior year 2023-24 and included some historical data and backdating of payments for Adult Disability Payment and Scottish Child Payment which has not been the case in 2024-25 and therefore the number of underpayments has decreased.

Due to the changing environment, more benefits are being directly administered by Social Security Scotland, therefore the number of overpayments has increased proportionality. Following investment in additional error intervention activities, streamlining of processes and introduction of Performance Management approaches, combined with a growing, maturing benefit caseload, this has resulted in an increase in detected error.

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 reported changes, or to complete a redetermination or appeal. Table 18 reflects the details of all approved and activated payment correction cases created across Social Security Scotland in 2024-25. Although approved and activated in this financial year, some may relate historically to previous years.

Overpayments and underpayments identified and corrected as a result of Fraud or Error Interventions are included within the information provided in Table 19. This information on the identification and correction of official and client induced errors is used for trend analysis and insight for continuous improvement activities. In addition to correcting referrals from Operational teams, proactive identification of payment error within the benefit caseload is undertaken by random sampling exercises and data mining to identify error patterns and trends. Table 20 below shows detected official, and client induced errors identified by the work of Fraud and Error Resolution. Work to develop the capability to estimate the extent of fraud and error present within our caseloads has continued to progress in 2024-25, most notably through the enactment of primary legislation to support estimation of potential fraud and client induced error which came into force in January 2025.

Work to develop the associated secondary legislation required is being progressed, as is the development of associated processes, systems, notification products and guidance to support full estimation in due course.

In addition, official statistics on estimated levels of official error are now in regular production, with results published for [Best Start Foods](#)²⁹ in November 2024 and [Scottish Child Payment](#)³⁰ in June 2025.

Table 20 – Historic Value of Official or Client Induced Errors detected

	Year to 31 March 2025 £million		Year to 31 March 2024 £million	
	Underpayments detected	Overpayments detected	Underpayments detected	Overpayments detected
Best Start Grants	0.007	0.270	0.007	0.190
Best Start Foods	0.163	0.634	0.125	0.264
Funeral Support Payment	0.000	0.004	0.001	0.003
Scottish Child Payment	0.333	3.717	0.382	1.358
Child Disability Payment	0.032	0.336	0.026	0.105
Adult Disability Payment	0.063	4.114	0.032	0.367
Total	0.598	9.075	0.573	2.287

The value of an error intervention is not limited to the identification of a historic under or overpayment – for recurring benefit awards, it also has an impact on future expenditure. Estimated future savings of £2.8 million have been identified as a result of Fraud or Error Interventions undertaken in 2024-25.

Official Error was the largest cause of underpayments identified by fraud and error interventions and is related to complexity of applying a change to an ongoing award. Guidance has been strengthened and learning developed to support staff. Further cross benefit discovery work is being undertaken to increase automation and end-to-end processing to address this type of error.

²⁹ Official error in Best Start statistics
³⁰ Official error on Scottish Child Payment

Client Induced Error is the largest cause of overpayments identified, and mainly relates to client failure to notify a change in their circumstances. 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 Strategy³¹ 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.

Our Counter Fraud response delivers services across Intelligence Management, Investigations, and Fraud and Error Risk Analysis and Control functions. These teams undertake all aspects of potential 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.

Our focus continues to be the provision of a comprehensive counter fraud service offering, with the majority of demand associated with disability benefits. We have agreements in place to work collaboratively with the Department for Work and Pensions where a common interest exists, and joint investigation is appropriate.

The volume of incoming intelligence has continued to increase, with 6404 items received (All incoming intelligence is thereafter assessed/researched and progressed to investigation where appropriate or disseminated to the relevant partner organisations).

Following investigation, and where appropriate, cases are submitted to the Crown Office Procurator Fiscal Service. During 2024-25, 13 crime reports have been submitted with one having an outcome recorded – a Fiscal Warning. Other cases are still in progress.

Our work to analyse data to identify indicators of fraud and error has continued to progress this year, with ongoing technology investment having continued. This proactive approach supports fraud and error identification and resolution and allows resources to be directed more efficiently.

