



Social Security
Scotland

Tèarainteachd Shòisealta Alba

Annual Report and Accounts

for the year ended 31 March 2023



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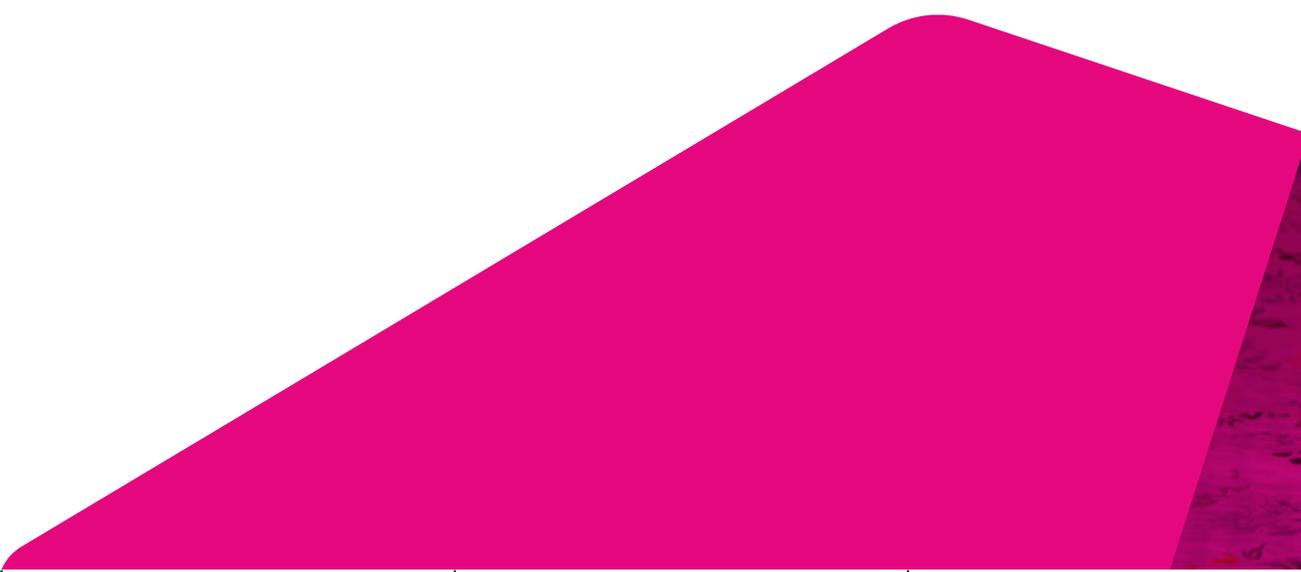
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Performance Report



Chief Executive's Foreword

Our Annual Report and Accounts details our activities from 1 April 2022 to 31 March 2023. This has been our busiest year since we were established in 2018. We began delivery of our most complex benefit to date – Adult Disability Payment – across Scotland, extended Scottish Child Payment to all children under 16 and paid Winter Heating Payment for the first time, providing support to almost 400,000 families on low incomes to help towards their heating costs.

We are delivering in a new way for Scotland, administering disability benefits with our team of in-house Health and Social Care professionals who gather information that helps us make decisions on client applications for Adult Disability Payment, instead of using the private sector to carry out health assessments. Their commitment to ensuring we make the right decision is one way we ensure our clients are treated with dignity, fairness, and respect.

Getting the right decision can take time, but reduces the need for people to request an appeal. We recognise there have been challenges to processing times, particularly as demand for our benefits has increased, which is why improving processing times for our clients is a key priority in the coming year.

We have already taken action to review every step in the journey from people applying for a disability benefit to them being paid and are making improvements in every possible area. We have already redesigned our application forms, making it easier for clients to share information that will support their application. Our clients recognise the work we are doing to assist them throughout the application process with the vast majority (94%) of people in a recent survey agreeing or strongly agreeing that it was easy to get that support.

We now offer Scottish Child Payment to all eligible children under the age of 16, with more than 300,000 young people already receiving the game-changing payment.

We are committed to operating a service that is designed with clients at the heart and gathering feedback to make continuous improvements. In one of our recent Client Surveys, we asked people who had applied for our five family payments to share their experiences. More than 69% of people surveyed said the payments had helped their child take part in social or educational activities with more than 69% of people saying they were able to purchase healthy food and milk for their children. These are significant numbers with the continuing focus on tackling child poverty in this country.

Looking ahead to our fifth year as an Executive Agency of the Scottish Government, we have made great progress, growing at pace to now deliver 13 benefits – seven of which are only available in Scotland. As our client numbers grow by tens of thousands, we know there are challenges ahead.

I am proud my colleagues have shown great resilience under pressure while delivering support to people across the country. We are continuing to grow our service and are looking forward to introducing Carer Support Payment in 2024 – an opportunity to make a difference to those who do so much for other people.

During the coming year, we will be focused on improving the efficiency and effectiveness of every aspect of our work and continuing to deliver a service people can be proud of now and for generations to come.



David Wallace

Chief Executive and Accountable Officer,
Social Security Scotland

10 October 2023

Our values

Dignity, fairness, respect.

We are proud of the service we provide.

We are impartial and objective at every turn.

And we treat everyone with the respect they deserve.

Performance Overview

Our Performance Report covers our performance between 1 April 2022 and 31 March 2023. It outlines how we met the strategic objectives set out in our Corporate Plan 2020-23 and the business objectives from our **Business Plan for 2022-23**, with our key findings identified within the **Performance Analysis** section on page 18.

We have included some insights from our clients, staff and external partners, where appropriate. This provides feedback from people who had experience of our services during the reporting year, using their own words, taken from our **2022-23 Charter Measurement Framework** and its accompanying **2022-23 Charter Research report** as well as from our client services team.

During this period, we continued to deliver 11 benefits, which increased to 13 by the end of the financial year. This increase included the successful rollout of our most complex benefit yet – Adult Disability Payment – which was introduced nationally from August 2022, and the introduction of Winter Heating Payment which was launched in February 2023.

In November 2022, the Scottish Government extended the Scottish Child Payment to all eligible children under the age of 16 with the payment increasing to £25 per week – we now deliver this payment to more than 300,000 children across the country.

We recruited more colleagues, in line with our forecasts, to ensure we have the right workforce in place to deliver 13 benefits, manage the safe and secure transfer of the awards for more than 700,000 people from the Department for Work and Pensions to Social Security Scotland, and prepare for the launch of new benefits.

As of March 2023, we directly employed more than 3,800 full-time equivalent staff. This reflects seasonal peaks in our benefit delivery, increased demand for the payments we administer, and the scale of our benefit delivery. Our staffing forecasts are subject to policy and service design decisions, the needs of our clients and external factors that could impact demand for Scottish benefits.

We have also established our in-house Health and Social Care team of professional practitioners to assist people in applying for Adult Disability Payment in line with our commitment not to use the private sector to carry out health assessments. Our practitioners use their specialist knowledge and experience to gather information which can assist in reaching a decision on clients' applications for disability benefits and seek supporting information on behalf of clients.

Our 2022 People Survey shows we continue to have an engaged workforce who care about their roles and the difference they make to people's lives through their work.

Our Employee Engagement scores stayed consistent from the previous year with a score of 78% in 2022 in comparison to 79% in 2021, which placed us 2nd out of 102 Civil Service organisations in the UK (2nd in 2021).

We continued to support clients to claim their benefits while treating them with kindness in line with our core values. 93% of 2022-23 Client Survey respondents who had been in contact with our staff agreed or strongly agreed they were treated with kindness, maintaining the same high satisfaction rating as the previous year. This illustrates why delivering our benefits with dignity, fairness and respect is important to our clients and our people.

This year has seen us consolidate our service after the launch of our most complex benefits to date – Child Disability Payment and Adult Disability Payment. We have faced challenges due to an increased demand for our benefits and the pace of growth we have achieved as an organisation. We are not complacent about the need for continuous improvement. We are continuing to listen to our clients and stakeholders and use their feedback to help us refine our systems as we maintain high standards of service to the people of Scotland. We have put in place new processes to monitor and measure our performance including the introduction of a performance pack that monitors risk and trends to drive improvement.

One of our biggest challenges this year has been processing times for benefit applications where some people have had to wait longer for a decision than we, or they, would want.

We have already taken action to improve this including adapting our Child and Adult Disability Payment application forms to help clients understand where they can provide information to support their application; relying on the expertise of our in-house health and social care practitioners to allow colleagues to reach decisions more quickly, and improving our telephone system to decrease call waiting times.



Who We Are

We were established as an Executive Agency of the Scottish Government in September 2018 and are part of the Scottish Government's Communities portfolio.

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**.

We do not decide who can be paid benefits or how much money they should receive as these are policy decisions for the Scottish Government. We manage the Scottish social security system in line with the principles detailed in the **Social Security (Scotland) Act 2018**.

Our Executive Team:

- David Wallace, Chief Executive
- Janet Richardson, Deputy Director of Client Services Delivery
- Gayle Devlin, Deputy Director of Health and Social Care
- James Wallace, Deputy Director of Finance and Corporate Services
- Ally MacPhail, Deputy Director of Strategy, Change, Data and Engagement
- Andy McClintock, Chief Digital Information Officer
- Leanne Carson, Deputy Director of the Social Security Programme
- Paul Knight, Chief Medical Advisor¹

Further information on the Executive Team roles and responsibilities can be found on page 44 of the Accountability Report.



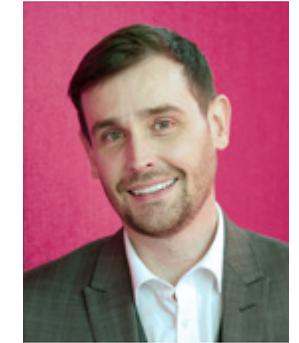
David Wallace



Janet Richardson



Gayle Devlin



James Wallace



Ally MacPhail



Andy McClintock



Leanne Carson



Paul Knight

¹ Following the appointment of Gayle Devlin as Deputy Director of Health and Social Care in February 2023, Paul Knight regularly attends Executive Team meetings to support discussion relevant to his role as Chief Medical Advisor and Caldicott Guardian.

Our National Outcomes, Our Charter, 2020-23 Corporate Plan and 2022-23 Business Plan

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

Table 1 – Scottish Government National Outcomes

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

We published our [three-year Corporate Plan](#) in 2020 to share our strategic direction with colleagues and the people of Scotland. This plan incorporates our obligations under the [National Outcomes Framework](#) and [Our Charter](#). Every year, we publish our [Business Plan](#), which shows our activity for the year ahead and how it will help us meet the objectives in our Corporate Plan. Our new three-year Corporate Plan will be published in January 2024.

Corporate Plan Themes and Business Plan Objectives

Corporate Plan Themes	Helping to deliver a social security system with dignity, fairness and respect	Supporting people in Scotland to access devolved benefits that they are entitled to	Running our service in a responsible way
Business Plan Objectives	<ul style="list-style-type: none"> ● reflect the diversity of Scotland ● train our staff to make sure they have the knowledge, confidence and understanding they need to do their jobs ● create a culture where we take responsibility and treat others with kindness ● gather feedback on what people think of our service so we can make it better 	<ul style="list-style-type: none"> ● promote our benefits in a range of ways to make sure people know what is available and how to apply ● provide a range of ways for people to access our service – including face-to-face in communities ● build relationships with others to help more people access our service ● provide people with a variety of ways to communicate with us 	<ul style="list-style-type: none"> ● be financially responsible ● gain people’s trust by being open and honest ● meet our legal obligations and protect our people and information ● reduce the effect our work has on the environment



What we believe

We believe social security is a human right. We make sure the people of Scotland get the support they are entitled to.



Performance Summary

This section of the report provides a summary of Social Security Scotland's performance based on our **Business Plan** objectives under each of our **Corporate Plan** themes. More detailed information on our performance can be found within the Performance Analysis section.

Helping to deliver a social security system with dignity, fairness and respect

- our colleagues deliver their work based on our core values and take pride in delivering a great service for the people of Scotland. In our latest People Survey, 88% of colleagues recommended the organisation as a great place to work, maintaining the same high score as last year. 95% of colleagues are interested in their work, and 99% of colleagues are familiar with our values of dignity, fairness and respect
- the number of Stage 1 and Stage 2 complaints that we dealt with increased from 400 in 2021-22 to 1,790 in 2022-23. This increase was expected and proportionate due to the rapid growth in clients, in line with the increased number of benefits we deliver and applications received

- throughout the year, we welcomed more than 2,000 new colleagues to support the delivery of benefits, including through our employability partners in Dundee and Glasgow, to ensure we are recruiting a workforce reflective of modern Scotland and the people we serve
- Winter Heating Payment replaced the Department for Work and Pensions Cold Weather Payment. Winter Heating Payment is a reliable, automatic annual £50 payment – this year it has provided more than 390,000 people most in need with help towards their heating costs
- we maintained excellent Civil Service People Survey scores in 2022. Our nine core survey themes are all ranked within the Top 8 of 102 Civil Service organisations, with several of these individual themes falling within the Top 3. Our Employee Engagement score of 78% is also currently the second highest across those 102 organisations
- we achieved **Carers Positive Award** and Disability Confident Level 2 as part of our commitment to being an inclusive and supportive employer

Supporting people in Scotland to access devolved benefits they are entitled to

- following a successful phased rollout, we launched Adult Disability Payment in August 2022, extended Scottish Child Payment to all eligible children under 16 from November 2022, and began to pay Winter Heating Payment in February 2023. We now deliver 13 benefits that support people across Scotland
- we established our Local Delivery Service in every local council area in Scotland. Our local delivery advisers work in community spaces where they collaborate with local partners and meet clients to raise awareness and increase access to Scottish benefits
- to ensure our service is as accessible as possible, and our clients can access support to apply for benefits in the way that suits them best, our local delivery advisers can meet people in person in community locations such as health centres or libraries, visit them at home, or support them by phone or video appointment

- we promoted the Independent Advocacy Service which offers support for disabled people to access Scottish social security. The service is delivered by the charity VoiceAbility. We have hosted partnership events with them and highlighted the availability of the service in our Stakeholder newsletter and on our social media channels
- we continue proactive marketing for all of our benefits, through media, social media and stakeholder engagement, including 15 paid marketing campaigns to encourage people to apply for our benefits. Marketing campaigns cover TV, radio, digital and print advertising. We also secured partnerships with a number of Scottish retailers to raise awareness of the Best Start Foods pre-paid card
- following the increase of Scottish Child Payment to £25 per week and extension to under-16 year olds, we undertook a paid-for advertising campaign, which ran throughout January and March 2023 to promote the new eligibility
- the campaign ran across TV, digital and national and community radio. Although more applications can be attributed to a much larger population being eligible, analysis shows that applications and visits to the [MyGov.Scot](https://www.mygov.scot) website rose during this period. For example, a peak in page views coincided with TV advertising that ran during a special benefits edition of the Martin Lewis Money Show showcasing that the campaign was helping to drive traffic to mygov.scot

Running our Service in a Responsible Way

- £4.04 billion was paid out in benefits by Social Security Scotland and through Agency Agreements with the Department for Work and Pensions
- we publish a **full range of statistics** about the benefits we deliver; diversity and equality information about our clients, and information about our workforce as well as any research we undertake
- we have longer term financial plans that are in line with the **Resource Spending Review** that was published in May 2022. These financial plans continue to be reviewed and updated regularly and include working closely with workforce planning and strategic governance colleagues to align our financial plans with the business plan and strategic workforce plans
- we published our Procurement Annual Report detailing how our spending on goods and services delivered value for money and sustainable outcomes and our progress against the commitments in **Corporate Procurement Strategy 2021-2024**. We awarded 82 contracts with a total value of £27.7 million. We delivered savings of £4.2 million through live contracts, with further details in our 2022-23 Procurement Annual Report

- Community Benefits are an important requirement of our procurement processes. Businesses we award contracts to should show a commitment to positive community actions in line with our values. We awarded a contract to Mphasis to provide specialist digital and technical support. They committed to meeting a Community Benefit requirement supporting local communities by creating opportunities for people seeking work experience and are now employing two graduate apprentices who are being paid the **Real Living Wage**
- last year, we launched Adult Disability Payment across the country, and saw a full year of Child Disability applications. We also expanded Scottish Child Payment to include eligible children up to the age of 16. This meant a large increase in the number of applications we received, as shown in Table 2 on page 18. This has had an impact on the number of re-determinations and appeals we have received. This rise in our client numbers has also contributed to an expected increase in complaints, compliments and suggestions

Our Achievements



£4.04 billion
paid out in benefits by Social Security Scotland and under Agency agreements with the Department for Work and Pensions*



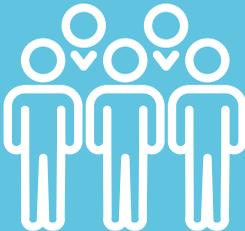
89%
of colleagues said they are very confident or confident to deliver a human rights-based service as set out in Our Charter



Extended the Scottish Child Payment to all eligible children under the age of 16 with the payment increasing to £25 per week – with more than **300,000** children now receiving the payment.