Work continues through an ongoing programme of training 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. This network has increased visibility of counter-fraud work and improved our ability to gather fraud intelligence and identify risks and trends, enabling opportunities for continuous improvement to preventative controls to be identified.

31 Social Security Scotland Counter Fraud Strategy 2023-2026

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 2024-25 Recoveries and Recharge activities led to the write off 14,722 overpayment cases with a total value of £5.4 million. The following table shows a breakdown of these by reason:

Table 21 – Overpayment Write Offs

Write-off Category	Volume	2024-25 Value £million
No Liability to repay	2,968	1.759
Small value	1,715	0.064
Routine Change of Circumstances (short administrative delay)	8,777	3.241
Other	1,262	0.318
Total	14,722	5.382

There were 6,756 recoverable overpayment referrals with a value of £4.0 million sent to the Recoveries and Recharge Team throughout the year. Work to recover these processed cases of overpayments is ongoing. The team successfully recovered £1.0 million of benefit related debts in 2024-25. In addition, the team received 1,728 referrals in relation to recharge of Funeral Support Payment awards to the estate of the deceased, and successfully recharged £0.2 million in 2024-25.

Best Start Foods is not covered by the provisions of the 2018 Act which means we currently have no statutory legislative basis to seek recovery of any overpayments, regardless of cause. A total of 12,592 cases valued at £0.8 million were written off.



David Wallace
Social Security Scotland Chief Executive
and Accountable Officer

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 2025 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 2024/25 Government Financial Reporting Manual (the 2024/25 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 2025 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 2024/25 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. 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 £5.9 billion, of which £2.2 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 18 of the accounts, estimated overpayments of £40.0 million were paid to Scottish residents as a result of fraud and error. These estimates are based on Department for Work and Pensions data which indicates that overpayments as a result of fraud and error across different benefit types range from 0.5% and 3.9%. 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. 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
Audit Scotland
4th Floor
8 Nelson Mandela Place
Glasgow
G2 1BT

Financial Statements

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

Statement of Comprehensive Net Expenditure for the year to 31 March 2025

	Note	Year to 31 March 2025 £million	Year to 31 March 2024 £million
Administration costs			
Staff Costs	2	218.0	196.5
Other Administration costs	3	63.3	48.0
Formal agreements with the Department for Work and Pensions	3	17.0	26.1
Total Administration costs		298.3	270.6
Programme costs			
Benefit Expenditure	4	5,927.8	5,188.6
Total Programme costs		5,927.8	5,188.6
Total comprehensive net operating costs for the year to 31 March 2025		6,226.1	5,459.2
The above results relate to continuing activities			

The notes on pages 77 – 93 form part of these accounts.

Statement of Financial Position as at 31 March 2025

	Note	31 March 2025 £million	31 March 2024 £million
Non-current assets			
Property, plant and equipment	5	12.0	11.8
Intangible Assets	6	10.7	11.1
Right of use Assets	7	25.2	29.8
Trade and other receivables	9	21.1	15.0
Total Non-Current Assets		69.0	67.7
Current assets			
Trade and other receivables	9	30.7	24.3
Cash and cash equivalents	10	105.7	139.7
Total Current Assets		136.4	164.0
Total Assets		205.4	231.7
Current liabilities			
Trade and other payables	11	(319.7)	(247.0)
Lease liabilities	8	(2.7)	(2.7)
Provisions	12	(11.7)	(17.8)
Total Current Liabilities		(334.1)	(267.5)
Total Assets less Current Liabilities		(128.7)	(35.8)

Non-current liabilities

Lease Liabilities	8	(21.8)	(26.0)
Provisions	12	(1.8)	(15.4)
Total Non-Current Liabilities		(23.6)	(41.4)

Total liabilities		(357.7)	(308.9)
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Total Assets less Total Liabilities		(152.3)	(77.2)
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Taxpayers' equity			
General Fund	SoCTE	(152.3)	(77.2)
Total taxpayers' equity		(152.3)	(77.2)

The notes on pages 77-93 form part of these accounts



David Wallace
Social Security Scotland Chief Executive
and Accountable Officer

Statement of Cash Flows for the year to 31 March 2025

	Note	31 March 2025 £million	31 March 2024 £million
Cash flow from operating activities			
Net Operating Costs for the year	SoCNE	(6,226.1)	(5,459.2)
Adjustment for non-cash transactions	3,5,6,7,13	8.1	6.5
(Increase)/decrease in other receivables	9	(12.5)	(0.7)
Increase/(decrease) in Payables	11	72.7	(35.8)
Increase/(decrease) in Provisions	12	(19.7)	27.7
Net cash outflow from operating activities		(6,177.5)	(5,461.5)
Cash flow from investing activities			
Purchase of Property, Plant and Equipment	5	(2.3)	(1.1)
Purchase of Intangibles	6	(1.6)	(2.5)
Movement in Capital Creditors	11	0.0	(2.2)
Net cash outflow from investing activities		(3.9)	(5.8)
Cash flow from financing activities			
From Scottish Consolidated Fund	SoCTE	6,150.6	5,568.5
Repayment of principal on Right of Use Lease Assets		(3.2)	(3.0)
Net Financing		6,147.4	5,565.5
Net increase/(decrease) in cash and cash equivalents in the year		(34.0)	98.2

Statement of Changes in Taxpayers’ Equity for the year to 31 March 2025

	Note	General Fund £million
Balance at 1 April 2024		(77.2)
Net operating costs for the year and total recognised expense for 2024-25	SoCNE	(6,226.1)
Non-cash charges – auditors’ remuneration		0.4
Funding from Scottish Government		6,150.6
Balance at 31 March 2025		(152.3)

Prior year information

Statement of Changes in Taypayers’ Equity for the period 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)

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 2024-25 Government Financial Reporting Manual (FReM).
 - 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. 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, interpretation 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 2025. 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 2025-26 has been approved by the Scottish Parliament. The funding position for 2026-27 onwards, is considered in the Scottish Government’s Medium-Term Financial Strategy and will be included in future year budget processes.

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. 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.

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 Formal 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.

The Department for Work and Pensions do not report on fraud and error rates based on Scottish caseload only, therefore the rates 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 payment recognition:

Expenditure is recognised at the qualifying application date and year-end adjustments are made to allow for any expenditure relating to the financial year to be recognised within it. We recognise the cost of benefit payments as follows

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

Carer’s Allowance, Disability Living Allowance, Personal Independence Payment, Attendance Allowance, Severe Disablement Allowance and Industrial Injuries Disablement Benefit – These benefits are currently administered by the Department for Work and Pensions on behalf of Social Security Scotland under Agency Agreements until their replacements are managed by us. Social Security Scotland assumes that postcode information held by the Department for Work and Pensions is a fair representation of residency for the purpose of determining benefit expenditure made via the Department for Work and Pensions. This assumption has been applied to the data from the Department for Work and Pensions Central Payment System using postcodes when determining residency. To account for these payments in Scotland, accounting adjustments on a monthly basis for identified overpayments, accruals and prepayments along with a final year end adjustment are made.

Benefits administered by Social Security Scotland

Child Winter Heating Payment, Winter Heating Payment and Pension Age Winter Heating Payment

– payments are made annually to those in receipt of a qualifying benefit.

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, Adult Disability Payment, Pension Age Disability Payment and Carer’s Support Payment – when an application is made and approved the benefit expenditure will be recognised from the application date.

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.

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.

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.

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, between 3 – 10 years, depending on the asset classification.

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, between 5 – 10 years, depending on the asset classification.

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.

The Department for Work and Pensions have defined omitted, pending and potential debt as:

Omitted debt is the recoverable debt identified, recorded in the normal course of business, and should have been passed to Debt Management for collection where it is recoverable.

Pending debt is the estimated value of debts in the Department for Work and Pensions e-referral system which have not yet been recorded on the Debt Management system.