2 new benefits
introduced this year with full rollout of Adult Disability Payment and Winter Heating Payment



Increased our headcount
in line with our forecasts to ensure we have the workforce in place to deliver 13 benefits



88%
of Client Survey respondents rated their experience with Social Security Scotland as 'Good' or 'Very Good'

*Breakdown of benefit expenditure within Note 4 of the Financial Statements

Risks impacting the delivery of our objectives

During 2022-23 we actively managed risks around four key themes:

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

2022-23 saw a gradual lessening of the impacts of the Covid-19 pandemic. However, our risk landscape has remained complex as we undertook planned rapid growth in staffing to help us deliver an ambitious policy agenda for Scottish Ministers.

The Risk Review Group, chaired by the Deputy Director of Finance and Corporate Services, ensured senior sponsorship for risk management at Executive Team level and across governance forums including the Audit and Assurance Committee. The Executive Team own principal risks and nominates responsible officers to ensure that these risks are regularly reviewed and have robust mitigation plans in place to manage them.

The Executive Team continued to monitor principal risks and performance in core business activities and continuously review the most significant risks associated with the delivery of the social security programme and ongoing benefits.

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 principal risks for 2022-23, to reflect evolving external environmental factors and Ministerial priorities.

Focus on our principal risks over the year is summarised below:

- monetary value of the rates of fraud and error
- validity and robustness of Scottish Fiscal Commission estimates

- processing times for key benefits, impacting capacity
- managing our estate in relation to our ways of working, returning workforce to buildings
- financial risks in relation to future budget position, levels of inherited technical and process debt
- maintaining our culture in line with our values of dignity, fairness and respect through a period of rapid expansion

These principal risk themes remain current and have continued to affect delivery during this financial year while Social Security Scotland has also been affected by wider domestic, international, and economic developments including the war in Ukraine and ongoing cost of living pressures.

As we have continued to introduce new benefits, we have actively managed risks around rates of fraud and error. As these are new benefits, and involve the transfer of data from the Department for Work and Pensions, we continue to build a picture of inherited fraud and error risk. We are also focused on further development of our debt management and fraud and error controls of existing benefits.²

² Debt management and fraud and error rates are discussed in further detail within the Governance Statement

The Scottish Fiscal Commission provides independent modelling on future demand which helps support effective budgeting and workforce planning. The validity and robustness of these estimates can have a significant effect on our ability to forward plan and operate sustainably. This is an emerging risk we are mitigating through investment in additional analytical and financial resources to support their high-quality modelling as well as building effective partnership working with the Scottish Fiscal Commission.

The introduction of our complex disability benefits led to some operational challenges and impacted on client experience including response and call-waiting times. We have redeployed resources to improve performance across particular benefits as well as upgrading our telephony systems. We have improved ways clients can provide supporting information for their applications and our in-house health and social care team are making faster decisions. This particular area of focus remains relevant for the next financial year and constitutes an emerging risk.³

We continue to monitor how our buildings are being used as we have adapted to new ways of working post-pandemic. Due to our hybrid working model we reduced the need for Dundee House, with colleagues using our Head Office, Agnes Husband House.

To maximise occupancy further, we progressed plans to open the ground floor in our Head Office for clients to use as a drop-in advice area and for third sector partners who support clients to use as office and meeting space. We are exploring how other Scottish Government departments may share our office spaces in future.

We continue to manage a set of strategic risks around future budget position and levels of inherited technical and process debt via the transfer of products and service from the Scottish Government's Social Security Programme. We continue to engage with the Scottish Government's Social Security Programme and Director General Communities Portfolio to secure the resources necessary to support the successful completion of the Programme Business Case and delivery of the agreed benefits timeline.

We are continuing to focus on the wellbeing of our people, particularly as our workforce has grown significantly in the reporting period with parallel growth in demand for the benefits we administer. Our ability to welcome new colleagues, train them and ensure they are supported to deliver in challenging circumstances has been supported by careful resource planning. We have a comprehensive induction process and will continue to ensure colleague wellbeing is considered in line with our values.

Where we have identified cross-cutting risks, work is ongoing to ensure that we work effectively with the Director General Communities Portfolio and Social Security Directorate. This enables our Executive Team to have better visibility of cross-cutting risks and supports strategic discussions across social security delivery.

Looking ahead to 2023-24, we anticipate a further strengthening and development of our risk management culture, using this to inform our decision-making and longer-term strategic and business planning processes.

Information on our approach to risk management over the year can be found in the Governance Statement on page 46 including the consideration of strategic risks.

³ Further information is provided in the Chief Executive's summary on page 3

Performance Analysis

Table 2 – Total number of applications/payments received

Total Benefit	Start Date	Total number of applications/payments	
		2021-22	2022-23
Carer's Allowance Supplement	14 September 2018	93,530 carers in receipt	92,090 carers in receipt
Best Start Grant / Best Start Foods Pregnancy and Baby Payment Best Start Grant Early Learning Payment Best Start Grant School Age Payment Best Start Foods	10 December 2018 29 April 2019 03 June 2019 12 August 2019	84,215 applications	85,725 applications
Funeral Support Payment	16 September 2019	8,715 applications	8,875 applications
Young Carer Grant	21 October 2019	3,935 applications	4,470 applications
Job Start Payment	17 August 2020	6,915 applications	2,295 applications
Scottish Child Payment	09 November 2020 (for applications) 15 February 2021 (for payments) 14 November 2022 (extended to under 16s)	53,370 applications	161,020 applications
Child Winter Heating Assistance	27 November 2020	20,000 payments	26,555 payments
Child Disability Payment	26 July 2021 (pilot) 22 November 2021 (national)	9,570 applications	21,405 applications
Adult Disability Payment	21 March 2022 (pilot) 29 August 2022 (national)	520 applications	85,935 applications
Winter Heating Payment	February 2023	N/A	392,425 payments

Note: Annual figures are based on the latest Official Statistics publications, but may be revised when the statistics are updated.

The Performance Analysis section provides further information on how we have performed against the objectives we have set out in the **Corporate Plan** and **Business Plan**. Performance examples have been aligned to each of our Business Planning objectives and each objective has been aligned to the relevant Corporate Plan theme.

Helping to deliver a social security system with dignity, fairness and respect

Reflect the diversity of Scotland

- we conduct research with our clients, colleagues, and partner organisations. We do this to learn about people's experience of Social Security Scotland and use the research to help us improve our systems, processes and policies. We published **12 social research reports** throughout the last financial year
- in our most recent People Survey, 88% of colleagues recommended the organisation as a great place to work (88% in 2021), 95% of colleagues are interested in their work (96% in 2021) and 99% of colleagues are familiar with the organisation's values (98% in 2021). All results remained consistent when comparing them to previous years despite the increase in our workforce (2,763 responses in 2022, compared to 1,247 in 2021) which shows we are maintaining our core values and engaging staff even as we grow rapidly

- Social Security Scotland colleagues were asked about their work as part of our 2022-23 Charter Research survey, with 89% of colleagues who completed the survey saying they felt confident in delivering a service with human rights at its core as set out in Our Charter. Reflecting our ongoing commitment to inclusive communication, 87% of colleagues who deal with clients said they felt confident communicating effectively with clients who express themselves in different ways
- more than 40 colleagues joined us from employability programmes such as Modern Apprenticeships and Fair Start Scotland. Recruiting colleagues from these programmes helps us continue to meet our commitments to supporting people who have experienced barriers to employment and the Scottish Government's **Young Person's Guarantee**

Train our staff to make sure they have the knowledge, confidence and understanding they need to do their jobs

- we established a Safeguarding Team comprised of registered professionals, including social workers and nurses who use their professional experience, knowledge and judgement to assess the best course of action when we suspect one of our clients may be at risk of harm
- of the employment offers we made, 13% were to candidates who identified as having a disability and 8.5% were made to people from minority ethnic

backgrounds. As a result of this campaign, alongside our partners Modular People Solutions, we won the Best Diversity & Inclusion Award at the **2023 s1jobs Recruitment Awards**

- we achieved a **Carers Positive Award** and Disability Confident Level 2 as part of our commitment to being an inclusive and supportive employer. We were awarded Carer Positive Exemplary Status by Carers Scotland, recognising our organisation as one where carers are valued and supported. We have built on our commitment to the wellbeing of our colleagues to embed a culture of support for those who are also carers

Create a culture where we take responsibility and treat others with kindness

- we have established an in-house wellbeing service, which is available to all colleagues. Our Wellbeing Specialists offer a non-judgmental, confidential support, advice and counselling service to our colleagues. They also offer support and signposting to other services and wellbeing guidance and information
- to ensure we are considering the varying needs of our clients, we have in-house colleagues with experience of working in mental health support who provide advice to client advisors, as well as holding learning sessions to share their experience and expertise

“My manager has been excellent. She’s very supportive and has always made it clear that we can go to her for anything. She has made me feel so welcome and comfortable and always ensures that she updates us as soon as possible with new information.”

Colleague respondent (Charter Research)



- we delivered our second annual Colleague Recognition Awards after receiving 220 nominations from across the organisation – doubling the nominations we received in 2021. This increased peer recognition among colleagues helps to foster our culture of dignity, fairness and respect
- we were part of a worldwide publication, “**Effecting Change**” featuring our work on Intelligent Kindness – an initiative to build a supportive culture at work. We delivered 16 digital learning and development sessions on Intelligent Kindness to over 500 colleagues to highlight our commitment to treating our clients, colleagues and external stakeholders with dignity, fairness and respect

Gather feedback on what people think of our service so we can improve it

As the number of people claiming our benefits (see Table 2) has increased following the national launch of Adult Disability Payment, a full year of delivering Child Disability Payment, and the expansion of Scottish Child Payment, the number of complaints, compliments and suggestions we receive has also increased proportionately. This is in line with our expectations and we continue to review complaints and suggestions to make continuous improvements to our processes, helping us meet our commitments to our clients.

Table 3 – Feedback received across 2020-21 to 2022-23⁴

Type of feedback	2020-21	2021-22	2022-23
Complaints received	230	400	1,790 ⁵
Compliments received	55	45	185
Suggestions received	15	25	135

- a Stage 1 complaint allows us five days to resolve an issue to the client’s satisfaction. If the client remains unhappy, this may progress to Stage 2, where a full investigation is carried out and we have 20 working days to provide a formal response. There can be occasions when a complaint is lodged at Stage 2 immediately if the issue is serious, complex, or risks reputational damage
- the increase in feedback in 2022-23 coincided with the continued expansion of our services. This was the first full reporting year following the launch of Child Disability Payment nationally in November 2021. Adult Disability Payment launched from March 2022 as a phased rollout before being launched nationally in August 2022. Scottish Child Payment, which was initially

⁴ Source - <https://www.socialsecurity.gov.scot/reporting/publications/social-security-scotland-feedback-statistics-to-31-march-2023>

⁵ The total complaints received figures presented above includes both complaints received at Stage 1 and a small number of complaints that were lodged directly at Stage 2

introduced for low-income families with children aged under six, was extended to eligible low-income families with children aged under 16 on 14 November 2022. The new Winter Heating Payment was launched in February 2023. Complaint numbers remain proportionately low compared to the number of people receiving our payments or making applications for our benefits

- in 2022-23, 20% of complaints reached Stage 2. This means either progressing from Stage 1 to Stage 2, or being received at Stage 2. This is slightly higher than in 2021-22 when 16% of complaints reached Stage 2

Complaints by outcome

- complaint outcomes are counted separately for Stage 1 and 2, therefore a complaint that progressed from Stage 1 to Stage 2 will show as two complaints. Complaint outcomes are reported against the year when the complaint was closed, rather than the year in which the complaint was received
- at the end of the 2022-23 reporting year, there were 65 Stage 1 complaints and 30 Stage 2 complaints outstanding. These are not included in the table below. Figures in the below table are rounded to 5 and may not sum to totals as a result

Table 4 – Outcome of Stage 1 and Stage 2 Complaints⁶

Stage	Outcome	2020-21	2021-22	2022-23
Stage 1	Upheld	150	145	615
	Partially upheld	25	25	145
	Not upheld	35	30	180
	Resolved	0	190	740
	Withdrawn	5	5	40
	Total	220	400	1,720
Stage 2	Upheld	30	40	230
	Partially upheld	5	5	35
	Not upheld	5	0	30
	Resolved	0	0	15
	Withdrawn	0	0	10
	Total	40	50	320

- in 2022-23, 43% of Stage 1 complaints were resolved and 36% were upheld

In response to some of the most common themes emerging from complaints and suggestions, we have redesigned our Adult Disability Payment form and simplified in areas where we had received feedback. We have also made it easier for clients to share supporting information with us for disability benefit applications by uploading information directly and have promoted these changes widely to stakeholders and on social media.

Compliments

- in 2022-23, 185 compliments were received, which included 105 for Adult Disability Payment and 30 for Child Disability Payment. Overall in 2022-23, the most common reason for compliments has been 'Thank you for being so helpful', accounting for 72% of compliments, with 15% of compliments being 'Thank you for getting it right'
- a client told us they felt reassured their application was in good hands as we had proactively made contact with them which eased their worries

Suggestions

- across all benefits, we received a total of 135 suggestions in 2022-23, mostly in relation to Adult Disability Payment and Child Disability Payment
- when a client requested a record of the webchat conversation we made it available – these chats can now be saved
- a stakeholder working with Child Disability Payment clients requested a downloadable, printable form. We made this available online
- a client asked for more reminders about changes to payment times (in case of bank holidays) we share frequent reminders on our social media channels

⁶ The outcome of 'resolved' was introduced from 12 April 2021 so there were no figures for 2020-21

Supporting people in Scotland to access devolved benefits that they are entitled to

Promote our benefits in a range of ways to make sure people know what is available and how to apply

- effective, clear communication is fundamental to helping people apply for benefits they are entitled to. We published the first Inclusive Communication Action Plan 2022-2025 of any public service in Scotland. The plan was developed with external stakeholder organisations representing people who experience communication difficulties
- we established our Local Delivery Service in every local council area in Scotland. Our teams work collaboratively with stakeholders and clients in communities to raise awareness and increase access to Scottish benefits. They help our clients complete application forms and signpost them to other organisations where appropriate. To make our service as accessible as possible, local delivery colleagues offer face-to-face support in a place that suits clients best such as local community venues, in their own homes or by video or telephone appointment. We use feedback from clients, colleagues, and partners, including complaints, to improve our service
- ongoing promotion of our full range of benefits across a variety of channels including Facebook and Twitter social media channels, TV advertising, print advertising, local radio advertising and marketing leaflets shared with stakeholders to be displayed in community spaces such as food pantries, NHS buildings and libraries. This is to ensure we are reaching people all over Scotland, informing them about our benefits, and encouraging them to apply where they may be eligible
- to promote our five family payments, which include Best Start Foods, we secured partnerships with a number of Scottish retailers – ASDA, Iceland, Scotmid and the Co-op – to raise awareness of the benefit including what the payment is, who is eligible, and how to use the Best Start Foods pre-paid card. Our partnership with ASDA included promotion stands and radio adverts across all of ASDA's 61 Scottish stores, reaching around 1.8 million customers per week. Nearly 2,500 people interacted with our client advisers at these events learning more about our five family payments
- following the increase of Scottish Child Payment to £25 per week per child and the extension to young people under 16, we launched a paid-for advertising campaign, which ran throughout January and March 2023. The campaign ran across TV, digital and national and community radio. Although more applications can be attributed to a much larger population being eligible, analysis shows that applications and visits to the MyGov.Scot website rose during this period. We received an average of 375 applications per day throughout January, peaking at over 500. Google Analytics shows views of Scottish Child Payment pages on mygov.scot peaked at around 11,500 a day in January, which coincided with TV advertising during the Martin Lewis Money Show

Spotlight on Adult Disability Payment ^{7 8}

Adult Disability Payment – the replacement for the Department for Work and Pension's Personal Independence Payment – was launched nationally on 22 August 2022 following a phased rollout in 3 local authority areas. The payment provides money to help people aged between 16 and state pension age who are disabled, have a long-term health condition or a terminal illness. People can apply whether they are working or not, and it is not based on income.