Potential debts are suspected, but not yet identified and confirmed.

Debt for those devolved benefits delivered through Agency 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 receivables/overpayments

Social Security Scotland will normally seek to recover all overpayments where there is a legal basis to do so and recovery is cost effective.

For those benefits directly administered by Social Security Scotland, current debt levels are subject to impairment reviews through a similar approach to the Department for Work and Pensions.

Debt for those devolved benefits delivered through an Agency Agreement is recovered by the Department for Work and Pensions under their policies. Overpayments under £65 and those relating to official errors which are not large or obvious are written off.

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

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 2025 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; 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 length of the lease terms.

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.

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.

1.16 Provision 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.

2 Staff Costs

	Year to 31 March 2025 £million	Year to 31 March 2024 £million
Wages and salaries	149.0	133.5
Overtime	1.5	1.4
National insurance costs	15.4	13.4
Pension costs	42.5	36.1
Total permanent employee costs	208.4	184.4
Interim workers	9.6	12.1
Total staff costs as at 31 March	218.0	196.5

Permanent employees are civil servants who have an employment contract with Scottish Government; interim workers are agency staff.

Staff numbers can be found in the Staff and Remuneration report on page 58

Our total headcount of 4,249 represents an increase of 294 from the prior year (2023-24: 3,955) headcount.

3 Other administration costs

	Note	Year to 31 March 2025 £million	Year to 31 March 2024 £million
Cash items			
Operating leases		0.1	0.1
Office operating costs		14.6	9.4
Office accommodation		5.1	4.2
Supplies and services		6.1	4.2
Travel, subsistence and staff related costs		0.8	1.0
Training		0.2	0.4
Scottish Government shared service recharges		9.3	8.6
Auditor’s remuneration – Internal Audit		0.3	0.3
Information Technology Systems		18.7	13.3
Sub-total: Cash Items		55.2	41.5
Non-Cash Items			
Auditor’s remuneration – External Audit	13	0.4	0.4
Depreciation	5,6,7	7.2	5.8
Lease Interest	8	0.5	0.3
Sub-total: Non-Cash Items		8.1	6.5
Total Administration Costs (excluding Formal Agreements)		63.3	48.0
Formal Agreements with the Department for Work and Pensions		17.0	26.1
Total Administration Costs		80.3	74.1

4 Programme costs

Benefit expenditure	Year to 31 March 2025 £million	Year to 31 March 2024 £million
Delivered through Agency Agreements with the Department for Work and Pensions		
Carer’s Allowance	297.4	357.1
Attendance Allowance	760.2	659.2
Disability Living Allowance	429.7	444.5
Personal Independence Payment	651.9	1,690.1
Severe Disablement Allowance	5.0	5.6
Industrial Injuries Disablement Benefit	82.4	81.4
Provision for Benefit Underpayments	(19.7)	27.7
Impairment of Benefit Overpayments	3.9	(2.4)
	2,210.8	3,263.2
Delivered by Social Security Scotland		
Carer’s Allowance Supplement	54.7	48.1
Best Start Grant – Pregnancy and Baby	7.4	8.0
Best Start Grant – Early years	5.9	6.7
Best Start Grant – School age	6.7	6.6
Best Start Foods	15.7	12.7
Funeral Support Payment	12.1	13.2
Young Carer’s Grant	1.6	1.4
Job Start Payment	0.3	0.3
Scottish Child Payment	455.8	429.2
Child Winter Heating Assistance	10.2	7.7
Child Disability Payment	513.6	425.3
Adult Disability Payment	2,479.1	942.3
Winter Heating Payment	29.2	23.4
Carer Support Payment	92.9	0.5
Pension Age Disability Payment ³²	2.3	0.0
Pension Age Winter Heating Payment ³³	29.5	0.0
	3,717.0	1,925.4
Total	5,927.8	5,188.6