7 Source – <https://www.socialsecurity.gov.scot/reporting/publications/adult-disability-payment-high-level-statistics-to-31-july-2023>
8 Figures are rounded to 5 and may not sum to total

Adult Disability Payment statistics ^{9 10}



A total of **63,935** part 2 applications were received for Adult Disability Payment

In total **34,515** applications were processed with a decision made by 31 March 2023

Of the applications processed **61%** were authorised, **30%** were denied and the remaining **9%** were withdrawn



As of the 31 March 2023 **45,825** people were in receipt of Adult Disability Payment*

* (of this total, 20,550 people were new applicants and 25,275 were people who had their award transferred from the Department for Work and Pensions)

In total **£79.4 million** has been paid to Adult Disability Payment clients in the 2022-23 financial year

Of this total **£62.8 million** was issued to new applicants and **£16.6 million** was issued to clients who have transferred to Adult Disability Payment

9 The application for Adult Disability Payment is in two parts. Once an applicant has filled out part 1 they have eight weeks to complete part 2
10 Within our statistical reporting, key dates are used to assign applications received, applications processed and payments issued to time periods. This is a different methodology to that used in financial reporting and as a result there may be differences in the values reported for a given time period

Spotlight on Scottish Child Payment ¹¹

First launched in February 2021 with a payment of £10 per week per child for children under the age of six, the Scottish Child Payment – unique to Scotland – provides direct financial support to eligible families and carers. The payment was extended to eligible low-income families with children aged under 16 on 14 November 2022 and increased to £25 per child per week.

¹¹ Source – <https://www.socialsecurity.gov.scot/reporting/publications/child-disability-payment-high-level-statistics-to-30-june-2023>



Scottish Child Payment statistics¹²

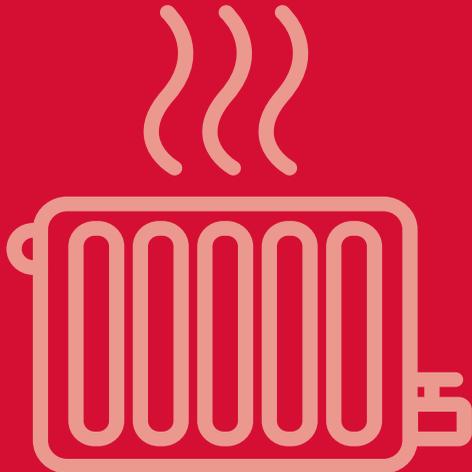


¹² Within our statistical reporting, key dates are used to assign applications received, applications processed and payments issued to time periods. This is a different methodology to that used in financial reporting and as a result there may be differences in the values reported for a given time period

Winter Heating Payment ¹³

Winter Heating Payment replaced the UK Government’s **Cold Weather Payment** in February 2023. It provides consistent annual support to assist low-income households with their heating expenses each winter. This includes older people, disabled people and families who are responsible for children under the age of five or disabled children. In 2022-23, Winter Heating Payment was £50.

¹³ Source – Winter Heating Payment Statistics : Winter 2022/23



Winter Heating Payment statistics¹⁴



A total of
392,425
Winter Heating payments were issued within the 2022-23 financial year



In total
£19.6 million
has been paid to clients in the 2022-23 financial year

¹⁴ Within our statistical reporting, key dates are used to assign applications received, applications processed and payments issued to time periods. This is a different methodology to that used in financial reporting and as a result there may be differences in the values reported for a given time period

“ I received a very open and honest answer to my request for more information [regarding] a process. Other workplaces may not have been so honest and I really appreciate the warmth and honesty in my interaction with our local Social Security Scotland manager. It really was refreshing and reassuring and gave me a positive insight as to how our most vulnerable people will be supported as well going forward. ”

Partner respondent (Charter Research)

“ I have had such a positive experience with the Social Security Scotland process. It is warm and welcoming. There is also lots of good information on the website. I'd like to say well done and keep up the good work. The money will and has made a positive difference to our children and family. ”

Client respondent (Client Survey)

Re-determinations and appeals: performance across all of our benefits¹⁵

People can ask us to look again at our decision if their application is denied, or if they think the amount they are going to be paid is wrong. This is known as a re-determination. As the number of people claiming our benefits (see Table 2) has increased following the launch of Adult Disability Payment, a full year of Child Disability Payment, and the expansion of Scottish Child Payment, the number of re-determinations and appeals have also increased.

- a request for a re-determination should be made within 31 calendar days of receiving a decision for Low Income Benefits and for Disability Benefits, a request for a re-determination should be made within 42 calendar days of being notified of the determination. This can be extended to up to one year if there is a good reason
- Social Security Scotland then has 16 working days to make a new determination for Low Income Benefits and 56 calendar days for Disability Benefits
- people have the right to appeal to a Tribunal if they do not agree with Social Security Scotland's re-determination, or if Social Security Scotland is not able to make a re-determination within the required timescales. Appeals are heard by the Social Security Chamber, First-tier for Scotland which is independent from Social Security Scotland
- Job Start Payment and Best Start Foods do not have a re-determination process. Instead, there is an internal review process, which means that applicants can request that their decision be looked at again. There are no appeal rights
- in total, 5,230 re-determinations were received between April 2022 and March 2023 across all benefits

¹⁵ <https://www.socialsecurity.gov.scot/publications>. Information on re-determinations and appeals data is routinely published within Official Statistics releases

- the following tables¹⁶ provide information on re-determinations received and completed for each benefit, with a breakdown of outcomes for those completed re-determinations. Similar information is then presented for internal reviews

Table 5 – Number of re-determinations received (1 April 2022 – 31 March 2023)

The number of re-determinations rose in line with the greatly increased demand for our benefits and resulting numbers of applications (in Table 2)

Benefit	2021-22	2022-23
Best Start Grant	550	665
Funeral Support Payment	200	205
Young Carer Grant	75	85
Child Winter Heating Assistance	20	5
Scottish Child Payment	450	1,200
Child Disability Payment	150	1,095
Adult Disability Payment	–	1,980
Total	1,450	5,230

- Scottish Child Payment was extended to children up to the age of 16 in November 2022 and, as a result, there has been an expected increase in the volume of re-determinations this year
- similarly, the volume of applications for Child Disability Payment and Adult Disability Payment has increased since these benefits were introduced and re-determinations have increased in line with the processing of a much higher number of applications for disability benefits – a trend seen across the UK

¹⁶ Figures are rounded to 5 and may not sum to total

Table 6 – Outcomes of completed re-determinations (1 April 2022 – 31 March¹⁷ 2023)¹⁸

This table provides information on the outcomes of re-determinations completed by the end of the reporting period. Any re-determinations that had been received but were still awaiting an outcome are not included here.

Benefit	Outcome	2021-22	2022-23
Best Start Grant	Allowed or Partially Allowed	120	110
	Disallowed	280	540
	Withdrawn	155	0
	Total	555	650
Funeral Support Payment	Allowed or Partially Allowed	65	90
	Disallowed	110	105
	Withdrawn	20	0
	Total	190	195
Young Carer Grant	Allowed or Partially Allowed	45	50
	Disallowed	25	30
	Withdrawn	5	0
	Total	75	80

Benefit	Outcome	2021-22	2022-23
Child Winter Heating Assistance	Upheld	0	0
	Not upheld	15	5
	Withdrawn	5	0
	Total	20	5
Scottish Child Payment	Allowed or Partially Allowed	230	565
	Disallowed	140	525
	Withdrawn	105	0
	Total	470	1,090
Child Disability Payment	Allowed or Partially Allowed	60	860
	Disallowed	10	120
	Invalid	[c]	45
	Total	75	1,025
Adult Disability Payment	Allowed or Partially Allowed	–	650
	Disallowed	–	340
	Invalid	–	80
	Total	–	1,065

¹⁷ Re-determination outcome data is presented by month of decision rather than month the re-determination was received

¹⁸ From October 21 onwards, Client Experience were not able to withdraw applications, all re-determinations require a determination unless invalid

- Scottish Child Payment was extended to eligible children up to the age of 16 in November 2022 and, as a result, there has been an expected increase in the volume of re-determinations this year
- similarly, the volume of applications for Child Disability Payment and Adult Disability Payment has increased since these benefits were introduced and re-determinations have increased proportionately in line with the processing of a much higher number of applications for disability benefits – a trend seen across the UK
- re-determinations classified as invalid could be for a number of reasons including someone applying for a benefit who does not live in Scotland, multiple applications being made or other reasons of ineligibility

Table 7 – Number of internal reviews received (1 April 2022 – 31 March 2023)

Benefit	2021-22	2022-23
Best Start Foods	265	320
Job Start Payment	160	55
Total	425	375

Table 8 – Outcomes of completed internal reviews (1 April 2022 – 31 March 2023)¹⁹

Benefit	Outcome	21-22	22-23
Best Start Foods	Allowed or Partially Allowed	120	90
	Disallowed	105	220
	Withdrawn	45	0
Total		270	305
Job Start Payment	Allowed or Partially Allowed	45	25
	Disallowed	95	40
	Withdrawn	10	0
Total		155	65

There was an issue with clients understanding eligibility criteria for Job Start Payment which has improved over the financial year as we have promoted the payment and worked with stakeholders including job centres to promote the payment.

Best Start Foods payment can be disallowed due to people not receiving the required qualifying benefit, or their child being too old to qualify for this payment.

Appeals

In 2022-23, 65 appeals were received for Adult Disability Payment, 40 appeals were received for Child Disability Payment, 10 appeals were received for Scottish Child Payment, 10 appeals were received for Best Start Grant and 15 appeals were received for Funeral Support Payment. A very small number of Young Carer Grant appeals were received in 2022-23 but this number is not published to protect the identities of people applying for this payment. This is in line with expectations based on number of benefit applications. We are noting trends in appeals to improve our application process when possible.

¹⁹ From October 21 onwards, Client Experience were not able to withdraw applications, all reviews require a determination unless invalid.

Build relationships with others to help more people access our service

- we ensure principles of inclusive communications and accessibility are considered in the design of new benefits and continuous improvements of existing benefits – this includes user testing with external groups working with clients in the third sector
- our Client Panels encompass 5,000 people with experience of applying for or receiving our benefits. We conduct research with panel members throughout the year to help us improve our processes and capture feedback on our services to assist in continuous improvement. To help them participate fully, we offer a range of support including British Sign Language interpretation, interviews in another language, a Palantypist/note taker, another person on the phone or video call, or sharing the questions in advance
- we continue to engage with stakeholders across the third sector and in local communities all over Scotland. We publish a monthly newsletter for our stakeholders, alerting them to important news for their clients and networks, inviting them to events, and requesting feedback on our services
- we regularly hold free online information sessions for stakeholders to allow them to learn about our benefits, ask questions and offer feedback on our services

- as we launched Adult Disability Payment in the last year, we held 46 online sessions with more than 4,000 stakeholders signed up to attend. This allowed us to follow the session with a toolkit on our disability benefits to allow them to share information easily with their networks

Provide people with a variety of ways to communicate with us

- in the financial year 2022-23, we answered 438,920 calls regarding the various benefits we administer. This is an increase from 2021-22 of 261,252 calls representing growth of just over 147% and illustrates how much in demand our services are for people across Scotland. Part of this financial year saw the extension of Scottish Child Payment to all eligible children under 16, the launch of Winter Heating Payment and the national launch of Adult Disability Payment, significantly increasing the number of clients applying for our benefits and demand for assistance by telephone
- our internal Place Plan sets out how our buildings in Dundee and Glasgow are accessible, modern workplaces. We have also planned how we will adapt to accommodate our needs as we continue to grow to support our clients, colleagues, and stakeholders. This includes redesigning our Dundee Head Office ground floor as an open, accessible space for clients to drop in and get immediate face-to-face advice on Scottish benefits

- we continued to refine our social media engagement strategy to ensure our messages are clear and accessible across our most popular platforms of Facebook and Twitter. Digital engagement allows us to share important information about our benefits and is a key driver of our Benefit Take-up Strategy

Table 9 – Call wait times

Our average call waiting time increased in this reporting period – this reflects increased demand for support and the growing number of clients, particularly as we launched our disability benefits across Scotland. Demand for disability benefits has increased across the UK over the last year. We have already taken steps to improve our telephone service to see a reduction in the time our clients wait to speak to an adviser.

Average call wait time	
2021-22	2022-23
12 minutes 55 seconds	22 minutes 17 seconds

“Totally professional and caring. Made me feel at ease through a long telephone call. I understood the call and was listened to. Even through a very hard emotional chat he always assured me and kept me at ease. Took time to listen and did not rush me.”

Client respondent, Client Survey



- we implemented a service to allow our colleagues to have three-way video calls with a British Sign Language interpreter and a deaf/hard of hearing client to support them through the benefit application process. This was undertaken via Contract BSL, a Scottish Government funded public sector framework providing instant British Sign Language video relay services
- we continued to engage with our clients through various social media platforms, allowing us to respond to queries and inform people of important changes in real time

We deactivated our Instagram profile due to low engagement. In line with the substantial increase in our client numbers and corresponding benefit applications (see Table 10) we have seen a marked increase in engagement across our key social media channels of Facebook and Twitter. This allows us to quickly and efficiently share information with our clients, signpost them to where they may gain further support and answer any queries they may have. We have also seen an increased audience on our LinkedIn channel as we share more targeted content.

Table 10 – Social Media Engagements

Platform	Total Engagements 2021-22	Total Engagements 2022-23	Comparison to 2021-22
Facebook	793,288	1,289,635	+62.6%
Twitter	43,627	72,900	+67.8%
LinkedIn	10,273	17,552	+71%

Running our Service in a Responsible Way

Be financially responsible

- full details of our Benefit Expenditure can be found within Note 4 of the Financial Statements
- the Accountability report shows our outturn of spend against our budget. It also provides information on fraud, debt and error. It cost £261.6 million to run our organisation in 2022-23 (£193.8 million in 2021-22)

The following table shows the main categories of spend:

Table 11 – Operating costs by expenditure category

Expenditure Type	2022-23 £million	2021-22 £million
Staff	172.6	91.7
Accommodation	3.8	4.6
Other Operating Costs	12.0	12.0
Scottish Government Shared Service recharges	7.5	4.0
IT Systems	6.6	5.0
Formal Agreements with the Department for Work and Pensions	59.1	76.5
Total	261.6	193.8

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

The level of non-current assets held by the organisation totals £73.2 million (£34.9 million in 2021-22), which reflects investment in our buildings and information technology systems as well as the inclusion of property leases due to the adoption of the new International Financial Reporting Standard 16 on Leases. Further details on our non-current assets are provided in Notes 5, 6, 7 and 9.

Current assets are £61.8 million which have increased from the 2021-22 position (£43.7 million) due to higher bank balances being held. Further information on our current assets is provided in Notes 9 and 10 to the financial statements.

Trade and other payables at £285.0 million have increased from the end of March 2022 (£180.6 million) which reflects the timing of benefit payments. More information is provided in Note 11 to the financial statements.

Following the introduction of IFRS 16 Leases for financial year 2022-23, we now have lease liabilities totalling £31.4 million (£2.7 million of current liabilities and £28.7 million long-term liabilities). Further details can be found in Note 8.

We have also created provisions of £5.5 million in 2022-23, which are detailed in Note 12.

Our performance on cash management forecasting for the year was a variance of 0.14% (2021-22 was 0.04%) which represents the difference between what we forecast and what cash we needed.

- we closely monitored our budget throughout the year and were able to release money back to the Scottish Government to support the emergency budget review.
- we have also published regular information on transactions over £25k and transactions over £500 made through Electronic Purchasing Cards during the year, these can be found on our Publications website.
- we successfully delivered a large-scale recruitment project. We recruited 2,000 new colleagues to support increased demand for Scottish benefits, national rollout of Adult Disability Payment and supporting people in community settings across the country. The project was nominated for the Scottish Public Service Awards under the Project and Programme Management category. Outcomes informed future organisational approach to recruitment within Social Security Scotland

Our year ahead in numbers



By the end of this financial year we will administer

14 benefits

including the new Carers Support Payment



The Scottish Fiscal Commission forecast that we will provide more than

£5.1 billion

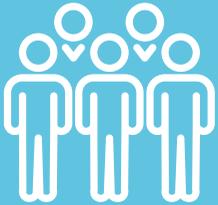
in benefit payments



We will provide support to over

1.25 million

people in Scotland



We will have more than

4,000 staff

to deliver this support
(Full-time equivalent)



Continue to deliver from our

3 buildings

in Dundee and Glasgow with a new space for people to seek support in our Dundee head office



We will continue to progress with the transfer of

700,000

disability and carer benefit awards from the Department for Work and Pensions to our new Scottish system

- we aligned our business priorities with workforce and financial plans to improve the business planning process. This helped us make more informed decisions and ensure we have the right people working to the right priorities for 2023-24 and beyond to improve performance, including benefit delivery
- we developed a roadmap of business and technical initiatives to be delivered:
 - Counter Fraud IT Strategy
 - Third-Party Data Sharing IT Strategy
 - Health and Safety Policy and Strategy for 2022 to 2025
- our debt recovery service was restarted following a pause throughout the pandemic tailored to the individual needs and circumstances of our clients. Our processes have been developed to consider the circumstances, both financial and from a welfare perspective, of every client we seek to recover payments from. This flexibility allows us to develop bespoke repayment arrangements

Gain people’s trust by being open and honest

- we have delivered 45 statistical publications covering all of the benefits that Social Security Scotland deliver or are responsible for, as well as Workforce and Feedback statistics. Our statistical publications allow us to meet our objective of being transparent in how we run our service and support our compliance to respond to Freedom of Information and other requests in a full and timely way
- work to pilot our methodology for estimating the monetary value of official error with Scottish Child Payment has been undertaken, with an estimated £1,120,000 lost to official error in the three months reviewed. Work is underway to learn from this pilot and prepare estimates for our other benefits.

Table 12

Provisional pilot estimate of percentage of cases paid the incorrect amount in Scottish Child Payment, by overpayment and underpayment, March – May 2023

Error Type	Percentage of caseload
Official Error Overpayment	0.8%
Official Error Underpayment	0.2%

Source: Social Security Scotland, 2023

Table 13

Provisional pilot estimates of amount of expenditure and percentage of expenditure in Scottish Child Payment, by overpayment and underpayment, March – May 2023

Error Type	Expenditure	Percentage of expenditure
Official Error Overpayment	£1,120,000	1.1%
Official Error Underpayment	£140,000	0.1%

Source: Social Security Scotland, 2023

As this was a pilot exercise, the estimates should be used as indicative only and not yet a precise measure of prevalence or monetary value. Our provisional estimates do not follow the Department for Work and Pensions methodology in full and, as such, should not be used in direct comparison with the Department for Work and Pensions published rates of official error.

We believe the results of the pilot are in line with what we might have expected for a new benefit, with new systems and processes for administration. Measuring rates of error is a part of our improvement journey, and ongoing measurement will allow us to track our progress. All under and over payments identified as part of this exercise have been corrected.

- Fraud and Error investigation provisions are in place, improvements to tools and systems to support this work have been introduced
- our Freedom of Information team received and answered 87 Freedom of Information requests during the reporting period while in the previous year they received 23 such requests, with a timely response rate of 100%
- our Parliamentary Team responded to more than 50 pieces of correspondence from MSPs and MPs representing constituencies across Scotland

Meet our legal obligations and protect our people and information

The various risks we are exposed to are tracked within the Strategic Risk Register. We manage risk as set out in our Risk Management Framework. This draws upon The Scottish Public Finance Manual and Her Majesty’s Treasury – The Orange Book.

In 2022-23 our Risk Review Group, chaired by the Deputy Director of Finance and Corporate Services, continued its work in the oversight and analysis of our risk landscape. Focusing specifically on the organisation’s Strategic Risk Register, they approve any new risks and changes to risk scores and provide challenge on all risks identified. Risk appetite and tolerance are reviewed annually, and risk horizon scanning is an established, standing item on the agenda.

A review of the Risk Review Group and the Strategic Risk Register was undertaken throughout 2022-23. The work undertaken on Principal Risks was used as the focus for our new approach. By the end of March 2023, revised terms of reference for the Risk Review Group were accepted by its new membership. We are continuing to improve our approach to risk management.

Information on our risk management function and processes is set out in our Governance Statement.

- our Freedom of Information team was recognised for their contribution to supporting compliance with the Freedom of Information (Scotland) Act 2022 at the Ecase Awards in Birmingham.

Reduce the effect our work has on the environment

- we continued to identify ways to minimise the impact of our operations on the environment, including:
 - replacing fluorescent lighting in our office building in Glasgow with low-energy LED lighting. At Enterprise House in Dundee, we have removed the majority of the gas-fired central heating, replacing this with electric heat pumps, greatly reducing our reliance on fossil fuels

- we are undertaking regular Cloud Infrastructure reviews to ensure Cloud services are running only when required and implemented shutdown/start-up policies for out-of-hours and holiday periods to reduce the impact on the environment as well as reducing costs
- we are committed to working with the Scottish Government to help realise the ambition of Scotland being a Net Zero country by 2045
- we produce an annual **Climate Change Report**, providing detailed information on our emissions, recent initiatives and future priorities in reducing our environmental impact



David Wallace
Chief Executive and Accountable Officer,
Social Security Scotland

10 October 2023

How we do it

We assess applications for support fairly and make payments efficiently to people who are eligible.



Accountability Report

Corporate Governance Report

The Corporate Governance Report describes Social Security Scotland's 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 the HM Treasury's Financial Reporting Manual.

Director's Report

Relationship with Scottish Government

Scottish Ministers are responsible for determining the overall policy and resources framework within which Social Security Scotland operates. Social Security Scotland is an Executive Agency, which means that the Agency is accountable to Ministers, and Ministers are accountable to Parliament. Scottish Ministers are ultimately accountable to Parliament for the functions and performance of Social Security Scotland.

Ben MacPherson MSP served as Minister for Social Security and Local Government from May 2021 to March 2023 and during this period had responsibility for the Agency. As Minister for Social Security and Local Government, he reported to the Cabinet Secretary for Social Justice, Housing and Local Government Shona Robison MSP.

Following Humza Yousaf MSP's appointment as First Minister, Shirley-Anne Somerville MSP was appointed Cabinet Minister for Social Justice in March 2023. Responsibilities include development and delivery of Scottish Government benefits and Social Security Scotland.

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

The Chief Executive

David Wallace was Chief Executive of Social Security Scotland over the reporting period. The Chief Executive is the Accountable Officer of Social Security Scotland and is supported by the Executive Advisory Body and Executive Team. 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 interest of all Executive Advisory Body and Executive Team members is maintained and published on the corporate 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.

Statement of Accountable Officer's Responsibilities

The Principal Accountable Officer for the Scottish Administration has designated the Chief Executive of Social Security Scotland as the Accountable Officer for Social Security Scotland. The Accountable Officer's relevant responsibilities include the propriety and regularity of the public finances for which he is accountable, keeping proper records and safeguarding our assets, as set out in the. More information on our Executive Team is available on Page 44.

In accordance with section 19(4) of the Public Finance and Accountability (Scotland) Act 2000, the Chief Executive is required to prepare and sign an Annual Report and Accounts to Scottish Ministers, and to arrange for laying before the Scottish Parliament. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs 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 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 and that they take personal responsibility for the Annual Report and Accounts and the judgements required for determining that it is fair, balanced and understandable

Under section 15 of the Public Finance and Accountability (Scotland) Act 2000, the Principal Accountable Officer for the Scottish Administration has designated the Chief Executive of Social Security Scotland as Accountable Officer of Social Security Scotland. The Social Security Scotland Accountable Officer is personally answerable to the Scottish

Parliament for the propriety and regularity of Social Security Scotland's activities and for the economical, efficient and effective use of all associated resources. The Accountable Officer is also responsible for signing the accounts of Social Security Scotland.

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

Basis of Accounts

The Social Security Scotland Resource Accounts are prepared in accordance with the Accounts Direction issued by Scottish Ministers under section 19(4) of the Public Finance and Accountability (Scotland) Act 2000.

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, and a lessons-learned exercise undertaken on any findings to reduce the likelihood of re-occurrence. In 2022-23, 632 incidents were assessed by the Data Protection Team.

Of these, 332 incidents were assessed to have led to, or have had the potential to lead to, a personal data breach. One breach met the threshold for notification to the Information Commissioner's Office.

Table 14 – Personal Data Breaches

Incident type	Number of incidents
Mail sent to incorrect recipient	246
Email sent to incorrect recipient	23
Process failure	42
Failure to redact data	0
Unauthorised access to data	3
Verbal disclosure of data	13
Text sent to incorrect recipient	1
Lost personal data	4
Total	332

Governance Statement

Scope of Responsibilities

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

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

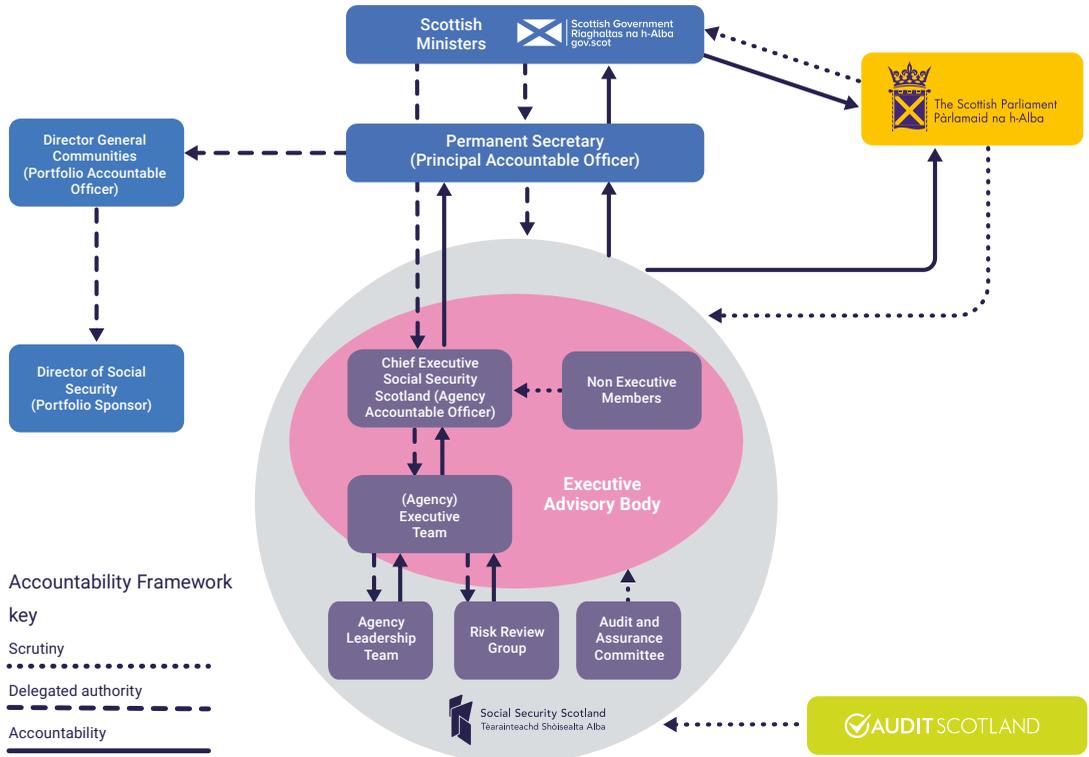
I believe Social Security Scotland fully complies with the principles of the Scottish Public Finance Manual.

Governance Framework of Social Security Scotland

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

Our system of internal control and assurance are in line with the Scottish Public Finance Manual and seek to identify the principal risks to the achievement of our aims and objectives. As Chief Executive, I have a direct relationship with the Cabinet Minister for Social Justice and meet regularly to update them on Social Security Scotland’s performance

and progress. Our Framework Document sets out clear lines of accountability. I am a member of the Senior Civil Service and Social Security Scotland’s Accountable Officer. I am accountable personally to Scottish Ministers and to the Scottish Parliament for the effective and efficient operation of the agency and for its effective financial management.



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

As part of DG Communities and the Scottish Government's Senior Civil Service leadership team, I ensure that the agency works with other parts of government in support of the achievement of strategic objectives and National Outcomes.

I share a mutual responsibility with DG Communities and the Director for Social Security to ensure an effective relationship which allows each to discharge their respective responsibilities. I carry out these duties in a way which supports the Director and the Portfolio Accountable Officer (DG Communities) and will routinely attend relevant management meetings.

Portfolio Sponsor

Our senior link between me and DG Communities is through our Scottish Government Portfolio Sponsor. This role is delegated to the Director for Social Security, Stephen Kerr. Stephen is responsible for ensuring that Social Security Scotland is part of DG Communities portfolio management arrangements including business planning, performance reporting and risk management.

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

Minutes of the Portfolio Sponsor meetings are available on our corporate website.

Executive Advisory Body

I lead the Executive Advisory Body, which provides advice and constructive challenge. The role of chair is currently delegated to Chris Creegan, one of our non-Executive members. The body is made up of our Executive Team and six non-Executive members. The non-Executive members play an important role in offering constructive challenge and advice to me, as Chief Executive, on our strategy and effective governance.

Our non-Executive members within this reporting period were:

Chris Creegan	Executive Advisory Body (Chair)
Elaine Noad (until 30 September 2022)	Executive Advisory Body Audit and Assurance Committee
Laura Brennan-Whitefield	Executive Advisory Body
Russell Frith	Executive Advisory Body Audit and Assurance Committee (Chair)
Naghat Ahmed	Executive Advisory Body Audit and Assurance Committee
Barry Matheson	Executive Advisory Body Audit and Assurance Committee

The Executive Advisory Body met seven times in the reporting year and discussed a wide range of topics. Key discussion topics within this period were:

- Adult Disability Payment readiness and rollout
- hybrid working
- inclusive Communication
- performance

Meetings are usually held in person in Agnes Husband House, Dundee with occasional meetings being held in High Street, Glasgow. These meetings are hybrid to allow members to dial in who are unable to attend in person.

Two members of staff can attend each meeting as observers. All papers, including the agenda, minutes and action tracker related to meetings are publicly available on our corporate website.

Formal meetings are held approximately every six weeks, except during peak leave time in July and December. A break down of attendance is provided below:

Member	Executive Advisory Body Meetings eligible to attend	Meetings attended
David Wallace	7	7
Ally MacPhail	7	7
James Wallace	7	7
Janet Richardson	7	6
Paul Knight	7	5
Andy McClintock	7	5
Miriam Craven (until May 2022)	1	1
Gayle Devlin (from February 2023)	1	1
Leanne Carson (from March 2023)	1	1
Elaine Noad (until September 2022)	3	3
Barry Matheson	7	7
Chris Creegan	7	7
Naghat Ahmed	7	7
Russell Frith	7	7
Laura Brennan-Whitefield	7	6

Executive Team

All meetings of the Executive Team have been quorate and a summary of the meeting is provided to staff on a weekly basis. The Executive Team remains the organisation's strategic governance forum with a focus on:

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

Our Executive Team as of 31 March 2023 included

- **David Wallace**, Chief Executive
- **Janet Richardson**, Deputy Director of Client Services Delivery
- **Gayle Devlin**, Deputy Director of Health and Social Care
- **James Wallace**, Deputy Director of Finance and Corporate Services
- **Ally MacPhail**, Deputy Director of Strategy, Change, Data and Engagement
- **Andy McClintock**, Chief Digital Information Officer
- **Leanne Carson**, Deputy Director of the Social Security Programme
- **Paul Knight**, Chief Medical Advisor²⁰

The Executive Team holds a weekly hybrid meeting where possible. Joint Agency Leadership Team and Executive Team sessions take place every six weeks with a focus on more informal discussion around agency priorities.