32 No prior year expenditure due to pilot launching in October 2024.

33 No prior year expenditure due to launching in winter 2024.

5a Plant and Equipment – current year

	IT Equipment £million	Leasehold Improvements £million	Other £million	Assets Under Construction £million	Total £million
At 1 April 2024	2.2	7.6	2.0	0.0	11.8
Additions	1.7	0.6	0.0	0.0	2.3
Adjustments	0.0	0.0	0.0	0.0	0.0
Depreciation	(1.1)	(0.7)	(0.3)	0.0	(2.1)
As at 31 March 2025	2.8	7.5	1.7	0.0	12.0

5b Plant and Equipment – prior 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)
As at 31 March 2024	2.2	7.6	2.0	0.0	11.8

6a Intangible Assets – current year

	Software Licenses £million	IT Software and Development £million	Assets Under Development £million	Total £million
At 1 April 2024	2.2	8.9	0.0	11.1
Additions	1.6	0.0	0.0	1.6
Adjustments	0.0	0.0	0.0	0.0
Depreciation	(0.2)	(1.8)	0.0	(2.0)
As at 31 March 2025	3.6	7.1	0.0	10.7

6b Intangible Assets – prior 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)
As at 31 March 2024	2.2	8.9	0.0	11.1

7 Right of Use Assets

	As at 31 March 2025 £million	As at 31 March 2024 £million
Opening Net Book Value	29.8	33.0
Adjustments	(1.5)	(0.2)
Depreciation	(3.1)	(3.0)
Closing Net Book Value	25.2	29.8

Our Right of Use Assets lease contracts comprise our primary buildings and motor vehicles. We have operating leases that do not meet the criteria for a Right of Use Asset recognition, and lease payments are charged directly to Note 3, administration costs.

8 Lease Liabilities

Obligations under leases for the following periods comprise:

	As at 31 March 2025 £million	As at 31 March 2024 £million
No later than 1 year	3.2	3.1
Later than one year and no later than 5 years	11.9	13.3
Later than 5 years	11.5	14.0
Less Interest Element	(2.1)	(1.7)
Present Value of Obligations	24.5	28.7
Current – Lease Creditors <1 year	2.7	2.7
Non-Current – Lease Creditors >1 year	21.8	26.0

9 Trade and Other Receivables

	As at 31 March 2025 £million	As at 31 March 2024 £million
Amounts falling due within one year		
Benefit overpayments	16.0	9.1
Department for Work and Pensions debtor	0.9	0.5
Other Debtors	4.3	0.3
Prepayments	12.9	16.1
Less impairment on benefit overpayments	(3.4)	(1.7)
Net receivables due within one year	30.7	24.3
Amounts falling due more than one year		
Benefit overpayments	30.2	22.0
Less impairment on benefit overpayments	(9.1)	(7.0)
Net receivables due more than one year	21.1	15.0
Total net receivables	51.8	39.3

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 2025 for entitlement periods in the following financial year.

10 Cash and cash equivalents

	As at 31March 2025 £million	As at 31 March 2024 £million
Commercial banks	0.9	0.2
Government banking service	104.8	139.5
As at 31 March	105.7	139.7
As at 1 April 2024	139.7	41.5
Net change in cash and cash equivalents	(34.0)	98.2
As at 31 March	105.7	139.7

11 Trade and other payables

	As at 31 March 2025 £million	As at 31 March 2024 £million
Trade payables	10.9	17.2
Accruals	67.6	49.7
Deferred rent	1.2	2.3
Benefits payable	240.0	177.8
Balance as at 31 March	319.7	247.0

Our policy is to pay all purchase invoices within 10 days and for 2024-25 we paid 87% within this timeframe which represents 6,261 invoices out of 7,204. (In 2023-24 we paid 98% which represents 6,194 invoices out of 6,322).

Payment performance decreased as a result of the implementation of the Scottish Government Oracle Finance system which impacted on existing purchase to pay timescales and processes.