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

²⁰ Following the appointment of Gayle Devlin as Deputy Director of Health and Social Care Operations in February 2023, Paul Knight regularly attends Executive Team meetings to support discussion relevant to his role as Chief Medical Advisor and Caldicott Guardian.

In response to a wider Scottish Government priority, Miriam Craven temporarily left her post of Deputy Director of Strategy, Change, Data and Engagement on 10 May 2022 to support the Ukrainian Resettlement Division. This temporary move was made permanent on 30 September 2022.

Ally MacPhail took up the post of Deputy Director of Strategy, Change, Data and Engagement on a temporary basis in Miriam's absence, Ally was successful in permanent promotion to this post following Miriam's departure.

Gayle Devlin was appointed on a temporary basis to Deputy Director of Health and Social Care on 20 February 2023.

Leanne Carson, Deputy Director of Social Security Programme joined our Executive Team with effect from 7 March 2023. The Social Security Programme was established to design how Social Security Scotland would deliver devolved benefits. The 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 see as a result of this work. This is a collaborative process across Social Security Programme and Social Security Scotland. To help with this, Leanne Carson joins the Social Security Scotland Executive Team and Social Security Scotland continues to have representation on the Directorate senior team and at several Programme Governance Groups. More information on our Executive Team is available on Page 8.

Marie Kerr attended the Executive Team until she left the organisation in December 2022 in her capacity as Head of People Services, but was not part of the decision making quorum.

Agency Leadership Team

The Executive Team is supported by the Agency Leadership Team who provide leadership for Social Security Scotland on day-to-day business management and operational issues affecting performance. Agency Leadership Team have a remit to:

- scrutinise and challenge policies and procedures with a view to ensuring that the delivery of benefits meets our legal obligations and is in line with Our Charter
- provide assurance to the Executive Team on the effective and efficient day-to-day running of the organisation, as well as supporting longer-term strategic work with the Executive Team; and
- help ensure effective, joined-up working and decision-making across the organisation and build leadership capacity

Over the course of this reporting year there has been a rotating chair of this group to develop experience in this role and to allow equal and fair participation in discussion.

Audit and Assurance Committee

The Committee has been in operation since the inception of the Agency and, in common with Social Security Scotland, has continued to develop over time. Over the past five years, the Committee has consistently provided effective advice and support to the Accountable Officer, which in turn improves our service in supporting people in Scotland to access the benefits they are entitled to.

This year, the Committee has started working with a new team of colleagues from Audit Scotland, as per the Auditor General's five-year rotation of auditors. A good working relationship has been built with Audit Scotland and this provides a strong foundation for the new members joining.

The Committee would like to thank Elaine Noad, who departed the committee in September 2022. Elaine joined in 2018 and in her four years of service used her experience

to drive many improvements within Social Security Scotland. The Committee appreciates her time and valuable contribution, and we wish her the best in the future.

Membership of the Audit and Assurance Committee

Non-Executive Members

Russell Frith

Barry Matheson

Naghat Ahmed

Social Security Scotland

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

- David Wallace – Accountable Officer
- James Wallace – Deputy Director of Finance and Corporate Services
- Ally MacPhail – Deputy Director of Strategy, Change, Data and Engagement
- Leads from Corporate Assurance, Risk, Finance and Fraud, Error and Debt

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

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

The revised Terms of Reference for the Committee were approved at the November 2022 meeting. They are based on best practice and consistent with the Audit Committee Handbook issued by the Scottish Government. The revised Terms of Reference from November 2022 are available on our [Corporate Website](#).

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
Elaine Noad (until September 2022)	2	1
Barry Matheson (from September 2022)	4	4
Naghat Ahmed	4	4
David Wallace	5	5
James Wallace	5	4
Ally MacPhail	5	3

Programme and Project Management Governance

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

Our Social Security Scotland Project Management Office underpins our project delivery mechanisms by ensuring that all business change is managed in a controlled way by providing support to our project management teams. We continue to be represented on all Social Security Programme Governance forums, such as the Delivery Escalation and Prioritisation Board, and, likewise, we have senior colleagues from Social Security Programme on our governance forums. Details of the Programme's governance arrangements are set out in the Programme Business Case.

Risk Management

All bodies to which the Scottish Public Finance Manual is directly applicable must operate a risk management strategy in accordance with relevant guidance. We have a Risk Management Framework which sets out our approach to managing risk across our organisation and helps us to ensure that we achieve our objectives. Within the Performance Report we reflect on risk management performance for the year, and this section further outlines our approach.

During 2022-23 we actively managed risks around four key themes:

- having the capacity, resource and organisational resilience to sustain delivery of a complex programme of benefit rollouts to clients that meets our statutory obligations and the values of Our Charter
- maturing and developing our systems and processes to manage an increasing caseload, including improving management and performance information and our fraud and error controls
- managing key relationships and dependencies to ensure that digital services meet clients' needs and we minimise the impact of technical debt and impacts to our change management function
- dealing with economic uncertainty and the impact on forecasting future benefit expenditure and our consequent workforce planning

We maintain a Strategic Risk Register which records internal and external risks that we are exposed to and identifies mitigating actions to reduce the threat of these risks occurring and minimises their impact should they materialise. Particular focus has been given to the clear identification of mitigating controls.

Each division within Social Security Scotland maintains a risk log, owned by the Deputy Director for that division. Risk management forms part of the key decision-making processes within each division, with the risk management function providing support in the identification and assessment of risk. Clear lines of escalation and de-escalation have been established and are embedded across each of our divisions. Overall we continue to grow and mature our positive culture with risk management embedded across all levels of the organisation. A comprehensive foundation course in risk management is available to all staff through our Pathways eLearning portal.

In 2022 our Risk Review Group, chaired by the Deputy Director of Finance and Corporate Services, continued its work in the oversight and analysis of Social Security Scotland's risk landscape. Focusing specifically on the organisation's Strategic Risk Register they approve any new risks and changes to risk scores and provide challenge on all risks identified. Risk appetite and tolerance are reviewed regularly, and risk horizon scanning is an established, standing item on the agenda.



The main focus of this year was to review the risk approach and how we embed this further within the organisation. We continue to build on the strong links established with the Social Security Programme to manage risks which are cross-cutting. Project risks are managed by our Project Management Office and these have been aligned with the Strategic Risk Register to improve assurance that risk is being managed holistically.

Significant Governance and Risk Issues

Key issues and risks to delivery are set out in the Governance Statement and the Performance Overview section of Social Security Scotland's Performance Report.

Information Assurance

Data protection obligations and registration are set at legal entity level and as such 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 Social Security Scotland carries out its functions at arm's length from central government, a Memorandum of Understanding has been put in place between Social Security Scotland and the Scottish Government Data Protection Officer. 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.

Data Protection

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. A memorandum of understanding is in place between Social Security Scotland and Scottish Government's Information and Technology Services which sets out agreed data protection responsibilities. The Data Protection and Information Governance lead is responsible for data protection matters in Social Security Scotland and is a member of the Data Governance and Information Governance Groups which receive reports and other information on data protection compliance. In 2022-23 we reviewed the data protection policy for Social Security Scotland, published our first annual data protection assurance report and worked on arrangements for the transition of data protection products and responsibilities from the Social Security Programme.

Public Records (Scotland) Act 2011

Our first Records Management Plan was agreed by the Keeper of the Records of Scotland in September 2020. The Plan is a compulsory requirement of the Public Records (Scotland) Act 2011. We submitted an informal Progress Update Review to the Keeper in early 2022 and received a

positive report in October 2022. The Records Management Plan has been reviewed in this period and will be submitted to the Keeper for assessment imminently. We continue to work towards full implementation of the Plan. Our retention schedule has been approved and roll out has commenced.

Review of Effectiveness of Internal Control

Taking into account the range of assurance activity undertaken across the organisation and themes that have been highlighted from these, below are the areas of notable interest that I would highlight.

Debt Management

Debt recovery has been constrained to voluntary repayment arrangements since the service was reinstated, post pandemic, at the beginning of this operational year. Deductions from ongoing benefit awards requires further system development to support debt recovery. Given the continued expansion of our caseload there is a risk that the operation of the current system is not sustainable.

Case Transfers

Various control issues relating to case transfers have been identified. We are mitigating these issues where possible as they have been identified. While these are transient issues as case transfer will conclude, these issues could exacerbate the risk of fraud and/or error in our caseload in future.

Programme and Agile Methodology

We continued in 2022-23 to work with systems and processes developed by the Scottish Government Social Security Programme. This Programme utilises an Agile methodology which means systems and processes are delivered with the minimum functionality and development required to launch a benefit. These are then intended to be developed while the benefit is in delivery. Working with systems and processes that meet only minimum requirements brings challenges and there are continuing limitations around our current systems of internal control, related to the generation and control of financial transactions. Social Security Scotland continue to develop additional manual control solutions to mitigate risk.

Fraud and error

Our control over fraud and error, an inherent risk in a benefits system, is similarly affected by the Agile development methodology employed. The developing nature of preventative and detective controls increases the risk of error and both internal and external fraud attempts successfully entering the system. Manual controls are in place where

possible, to account for the Scottish Government's development timelines for automated control, however manual controls are likely to be less efficient and effective than automated.

With the launch of devolved disability benefit products, risks surrounding fraud and error are now also being transferred from Social Security Scotland to other government departments due to passported benefits. We are continuing development of our methodology for production of fraud and error estimates in the benefits we administer directly; with initial focus on understanding levels of official error before further development of our capability to estimate levels of client induced error and potential fraud. Further details on our fraud arrangements, and our progress in developing fraud and error estimates, can be found in the Parliamentary Accountability report (page 61).

We have our own counter-fraud response measures in place and continue to develop both our data-driven approach to proactive identification of fraud risk, and our investigative capability.

Case management system

Our case management system, SPM, continues to have limited ability to generate reliable management information. There have been a number of developments in relation to real-time management information, however there are gaps in workflow and operational information. To mitigate the risk this presents, an emergent quality checking regime is in place and limited manual collation of data and forecasting is performed. Over the course of the year we have developed a performance pack to provide more real-time information for our senior leaders. This supports effective performance conversations and drives improvements.

Lasting impact from Covid-19 pandemic

Whilst the Covid-19 pandemic is over, we continue to experience lasting impacts. Estimated levels of fraud and error in passporting the Department for Work and Pensions for His Majesty's Revenue and Customs benefits for 2022-23 are likely to remain high. This is due in part to the extended recovery period associated with the requirement to relax verification processes in response to the pandemic. It may take some years for the impact of this to be fully understood.

Compliance and Quality Checking

For the financial year 2022-23, no formal Quality Assurance Framework was established. Therefore there has been further development of our compliance and quality checking regimes to compensate. We have established a formal approach to compliance and quality checking and teams have been established to carry out this work within all operational areas within our Client Services Delivery division. Given the pace of our growth, and new benefit launches in the financial year, further progress to introduce a formal, consistent regime is required to reduce the risk of inefficiencies and potential financial loss.

Developing operational guidance

For the financial year 2022-23, improvements in colleague compliance with operational guidance continue to be made. This continues to be challenging due to the nature of the Agile environment, where changes to systems and processes happen regularly. Internal audit compliance testing suggests that issues associated with payment errors have reduced from the previous year. Non-compliance identified has mainly been administrative, with limited impact on client payments. The establishment of our quality-checking team and the ongoing internal audit compliance work will ensure we continue to respond to the risk of ineligible clients receiving payments, and ensure eligible clients receive the correct payment.

Growth in staffing

In addition, this year we recruited a number of colleagues in Client Service Delivery to help us deliver our disability benefits, cope with demand for our existing benefits and manage expanded eligibility of Scottish Child Benefit as well as preparing for the launch of new benefits. Recruiting colleagues at pace supports delivery but the increased number of benefit applications has decreased the amount of time available for training and consolidation in their new roles. Our new colleagues have enabled us to deliver additional benefits and meet our obligations – we will address issues of quality as part of our commitment to continuous improvement.

Improvements to our governance arrangements this year include:

- strengthening the Executive Team with the inclusion of a representative from the Scottish Government Social Security Programme
- regular informal meetings between the Executive Team and Agency Leadership Team
- carrying out a skills gap assessment within our Executive Advisory Body to support future recruitment

The Accountable Officer has 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 Internal Audit Directorate
- 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, the Accountable Officer confirms that reasonable systems of governance, risk management and internal control, consistent with the requirements of the Scottish Public Finance Manual (SPFM), have been developed and were operational over the year ended 31 March 2023 and up to the date of approval of the Annual Report and Accounts.

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 Social Security Directorate, undertake the work required to develop our new system in a safe and steady way.

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 highlighted the monetary value of fraud and error (this means the total estimated monetary value of overpayments and underpayments made by the Department) 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 2022-23, risks to the administering of Attendance Allowance, Disability Living Allowance, Carer's Allowance, Personal Independence Payment, Severe Disablement Allowance, Industrial Injuries Disablement Benefit were reviewed and managed within the Department for Work and Pensions in line with their other benefits.

Last year, the Department for Work and Pensions launched a robust Fraud Plan to drive down fraud and error across the benefits system. There is ongoing collaboration with Scottish Government and the Department for Work and Pensions to build in measures to prevent fraud. The Plan was backed by additional investment of over £900m collectively, with a target of delivering a total of £2.4bn of savings by 2024-25, growing to over £9.4bn by 2027-28 assuming funding continues. The intention is that further reductions in the rate of fraud and error loss over time will be secured as benefits are devolved to Scotland, to keep both qualifying and devolved benefits safe and to drive down the monetary value of fraud and error.

The work of the Directorate for Internal Audit and Assurance

Internal Audit provides independent 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 in turn, led to an overall assurance level of "Reasonable" being provided. As a maturing organisation this shows we are actively seeking to improve and enhance which is a clear indication of progress. The Internal Audit Annual Assurance Report 2022-23 is published on our Corporate Website

We continue to have a positive relationship with Internal Audit and are committed to ensuring Social Security Scotland delivers a high-quality service.

During 2022-23, Internal Audit undertook: 13 Assurance Reviews, 13 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 improving systems, and arrangements in relation to risk management, governance and controls. Internal audit reported that Social Security Scotland has a positive approach to accepting and implementing recommendations for improvement, and staff throughout Social Security Scotland actively engage with Internal Audit and other assurance providers. Social Security Scotland has continued to deliver existing benefits, bring in new staff and launch new benefits during the year. Internal Audit found that Social Security Scotland continues to demonstrate a strong positive culture. This is led by Senior Management providing a very positive 'tone at the top' which filters down through staff across the organisation.

Scrutiny is provided by our Audit and Assurance Committee to ensure we receive constructive feedback in addressing recommendations.

Internal Audit have identified required areas of improvements within Social Security Scotland from findings in their reports. These include improvements to management information provision to support key decisions. Improvements to training, guidance and gaps in processes were also identified to effectively deliver our benefits.

Through our proactive publishing approach, all our Internal Audit reports are published on our Corporate Website, 12 weeks after Audit and Assurance Committee meetings.

External Audit

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

A fee of £72,800 (2021-22: £70,000) 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.

Health Check Review

In June 2022 we undertook an independent health check review in conjunction with the Social Security Directorate gateway review. A range of recommendations were issued by the reviewer which we continue to progress with and report on progress to a range of governance groups.

The delivery confidence assessment rating of Amber/Green reflects the view of the review team that successful delivery of the aims of Social Security Scotland appear probable.

The review team considered that the development of the Agency has progressed well. The review team acknowledged that a range of significant issues will continue to manifest and require careful management and focussed attention. The positive relationship between the Agency and the Programme provides a solid basis for that to happen and to mitigate threats to the successful transition.

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.

Remuneration and Staff Report

The salaries of our staff, except the Executive Team who are Senior Civil Servants (pay band 1 and 2) and one seconded member, are determined by Scottish Government pay policy. This is informed by UK Government pay policy, public sector spending controls, and the need to recruit, retain and motivate staff.

The Scottish Government's Remuneration 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 or benefits in kind have been made):

Table 15 – Executive Team members' salary and pension details (Information subject to audit)

Single total figure of remuneration	Salary (£000)		Pension Benefits (£000)		Total (£000)	
	2022-23	2021-22	2022-23	2021-22	2022-23	2021-22
David Wallace Chief Executive	100-105	95-100	2	28	100-105	125-130
Miriam Craven Deputy Director of Strategy, Change, Data and Engagement (until 10 May 2022)	10-15 (80-85 full year equivalent)	80-85	7	25	20-25	105-110
Ally MacPhail Deputy Director of Strategy, Change, Data and Engagement (from 11 May 2022) Head of Corporate Services until 10 May 2022	80-85	75-80	17	31	95-100	105-110

Single total figure of remuneration	Salary (£000)		Pension Benefits (£000)		Total (£000)	
	2022-23	2021-22	2022-23	2021-22	2022-23	2021-22
Janet Richardson Deputy Director of Client Services Delivery	80-85	75-80	5	16	85-90	90-95
James Wallace Deputy Director of Finance and Corporate Services	80-85	75-80	22	27	100-105	100-105
Andy McClintock Chief Digital Information Officer	100-105	95-100	0 ²¹	25	100-105	120-125
Paul Knight Joint Chief Officer, Health and Social Care Operations (until 19 February 2023) ²² Chief Medical Advisor (from 20 February 2023)	65-70	45-50	N/A	N/A	65-70	45-50
Marie Farrell: Joint Chief Officer Health and Social Care Operations (until 19 February 2023) ²³	45-50 (50-55 full year equivalent)	55-60	N/A	N/A	50-55	55-60
Gayle Devlin: Interim Deputy Director of Health and Social Care Operations (from 20 February 2023) ²⁴	10-15 (80-85 full year equivalent)	N/A	3	N/A	15-20	N/A

²¹ Increase in pension due to extra service was not sufficient to offset the inflation increase, therefore in real terms the pension value has reduced, this is presented as nil above

²² As Paul Knight is not a member of any government pension schemes, only his salary is disclosed. He attends Executive Team and Executive Advisory Body on a regular basis in his capacity as Chief Medical Advisor and Caldicott Guardian.

²³ Marie Farrell was a contractor and therefore only remuneration is disclosed.

²⁴ Gayle Devlin was not a member of the Executive Team in 2021-22, therefore, no prior year comparative information is provided.

Single total figure of remuneration	Salary (£000)		Pension Benefits (£000)		Total (£000)	
	2022-23	2021-22	2022-23	2021-22	2022-23	2021-22
Leanne Carson Deputy Director of Social Security Programme (from 7 March 2023) ²⁵	5-10 (80-85 full year equivalent)	N/A	2	N/A	5-10	N/A

Table 16 – Executive Team members' pension details (Information subject to audit)

Pension Benefits	Accrued pension at pension age as at 31 March 2023 and related lump sum	Real Increase in pension and related lump sum at pension age	Cash Equivalent Transfer Value ²⁶		
			At 31 March 2023	At 31 March 2022	Real increase/ (decrease)
			£'000	£'000	£'000
David Wallace Chief Executive	45-50 Plus a lump sum of 80-85	0-2.5	801	727	(11)
Miriam Craven Deputy Director of Strategy, Change, Data and Engagement (until 10 May 2022)	25-30	0-2.5	360	352	4

²⁵ Leanne Carson joined the Social Security Scotland Executive Team on the 7 March 2023. Leanne is part of the Social Security Directorate and is paid by the Scottish Government.

²⁶ 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.

Pension Benefits	Cash Equivalent Transfer Value ⁷				
	Accrued pension at pension age as at 31 March 2023 and related lump sum	Real Increase in pension and related lump sum at pension age	At 31 March 2023	At 31 March 2022	Real increase/ (decrease)
	£'000	£'000	£'000	£'000	£'000
Ally MacPhail Deputy Director of Strategy, Change, Data and Engagement (from 11 May 2022) Head of Corporate Services until 10 May 2022	30-35	0-2.5	405	359	2
Janet Richardson Deputy Director of Client Services Delivery	40-45 Plus a lump sum of 90-95	0-2.5	917	823	(6)
James Wallace Deputy Director of Finance and Corporate Services	25-30	0-2.5	297	263	7
Andy McClintock: Chief Digital Information Officer	25-30	0-2.5	564	515	(17)
Gayle Devlin: Interim Deputy Director of Health and Social Care Operations (from 20 February 2023)	20-25	0-2.5	315	N/A	N/A
Leanne Carson Deputy Director of Social Security Programme (from 7 March 2023)	20-25	0-2.5	268	N/A	N/A

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

Table 17 – Non Executive Members’ Fees (Information subject to audit)

Member	Committees	2022-23 £'000	2021-22 £'000
Chris Creegan	Executive Advisory Body (Chair)	0-5	0-5
Elaine Noad (until 30 September 2022)	Audit and Assurance Committee Executive Advisory Body	0-5	0-5
Laura Brennan-Whitefield	Executive Advisory Body	0-5	0-5
Russell Frith	Audit and Assurance Committee (Chair) Executive Advisory Body	5-10	0-5
Naghat Ahmed	Audit and Assurance Committee Executive Advisory Body	0-5	0-5
Barry Matheson	Audit and Assurance Committee 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.

The remuneration of the Chief Executive was in the range £100,000 to £105,000 (2021-22: £95,000 to £100,000). This represents a 5.13% increase compared to prior year. This is 3.52 times (2021-22: 3.58 times) the median remuneration of the workforce, which was £29,102 (2021-22: £27,231). The table below discloses the median pay percentage ratio, alongside the 25th percentile pay ratio and the 75th percentile pay ratio. Prior year comparative information has also been provided:

Table 18 – Median Pay

2022-23	25th Percentile	Median pay	75th Percentile
Ratio	4.39:1	3.52:1	3.06:1
Salary	£23,335	£29,102	£33,520
2021-22	25th Percentile	Median pay	75th Percentile
Ratio	4.20:1	3.58:1	3.09:1
Salary	£23,233	£27,231	£31,542
Percentage increase/ (decrease) in ratio	4.5%	(1.7%)	(1.0%)

Remuneration across Social Security Scotland during 2022-23 was in the banded ranges from £20,000 – £25,000 to £100,000 – £105,000 (2021-22: banded ranges from £20,000 – £25,000 to £95,000 – £100,000). The movement in each pay ratio from the prior year is as a result of grade progression, and the 2022 pay award which was backdated to 1 April 2022.

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

For 2022-23, the daily rates for contractors ranged from £138 to £809 per day for 166 contractors across the financial year (2021-22: £161 to £1,190 per day for 171 contractors). The total cost of contractors for financial year 2022-23 was £15.7 million (2021-22: £15.2 million). The cost includes 20% irrecoverable VAT, as well as respective agency fees which vary from agency to agency.

For the year to the end of March 2023, we spent £111.1 million (2021-22: £52.7 million) on the salaries of our people. The average remuneration during 2022-23 for all employees increased by 5.46% compared to the prior year (£33,232 in 2022-23; £31,511 in 2021-22) which is due to pay award and the timing of employees joining the organisation. A breakdown of our staffing costs is available at Note 2 of the financial statements.

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 in the reporting year.

One member of staff retired on ill-health grounds in the reporting year.

There were no exit packages to disclose for 2022-23 (2021-22: no exit packages).

Further information on the details of the Civil Service pension arrangements is available at: www.civilservicepensionscheme.org.uk

The number of staff over the last two years were as follows:

Table 19 – Social Security Scotland workforce (Information subject to audit)

Headcount	2022-2023	2021-2022
Directly employed staff:		
Permanent	3,968	2,354
Temporary Workers	59	91
Total directly employed staff	4,027	2,445
Other Staff ²⁷	213	166
Total Headcount	4,240	2,611

²⁷ This includes temporary agency workers, consultants, contractor staff, interim managers, inward secondment, UK fast stream and short-term youth employment initiatives.

Table 20 – The number of employees broken down by grade and sex

Grade	Sex		
	Female	Male	Total
A3	759	511	1,270
A4	58	37	95
B1	963	552	1,515
B2	415	205	620
B3	166	151	317
C1	82	61	143
C2	20	28	48
C3	[c]	6	[c]
Graduate Development Programme	[c]	0	[c]
SCS - Deputy Director 1	2	3	5
SCS – Director	0	1	1
Total	2,472	1,555	4,027

Further information is available in our Workforce Information report.

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

Our staff policies are the same as those of the Scottish Government. Their aim is to make staff feel comfortable, valued and free to contribute to the best of their ability. We are an equal 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 staff are treated equally irrespective of their sex, marital/civil partnership status, maternity/paternity status, age, race, ethnic origin, sexual orientation, disability, religion or belief, working pattern, employment status, gender identity, caring responsibilities, or trade union membership.

Table 21 – employee engagement people survey results

Year	Employee engagement
2021	79%
2022	78%

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

Our 2022 Employee Engagement Index score was 78%, notably higher than the Civil Service median of 65%. Despite the organisation's considerable growth over the past year our engagement score has remained the second highest engagement score in the Civil Service Survey, in which 102 organisations took part.

Trade Union Disclosure

Social Security Scotland had fourteen employees who were relevant trade union officials during 2022-23.

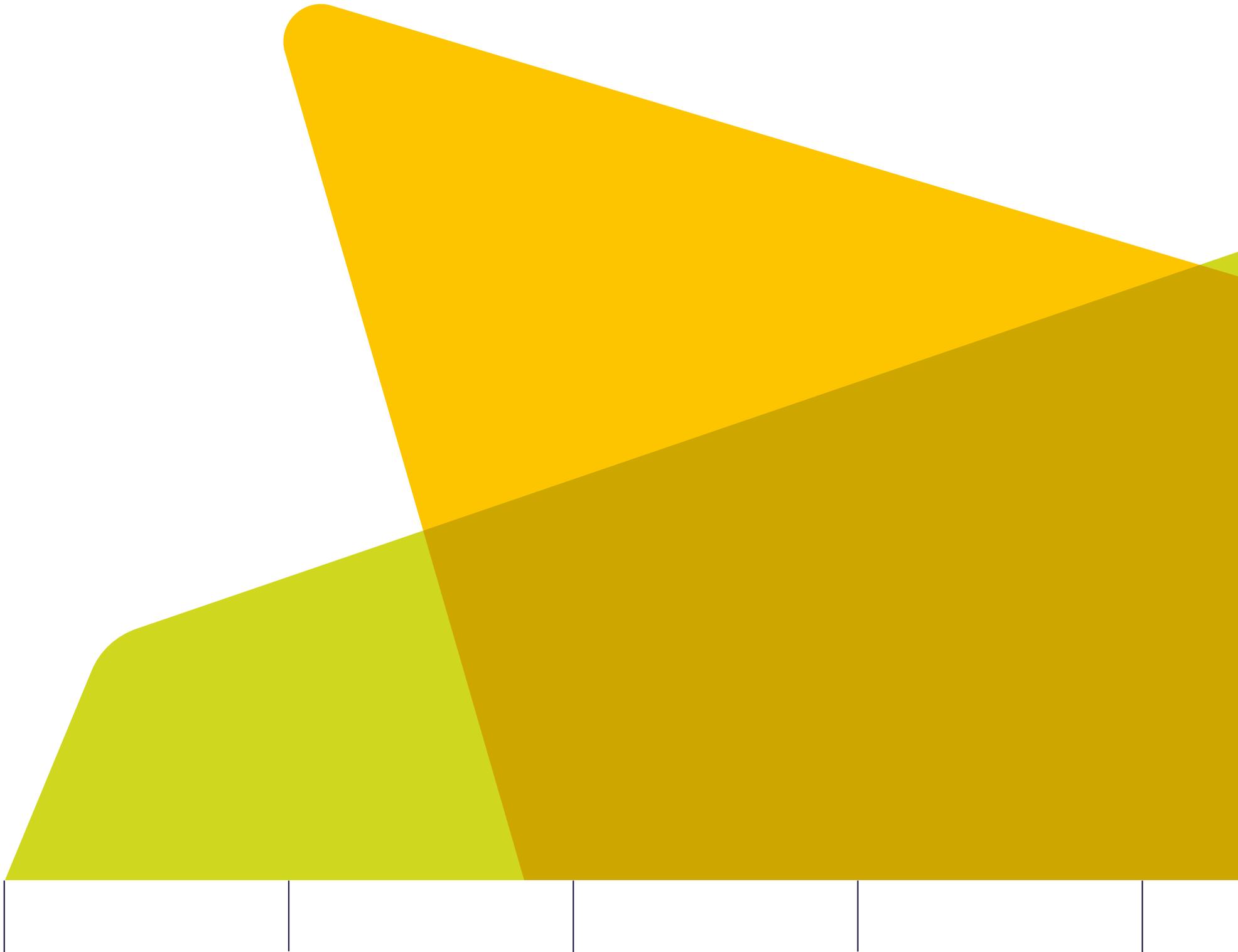
Trade Union Time Regulations 2017 came into force on 1 April 2017. The regulations place a requirement on public sector employers to publish information relating to facility time taken by union representatives.

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. As an organisation, Social Security Scotland is part of the Scottish Government main bargaining arrangements.

Sickness Absence Data

Table 22 – Sickness absence data

		2021-22	2022-23
Average Working Days Lost	Long-Term	2.5	2.8
	Short-Term	3.5	3.6
	Total	6.0	6.4



Parliamentary Accountability Report

We spent £261.6 million on operating expenditure which was £0.6 million lower than our operating expenditure budget. This was as a result of Formal Agreement charges from the Department for Work and Pensions being lower than anticipated.

We spent £7.3 million on capital which was in line with our budget allocation.

Operating Expenditure	Budget £million	Expenditure £million	(Under)/Over budget £million
Operating Budget (Fiscal resource)	262.2	261.6	(0.6)
Capital	7.3	7.3	0.0
Total Operating Expenditure	269.5	268.9	(0.6)
Non-cash items:			
Depreciation	5.5	5.2	(0.3)
Total	275.0	274.1	(0.9)

We spent £4,043.6 million on demand led benefit expenditure which was £6.7 million above budget:

Social Security Assistance	Budget £million	Expenditure £million	(Under)/Over budget £million
Delivered by Social Security Scotland			
Carer's Allowance Supplement	44.3	43.9	(0.4)
Best Start Grant	20.5	20.8	0.3
Best Start Foods	13.0	12.6	(0.4)
Funeral Support Payment	11.8	9.8	(2.0)
Young Carer Grant	0.9	0.8	(0.1)
Job Start Payment	0.3	0.2	(0.1)
Scottish Child Payment	226.3	213.2	(13.1)
Child Winter Heating Assistance	5.6	5.7	0.1
Child Disability Payment	191.7	214.8	23.1
Adult Disability Payment	86.9	99.4	12.5
Winter Heating Payment	21.4	19.8	(1.6)
Sub Total	622.7	641.0	18.3

Delivered through Agency Agreements with the Department for Work and Pensions

	Budget £million	Expenditure £million	(Under)/Over Budget £million
Carer's Allowance	311.7	314.0	2.3
Attendance Allowance	540.0	553.6	13.6
Disability Living Allowance ²⁸	516.9	523.8	6.9
Personal Independence Payment Severe	1,960.3	1,927.2	(33.1)
Disablement Allowance Industrial Injuries	6.0	6.0	0.0
Disablement Benefit	79.3	78.0	(1.3)
Sub Total	3,414.2	3,402.6	(11.6)
TOTAL BENEFIT EXPENDITURE	4,036.9	4,043.6	6.7
Provision for Benefit Underpayments ²⁹	0.0	3.7	3.7
Benefit Overpayment Impairment Writeback ³⁰	2.0	(7.7)	(9.7)
TOTAL	4,038.9	4,039.6	0.7

Social security assistance spend is forecast by the Scottish Fiscal Commission which informs the budgets that are set by the Scottish Parliament. The Commission also provides detailed analysis on reasons why benefit expenditure differs from forecast in its annual Forecast Evaluation Report.³¹

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. There are no remote contingent liabilities to report. More information is provided in the Financial Statements (pages 71 – 97)

²⁸ Disability Living Allowance includes the adult and child elements.