12a Provisions – current year

	As at 1 April 2024 £million	Increase in year £million	Utilised in year £million	Written back in year £million	As at 31 March 2025 £million
Benefit Underpayments	31.4	2.6	(12.5)	(9.8)	11.7
Dilapidations	1.8	0.0	0.0	0.0	1.8
Total Provisions	33.2	2.6	(12.5)	(9.8)	13.5
Current – Provisions <1 year					11.7
Non-Current – Provisions >1 year					1.8

Benefit underpayments provision related to a Legal Entitlement and Administrative Practices review by the Department for Work and Pensions of which £2.6 million were new provisions, (£12.5) million was utilised in year and (£9.8) million was written back. Dilapidations provision of £1.8 million related to works required at our leased properties

12b Provisions – prior year

	As at 1 April 2023 £million	Increase in year £million	Utilised in year £million	Written back in year £million	As at 31 March 2024 £million
Benefit Underpayments	3.7	43.2	(15.5)	0.0	31.4
Dilapidations	1.8	0.0	0.0	0.0	1.8
Total Provisions	5.5	43.2	(15.5)	0.00	33.2
Current – Provisions <1 year					17.8
Non-Current – Provisions >1 year					15.4

13 Notional Charges

The following charges have been included in the accounts:

	Year to 31 March 2025 £million	Year to 31 March 2024 £million
Auditor’s remuneration	0.4	0.4
Total	0.4	0.4

14 Capital Commitments

As at 31 March 2025 contracted commitments for which no provision has been made are as follows:

	As at 31 March 2025 £million	As at 31 March 2024 £million
Property, Plant & Equipment		
220 High Street – Glasgow	0.0	0.6
Intangible Assets		
Information Technology Infrastructure	1.0	0.9
Total	1.0	1.5

15 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
 - 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.

16 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 benefits. 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. The Agency will continue to monitor the ongoing developments in this area.

Scottish 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, a Scottish 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.

Compensation Recovery unit for Department for Work and Pensions and Pensions Industrial Disablement Scheme benefit – Social Security Scotland is aware of potential claims from insurance companies if a client has had an accident or injury and due to this they receive a benefit. Insurance companies could make a claim. Due to uncertainty and limitations in data the liability cannot be quantified at this time so a contingent liability exists.

17 Post balance sheet events

There are no post balance sheet events to note.

18 Fraud and Error

Benefits administered by the Department for Work and Pensions

We are responsible for paying claimants the right benefit at the right time. The Department for Work and Pensions administers six benefits on behalf of Scottish Ministers, and these costs are accounted for by Social Security Scotland. The basis of entitlement to these benefits 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:

Fraud and Error Estimates ³⁴	Year to 31 March 2025		Year to 31 March 2024	
	% Expenditure considered to be irregular ³⁵	£million	% Expenditure considered to be irregular	£million
Carer’s Allowance	3.9	11.6	5.2	18.6
Attendance Allowance	2.2	16.7	2.2	14.5
Disability Living Allowance	0.5	2.1	0.5	2.2
Personal Independence Payment	1.3	8.5	0.4	6.8
Industrial Injuries Disablement Benefit	1.3	1.1	0.4	0.3
Severe Disablement Allowance	0.8	0.0	0.8	0.0
Total		40.0		42.4

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 rates³⁶ for the United Kingdom have been used to calculate the estimated Monetary Value of Fraud and Error.

34 The Department for Work and Pensions proxy rates have been applied to Severe Disablement Allowance and Industrial Injuries Disablement Benefit.

35 Irregular refers to payments which are not in line with legislation.

36 [Fraud and error in the benefit system, Financial Year Ending \(FYE\) 2025 – GOV.UK.](#)

Annex A

Direction by the Scottish Ministers



Scottish Government
Riaghaltas na h-Alba
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SOCIAL SECURITY SCOTLAND

DIRECTION BY THE SCOTTISH MINISTERS

1.

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

2.

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

3.

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

4.

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



Signed by the authority of the Scottish Ministers

Dated 27th March 2019

Social Security Scotland

Agnes Husband House
17 South Union Street
Dundee
DD1 4BF

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