²⁹ Provision for benefit underpayments funded by Annually Managed Expenditure non-cash budget – This is in relation to a Legal Entitlement and Administrative Practices (LEAP) review being conducted by the Department for Work and Pensions.

³⁰ The benefit overpayment impairment writeback is as a result of the methodology change following a full review of the Department for Work and Pensions impairment model.

³¹ The Scottish Fiscal Commission's Forecast Evaluation Report (<https://www.fiscalcommission.scot/publications/forecast-evaluation-report-august-2023/>) compares actual spending against the original Budget voted by the Scottish Parliament and does not take account of later budget revisions during the year.

Regularity of Expenditure

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. 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

Table 23 – Losses and Special Payments³²

	Year to 31 March 2023 £million	Year to 31 March 2022 £million
	Total	Total
Best Start Grant: Pregnancy and Baby Payment	0.001	0.000
Best Start Grant: Early Years Payment	0.000	0.000
Scottish Child Payment	0.002	0.003
Child Winter Heating Assistance	0.000	0.005
Child Disability Payment	0.015	0.004
Adult Disability Payment	0.001	0.000
Sub Total	0.019	0.012
Losses documented by Internal Investigations ³³	0.050	0.000
Total	0.069	0.012

³² Ex-gratia and ex-statutory payments made to clients

³³ Refers to estimated values of 2 cases outlined in the Fraud Arrangements section. No value was identified in 2021-22 due to investigations still ongoing.

Fraud Arrangements

Social Security Scotland has zero tolerance towards fraud, bribery and corruption and we operate the Scottish Government's whistleblowing policy. We have clear policies regarding acceptable level of gifts and hospitality, both given and received. We ensure all staff are aware of their obligations under the Civil Service Code and their conditions of employment.

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

We have a Counter Fraud Strategy³⁴ 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.

Social Security Scotland's Counter Fraud response delivers services across Intelligence Management, Investigations (external, internal and covert), and Fraud and Error Risk Analysis and Controls. These teams have the skillsets, experience and resources to undertake all aspects of fraud identification through to detection and reporting where appropriate to the Crown Office and Procurator Fiscal.

Our work is governed by the Statutory Code of Practice for Investigations and supported by the provisions made in the Social Security Assistance (Investigation of Offences) (Scotland) Regulations 2020. We ensure that staff engaged in Counter Fraud work receive the appropriate training to ensure a consistent professional standard across our work.

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

There is an ongoing programme of work to raise awareness of the risk of fraud with all our staff. This includes role specific presentation sessions and advice and guidance tailored to individual incidents. This work is supported by a network of Counter Fraud Champions across Social Security Scotland who engage directly with Counter Fraud teams. This network has increased visibility of counter fraud work, and improved our ability to gather fraud intelligence and identify fraud risks and trends, enabling development of preventative strategies and tactics for deployment.

During 2022-23, the Internal Investigations team progressed a number of allegations of internal fraud/theft, and unauthorised data access. Full investigations were conducted and reports of findings passed for progress under disciplinary procedures where appropriate.

One such investigation identified losses relating to Information Technology equipment. The investigation identified missing hardware with an estimated value of £38,000. Two related instances of suspected theft have been identified. Referrals to Police Scotland have been made and investigations are ongoing.

Error

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

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

³⁴ Social Security Scotland Counter Fraud Strategy

For those benefits administered by Department for Work and Pensions under agency agreements the following errors were detected:

Table 24 – Errors detected in the Department for Work and Pensions administered cases

	Year to 31 March 2023 £million	Year to 31 March 2022 £million
	Total errors detected	Total errors detected
Carer's Allowance	2.017	1.522
Attendance Allowance	3.941	2.750
Disability Living Allowance	1.539	0.916
Personal Independence Payment	1.534	1.229
Industrial Injuries Disablement Benefit	0.027	0.064
Severe Disablement Allowance	0.004	0.009
Total	9.062	6.490

Social Security Scotland has a centralised service tasked with identification and correction of official and client induced errors, associated trend analysis and continuous improvement feedback. In addition to correcting erroneous case referrals, this service also proactively looks for instances of error in the benefit caseload, through random sampling exercises and targeted data mining. Our levels of detected error are lower than those of the Department for Work and Pensions as we continue to develop our capabilities. A detailed report on the estimated official error for Scottish Child Payment was published in October 2023.

Table 25 – Errors detected in Social Security Scotland administered cases³⁵

	Year to 31 March 2023 £million	Year to 31 March 2022 £million
	Total errors detected	Total errors detected
Best Start Grants	0.101	0.072
Best Start Foods	0.184	0.200
Funeral Support Payment	0.005	0.000
Scottish Child Payment	0.335	0.033
Child Winter Heating Assistance	0.000	0.005
Child Disability Payment	0.030	0.000
Adult Disability Payment	0.022	0.000
Total	0.677	0.310

³⁵ No prior year figures available for Adult Disability Payment, Child Disability Payment or Funeral Support Payments

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 increases the cost of benefits to the public purse and may take resource away from other priorities, so we continue to give this focus. We are developing arrangements, please see the Governance Statement on page 49 for more details.

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.

Table 26 – Client Errors detected in Social Security Scotland administered cases

	Year to 31 March 2023 £million
	Total errors detected
Best Start Grants	0.004
Best Start Foods	0.053
Scottish Child Payment	0.238
Total	0.295



David Wallace
Chief Executive and Accountable Officer, Social Security Scotland

10 October 2023



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 2023 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 significant accounting policies. 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 2022/23 Government Financial Reporting Manual (the 2022/23 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 2023 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 2022/23 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 £4.0 billion, of which £3.4 billion was administered by the Department for Work and Pensions under an agency agreement with the Scottish Ministers, as detailed in note 4 of the accounts. The basis of entitlement to these benefits is set out in Sections 64-76 and 94-101 of the Social Security Contributions and Benefits Act 1992, and Part 4 of the Welfare Reform Act 2012.

As set out within note 19 of the accounts, there are estimated overpayments of £60.7 million paid to Scottish residents as a result of fraud and error. This is based on estimates by the Department for Work and Pensions that overpayments as a result of fraud and error in relation to each type of benefit ranges between 1.1% and 5.2%. Overpayment as a result of fraud and error means the expenditure was not incurred in accordance with legislation specifying benefit entitlement. The expenditure is therefore irregular. I consider this level of overpayments to be material to my opinion on regularity. I have therefore qualified my opinion on regularity because the expenditure resulting from such overpayments was not incurred in accordance with the applicable enactments. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Responsibilities for regularity

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

Reporting on other requirements

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

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

Other information

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

My responsibility is to read all the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the course of the audit or otherwise appears to be materially misstated.

If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon except on the Performance Report and Governance Statement to the extent explicitly stated in the following opinions prescribed by the Auditor General for Scotland.

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

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

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

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

Matters on which I am required to report by exception

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

- adequate accounting records have not been kept; or
- the financial statements and the audited parts of the Remuneration and Staff Report are not in agreement with the accounting records; or
- I have not received all the information and explanations I require for my audit.

I have nothing to report in respect of these matters.

Conclusions on wider scope responsibilities

In addition to my responsibilities for the annual report and accounts, my conclusions on the wider scope responsibilities specified in the Code of Audit Practice are set out in my Annual Audit Report.

Use of my report

This report is made solely to the parties to whom it is addressed in accordance with the Public Finance and Accountability (Scotland) Act 2000 and for no other purpose. In accordance with paragraph 108 of the Code of Audit Practice, I do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.



Pauline Gillen
Audit Director

4th Floor
8 Nelson Mandela Place
Glasgow
G2 1BT

10 October 2023

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 2023

	Note	Year to 31 March 2023 £million	Year to 31 March 2022 £million
Administration costs			
Staff Costs	2	172.6	91.7
Other Administration costs	3	35.1	26.7
Formal Agreements with the Department for Work and Pensions	3	59.1	76.5
Total Administration costs		266.8	194.9
Programme costs			
Benefit Expenditure	4	4,039.6	3,483.9
Total Programme costs		4,039.6	3,483.9
Total comprehensive net operating costs for the year to 31 March 2023		4,306.4	3,678.8

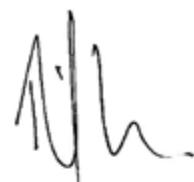
The above results relate to continuing activities

The notes on pages 75 to 97 form part of these accounts.

Statement of Financial Position as at 31 March 2023

	Note	31 March 2023 £million	31 March 2022 as Restated £million
Non-current assets			
Plant and equipment	5	12.9	12.4
Intangible Assets	6	9.0	4.2
Right of use Assets	7	33.0	0.0
Trade and other receivables	9	18.3	18.3
Total Non-Current Assets		73.2	34.9
Current assets			
Trade and other receivables	9	20.3	17.8
Cash and cash equivalents	10	41.5	25.9
Total Current Assets		61.8	43.7
Total Assets		135.0	78.6
Current liabilities			
Trade and other payables	11	(285.0)	(180.6)
Lease liabilities	8	(2.7)	0.0
Provisions	12	(1.3)	0.0
Total Current Liabilities		(289.0)	(180.6)
Total Assets less Current Liabilities		(154.0)	(102.0)
Non-current liabilities			
Lease liabilities	8	(28.7)	0.0
Provisions	12	(4.2)	0.0
Total Non-Current Liabilities		(32.9)	0.0
Total liabilities		(321.9)	(180.6)
Total assets less Total Liabilities		(186.9)	(102.0)
Taxpayers' equity			
General Fund	SoCTE	(186.9)	(102.0)
Total taxpayers' equity		(186.9)	(102.0)

David Wallace
Chief Executive and
Accountable Officer,
Social Security Scotland



10 October 2023

The notes on page 75-97 form part of these accounts

Statement of Cash Flows for the year to 31 March 2023

	Note	31 March 2023 £million	31 March 2022 as Restated £million
Cash flow from operating activities			
Net Operating Costs for the year	SoCNE	(4,306.4)	(3,678.8)
Adjustment for non-cash transactions	3,5,6,7	5.9	1.6
(Increase) in other receivables	9	(2.5)	(1.3)
Increase/(decrease) in payables	11	103.1	(80.2)
Increase in provisions	12	5.5	0.0
Net cash outflow from operating activities		(4,194.4)	(3,758.7)
Cash flow from investing activities			
Purchase of Property, Plant and Equipment	5	(2.4)	(9.9)
Purchase of Property, Plant and Equipment (non-cash)	12	(1.8)	0.0
Purchase of Intangibles	6	(4.9)	(4.2)
Movement in Capital Creditors	11	1.2	1.1
Net cash outflow from investing activities		(7.9)	(13.0)
Cash flow from financing activities			
From Scottish Consolidated Fund	SoCTE	4,221.1	3,754.0
Repayment of principal on Right of Use Lease Assets		(3.2)	0.0
Net Financing		4,217.9	3,754.0
Net increase/(decrease) in cash and cash equivalents in the year		15.6	(17.7)

Statement of Changes in Taxpayer's Equity for the year to 31 March 2023

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

Prior year information

Statement of Changes in Taxpayer's Equity for the period to 31 March 2022

	Note	General Fund as Restated £million
Balance at 1 April 2021		(177.6)
Net operating costs for the year and total recognised expense for 2021-22	SoCNE	(3,678.8)
Non-cash charges – auditors' remuneration		0.4
Funding from Scottish Government		3,754.0
Balance at 31 March 2022		(102.0)

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 2022-23 Government Financial Reporting Manual³⁶
- 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 8³⁷. The policies and techniques have been applied consistently in dealing with items considered material in relation to the accounts. The financial statements are prepared in Pound Sterling (GBP £), which is Social Security Scotland's functional currency. A transaction which is denominated in a foreign currency is translated into the functional currency at the spot exchange rate on the date of the transaction.

1.2 Accounting standards, interpretations and amendments

We have adopted all International Financial Reporting Standards, International Accounting Standards (IAS), International Financial Reporting Interpretations Committee (IFRIC) interpretations and amendments to published standards that were effective at 31 March 2023. We have also taken into account the specific interpretations and adaptations included in the Financial Reporting Manual.

1.3 Accounting Standards Issued, not yet adopted

International Financial Reporting Standard 17 (Insurance Contracts) is expected to be effective from 1 April 2023. It replaces International Financial Reporting Standard 4 (Insurance Contracts). Guidance has yet to be issued to government departments on the interpretation of this standard. We do not expect that there will be any impact on our accounts.

1.4 Accounting convention

These financial statements are prepared on an accrual basis under the historical cost convention modified to account for the revaluation of property, plant and equipment, and intangible assets where material.

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.

The Statement of Financial Position for 2022-23 shows the taxpayers' equity as a liability of £186.9 million. This has arisen as a result of the requirement to account for our activities on an accruals basis, whilst recording funding from the Scottish Government on a cash basis. Our funding for 2023-24 has been approved by the Scottish Parliament. The funding position for 2024-25 onwards, is included within the Scottish Government's Spending Review.

1.6 Accounting estimation techniques

The assets, liabilities, income and expenditure shown in these financial statements are prepared by making judgements, estimates and assumptions. The area where there is the highest degree of complexity is in relation to the impairment of benefit receivables. The Department for Work and Pensions maintains a model that calculates impairment for its benefits. Following a detailed review of the Department for Work and Pensions' debt collection performance, including the development of additional data sources to understand trends in debts and recoveries, the approach to calculate expected credit loss has been updated.

³⁶ The Financial Reporting Manual applies International Financial Reporting Standards as adapted or interpreted for the public sector context

³⁷ International Accounting Standard 8 - Accounting Policies, Changes in Accounting Estimates and Errors

The Department for Work and Pensions have updated the measurement approach using the newly developed information sources and this methodology is replicated for Social Security Scotland as there is no access to the level of information required to maintain our own model. There has been a reduction in impairment of receivables since last year as a result of this more detailed modelling. 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 this time.

1.7 Property, Plant and Equipment

These assets are accounted for as non-current assets as they are not deemed to be held for sale. Social Security Scotland does not own any land or buildings; office accommodation in Glasgow and Dundee is occupied under the terms of lease agreements. 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 International Financial Reporting Standard 13.

Depreciation is provided, in the year following transfer or purchase, at rates calculated to write off the cost, less estimated residual value, of each asset evenly over its expected useful life as follows:

Class	Years
Information technology	3-5
Office equipment	5
Fixtures and fittings	10
Leasehold improvements	Shorter of asset life or lease term

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

1.8 Intangible assets

These assets are capitalised under IAS 38 if expenditure is greater than £5,000. They are primarily our case management system licences and cloud infrastructure, and not Software-As-A-Service arrangements. An asset under construction also exists which relates to our hosting platform which is still under development. Intangible assets recognised by the organisation are valued at historic cost and amortised as follows:

Class	Years
Information Technology Infrastructure	5
Software Licences (finite time period – greater than 12 months)	Length of licence
Software Licences (indefinite time period)	10

The hosting platform used by Social Security Scotland continues to be developed in conjunction with the Scottish Government's Social Security Directorate. Historic spend on the hosting platform, and other Information Technology assets, will transfer to Social Security Scotland as the management of those processes transfer across from the Social Security Directorate.

1.9 Benefit payments recognition

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 then been applied to the data from the Department for Work and Pensions systems using postcodes when determining residency. Social Security Scotland recognises the cost of benefit payments as follows:

Carer's Allowance, 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. Processes are in place with the Department for Work and Pensions Central Payment System to account for these payments in Scotland. There are accounting adjustments on a monthly basis for identified overpayments, accruals and prepayments along with a final year end adjustment.

Carer's Allowance Supplement – payments are made (twice yearly) and at the year-end for payments we anticipate making in a future payment run relating to backdated claims that are approved following the processing of any Carer Allowance backlogs or appeals.

Best Start Foods – payments are made every 4 weeks via a third party. This is accounted for on a cash basis.

Child Winter Heating Assistance – payments are made annually to clients in receipt of the highest rate of Disability Living Allowance and Child Disability Payment.

Best Start Grant, Funeral Support Payment, Young Carer Grant, Job Start Payment, Scottish Child Payment, Child Disability Payment and Adult Disability Payment – When an application is approved and authorised this will be recognised based on the application date. At the year-end we will accrue for claims paid in April that had an application date in March or earlier.

Winter Heating Payment – payments are made annually to clients in receipt of qualifying low income benefits.

1.10 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 minimal and are not subject to impairment reviews.

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.

1.11 Financial assets and liabilities

Assets held by Social Security Scotland have been classified as trade and other receivables and prepayments. 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. The majority of financial instruments relate to contracts to buy non-financial items in line with Social Security Scotland's expected purchase and usage requirement; Social Security Scotland is therefore exposed to little credit, liquidity or market risk.

As at 31 March 2023 Social Security Scotland has no significant exposure to foreign currency risk.

1.12 Benefits receivable

Benefits receivable are recognised when an assessment of the associated case has determined that an overpayment has been made. Most of these relate to benefits administered by the Department for Work and Pensions, through Agency Agreements and Social Security Scotland relies on the Department for Work and Pensions to identify these overpayments. Social Security Scotland does not account for omitted or potential debt.

1.13 Employee benefits – short term

Salaries, wages and employment-related payments are recognised in the year in which the service is received from employees. The cost of annual leave and flexible working time entitlement earned but not taken by employees at the end of the year is recognised in the financial statements to the extent that employees are permitted to carry-forward leave into the following year.

1.14 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, but Social Security Scotland is unable to identify its share of the underlying liabilities.

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. Early severance payment obligations are expensed in the year in which the employee leaves.

1.15 Leases

Leases are accounted for under IFRS 16 which was adopted from 1st April 2022. 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 the scope of IFRS 16 to include arrangements with £nil consideration.

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 (these are determined to be in line with capitalisation thresholds on property, plant and equipment, except vehicles which have been deemed to be not of low value); and
- leases with a lease term of 12 months or less

Initial Recognition

At the inception of a contract, we assess whether a contract is, or contains, a lease. A contract is, or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time. This includes assets for which there is no consideration. To assess whether a contract conveys the right to control the use of an identified asset, we assess whether:

- the contract involves the use of an identified asset;
- we have the right to obtain substantially all of 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

All our leases were in place prior to our adoption of IFRS16. At the commencement of a lease (or the IFRS 16 transition date, if later), 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 cost measurement model can be used for the majority of leases except for those which meet both of the following:

- a longer term lease that has no provisions to update lease payments for market conditions or if there is a significant period of time between those updates; and
- the fair value or current value in existing use of the underlying asset is likely to fluctuate significantly due to changes in market prices

As all our property leases include the requirement for regular rent reviews, the first condition above is not met. Therefore, we have applied the cost measurement model.

The right of use asset is depreciated using the straight-line method from the commencement date to the earlier of a) the end of the useful life of the right of use asset or b) the end of the lease term. The estimated useful lives of the right of use assets are determined on the same basis as those of property, plant and equipment assets.

Lease Liabilities

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease, or if that cannot be readily determined, the rate provided by HMT. When measuring the lease liabilities, we discounted the lease payments using the rate of 0.95%.

Lease payments included in the measurement lease liability comprise of the following:

- fixed lease payments (which are 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
- when the lease liability is re-measured, a corresponding adjustment is made to the right of use asset or recorded in the SoCNE, if the carrying amount of the right of use asset is £nil

At inception or on reassessment of a contract that contains a lease component, Social Security Scotland allocates the consideration in the contract to each lease component on the basis of the relative standalone prices. We assess whether it is reasonably certain to exercise break options or extension options at the lease commencement date.

We reassess this if there are significant events or changes in circumstances that were not anticipated.

Operating Leases

These costs are treated as operating leases and charged to the Statement of Comprehensive Net Expenditure. We have operating leases for photocopiers and short term leases for premises.

1.16 Provisions

IAS 37 Provisions, Contingent Liabilities and Contingent Assets applies in full, whereby provisions are made for legal or constructive obligations which are of uncertain timing or amount at the statement of financial position date. Provisions reflect the best estimate of the expenditure required to settle the obligation.

Benefit provisions for underpayments arise from ongoing legal cases or from internal procedures such as Legal Entitlement and Administrative Practices (LEAP) at the Department for Work and Pensions or Scottish Administrative Exercises in Scotland. These provisions are estimated using data provided by analysts which is based on sampling and other analytical data.

1.17 Contingent liabilities

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

1.18 Value Added Tax

Operating Costs are stated net of value added tax where it is recoverable. Social Security Scotland is registered for value added tax as part of the Scottish Government which is responsible for recovering value added tax from HM Revenue and Customs.

1.19 Segmental Reporting

We report on three segments – Administration costs, Formal Agreements with the Department for Work and Pensions and Programme costs. Administration costs, which are detailed in notes 2 and 3 excluding Formal Agreement costs (£35.1 million in 2022-23), reflect the costs of running Social Security Scotland and include staff costs as well as accommodation, services and supplies. Charges in relation to Formal Agreements with the Department for Work and Pensions are also included in Note 3 (£59.1 million in 2022-23). Programme costs, which are detailed in Note 4 (£4,039.6 million in 2022-23) reflect the cost of benefit payments. Overpayments of benefits administered by the Department for Work and Pensions under Agency Agreements attract civil and administrative penalties under the Department for Work and Pensions policy; these have been netted against the benefit cost.

2 Staff Costs

	Year to 31 March 2023 £million	Year to 31 March 2022 £million
Wages and salaries	111.1	52.7
Overtime	1.2	0.5
National insurance costs	11.1	5.0
Pension costs	29.7	13.7
Total permanent employee costs	153.1	71.9
Interim workers	19.5	19.8
Total staff costs as at 31 March	172.6	91.7

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 Remuneration and Staff report on page 53.

Our total headcount numbers of 4,027 is an increase of 1,582 (2021-22: 2,445).

3 Other administration costs

	Note	Year to 31 March 2023 £million	Year to 31 March 2022 £million
Cash Items			
Operating leases ³⁸		0.0	3.4
Office operating costs		6.5	4.1
Office accommodation		3.8	4.6
Supplies and services		3.4	3.4
Travel, subsistence and staff related costs		0.6	0.1
Training		0.5	0.3
Scottish Government shared service recharges		7.5	4.0
Auditor's remuneration – Internal Audit		0.3	0.3
Information Technology Systems		6.6	5.0
Sub-total: Cash Items		29.2	25.2
Non-Cash Items			
Auditor's remuneration – External Audit	14	0.4	0.4
Depreciation	5,6,7	5.2	1.1
Lease Interest		0.3	0.0
Sub-total: Non-Cash Items		5.9	1.5
Total Administration Costs (excluding Formal Agreements)		35.1	26.7
Formal Agreements with the Department for Work and Pensions		59.1	76.5
Total Administration Costs		94.2	103.2

Formal Agreements with the Department for Work and Pensions largely relates to the Agency Agreements where they are still administering our benefits. These costs continue to reduce as Social Security Scotland fully administer benefits in line with the Social Security Programme plan. It also includes £72,800 (2021-22: £70,000) in relation to audit services provided by the National Audit Office.

38 £38,000 of expenditure was incurred in relation to Operating Leases in 2022-23, which falls below the reporting threshold

4 Programme costs

Benefit expenditure	Start date	Year to 31 March 2023 £million	Year to 31 March 2022 £million
Delivered through Agency Agreements with the Department for Work and Pensions			
Carer's Allowance	3 Sept 18	314.0	293.6
Attendance Allowance	1 April 20	553.6	515.4
Disability Living Allowance	1 April 20	523.8	686.1
Personal Independence Allowance	1 April 20	1,927.2	1,738.9
Severe Disablement Allowance	1 April 20	6.0	6.6
Industrial Injuries Disablement Benefit	1 April 20	78.0	80.2
Provision for Benefit Underpayments ³⁹		3.7	0.0
Impairment writeback of benefit overpayments ⁴⁰		(7.7)	(0.5)
		3,398.6	3,320.3
Delivered by Social Security Scotland⁴¹			
Carer's Allowance Supplement	14 Sept 18	43.9	57.6
Best Start Grant – Pregnancy and Baby	10 Dec 18	7.4	6.1
Best Start Grant – Early years	29 April 19	7.4	3.7
Best Start Grant – School age	3 June 19	6.0	4.5
Best Start Foods	12 August 21	12.6	13.8
Funeral Support Payment	16 Sept 19	9.8	10.3
Young Carer Grant	21 Oct 19	0.8	0.8
Job Start Payment	17 Aug 20	0.2	0.9
Scottish Child Payment	15 Feb 21	213.2	55.9
Child Winter Heating Assistance	27 Sep 20	5.7	4.9
Child Disability Payment	26 Jul 21	214.8	5.2
Adult Disability Payment	21 Mar 22	99.4	0.0
Winter Heating Payment	Feb 23	19.8	0.0
		641.0	163.6
Total		4,039.6	3,483.9

³⁹ Provision for benefit underpayments funded by Annually Managed Expenditure non-cash budget – This is in relation to a Legal Entitlement and Administrative Practice (LEAP) review being conducted by the Department for Work and Pensions.

⁴⁰ The benefit overpayment impairment writeback is as a result of the methodology change following a full review of the Department for Work and Pensions impairment model.

⁴¹ These figures have been prepared on an accruals' basis in line with our accounting policy, where benefit payments are recognised from the date of application. This is a different methodology to that used in statistical reporting and as a result there may be differences in the values reported for a given time period.

5a Plant and Equipment – Current Year

	Plant and Equipment £million	Fixtures and Fittings £million	IT Equipment £million	Leasehold Improvements £million	Vehicles £million	Assets Under Construction £million	Total at 31 March 2023 £million
Cost or Valuation as at 1 April 2022	0.1	1.8	4.4	5.4	0.0	2.3	14.0
Additions	0.0	0.1	0.7	1.5	0.1	0.0	2.4
Disposals	0.0	0.0	(0.1)	0.0	0.0	0.0	(0.1)
Transfers	0.0	0.0	0.7	1.5	0.0	(2.2)	0.0
Adjustments	0.0	0.0	0.0	0.0	0.0	0.0	0.0
As at 31 March 2023	0.1	1.9	5.7	8.4	0.1	0.1	16.3
Depreciation as at 1 April 2022	0.0	0.0	1.6	0.0	0.0	0.0	1.6
Charged in year	0.0	0.2	1.3	0.4	0.0	0.0	1.9
Disposals	0.0	0.0	(0.1)	0.0	0.0	0.0	(0.1)
Adjustments	0.0	0.0	0.0	0.0	0.0	0.0	0.0
As at 31 March 2023	0.0	0.2	2.8	0.4	0.0	0.0	3.4
Net Book Value	0.1	1.7	2.9	8.0	0.1	0.1	12.9

5b Plant and Equipment – Prior Year

	Plant & Equipment £million	Fixtures & Fittings £million	IT Equipment £million	Leasehold Improvements £million	Assets Under Construction £million	Total at 31 March 202 £million
Cost or Valuation as at 1 April 2021	0.1	0.3	3.3	0.7	0.0	4.4
Additions	0.0	1.5	1.4	4.7	2.3	9.9
Disposals	0.0	0.0	(0.1)	0.0	0.0	0.1
Adjustments	0.0	0.0	(0.2)	0.0	0.0	(0.2)
As at 31 March 2022	0.1	1.8	4.4	5.4	2.3	14.0
Depreciation as at 1 April 2021	0.0	0.0	0.7	0.0	0.0	0.7
Charged in year	0.0	0.0	1.1	0.0	0.0	1.1
Disposals	0.0	0.0	(0.1)	0.0	0.0	(0.1)
Adjustments	0.0	0.0	(0.1)	0.0	0.0	(0.1)
As at 31 March 2022	0.0	0.0	1.6	0.0	0.0	1.6
Net Book Value	0.1	1.8	2.8	5.4	2.3	12.4

6a Intangible Assets – Current Year

	Software Licences £million	Asset Under Development £million	Total at 31 March 2023 £million
Cost or Valuation as at 1 April 2022	1.0	3.2	4.2
Additions	1.6	3.3	4.9
Adjustments	0.0	0.0	0.0
Transfers	0.0	0.0	0.0
Disposals	0.0	0.0	0.0
As at 31 March 2023	2.6	6.5	9.1
Depreciation as at 1 April 2022	0.0	0.0	0.0
Charge in year	0.1	0.0	0.1
Adjustments	0.0	0.0	0.0
Disposals	0.0	0.0	0.0
As at 31 March 2023	0.1	0.0	0.1
Net Book Value at 31 March 2023	2.5	6.5	9.0

6b Intangible Assets – Prior Year

	Software Licences £million	Asset Under Development £million	Total at 31 March 2022 £million
Cost or Valuation as at 1 April 2021	0.0	0.0	0.0
Additions	1.0	3.2	4.2
Adjustments	0.0	0.0	0.0
Transfers	0.0	0.0	0.0
As at 31 March 2022	1.0	3.2	4.2
Depreciation as at 1 April 2021	0.0	0.0	0.0
Charge in year	0.0	0.0	0.0
As at 31 March 2022	0.0	0.0	0.0
Net Book Value at 31 March 2022	1.0	3.2	4.2

7 Right of Use Assets

	Property Leases £million	Total at 31 March 2023 ⁴² £million
Initial Recognition at 1 April 2022	34.4	34.4
Additions	1.8	1.8
As at 31 March 2023	36.2	36.2
Depreciation as at 1 April 2022	0.0	0.0
Charged in year	3.2	3.2
As at 31 March 2023	3.2	3.2
Net Book Value	33.0	33.0

As this is the first year of adoption of International Reporting Standard 16: Leases, there is no prior year information available.

42 In addition to property leases there were non-property leases initially recognised at 1 April 2022 at £0.006 million. These were fully depreciated during 2022-2023 and have nil Net Book Value as at 31 March 2023.

8 Lease Liabilities

Obligations under leases for the following periods comprise:

	Lease Payments £million	Total £million
Property		
Not later than 1 year	3.0	3.0
Later than one year and not later than 5 years	13.1	13.1
Later than 5 years	17.3	17.3
Less Interest	(2.0)	(2.0)
Present Value of Obligations	31.4	31.4
Current – Lease Creditors	2.7	2.7
Non-Current – Lease Creditors	28.7	28.7

As this is the first year of adoption of International Reporting Standard 16: Leases, there is no prior year information available.

9 Trade and Other Receivables

	As at 31 March 2023 £million	As at 31 March 2022 £million
Amounts falling due within one year		
Benefit overpayments	6.9	5.6
The Department for Work and Pensions debtor	0.4	1.2
Other debtors	0.4	0.3
Prepayments	15.0	14.3
Less impairment writeback on benefit overpayments	(2.4)	(3.6)
Net receivables due within one year	20.3	17.8
Amounts falling due more than one year		
Benefit overpayments	26.9	33.5
Less impairment writeback on benefit overpayments	(8.6)	(15.2)
Net receivables due more than one year	18.3	18.3
Total net receivables	38.6	36.1

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 2023 for entitlement periods in the following financial year.

10 Cash and cash equivalents

	As at 31 March 2023 £million	As at 31 March 2022 £million
Commercial banks	0.2	0.3
Government banking service	41.3	25.6
As at 31 March	41.5	25.9
As at 1 April	25.9	43.6
Net change in cash and cash equivalents	15.6	(17.7)
As at 31 March	41.5	25.9

11 Trade and other payables

	As at 31 March 2023 £million	As at 31 March 2022 as Restated £million
Trade payables	88.2	18.1
Accruals	47.7	42.5
Deferred rent	1.8	1.2
Benefits payable	147.3	118.8
Balance as at 31 March	285.0	180.6

Our policy is to pay all purchase invoices within 10 days and for 2022-23 we paid 96.9% within this timeframe which represents 11,671 invoices out of 12,041. (In 2021-22 we paid 93.3% which represents 9,410 invoices out of 10,081).

12 Provisions

	Total £million
Current Liabilities	
Balance at 1 April 2022	0.0
Provided in the year:	
Benefit Underpayments	1.3
Balance at 31 March 2023	1.3
Non Current Liabilities	
Balance at 1 April 2022	0.0
Provided for in year:	
Benefit Underpayments	2.4
Dilapidations	1.8
Balance at 31 March 2023	4.2
Total Provisions	5.5

Benefit provision of £3.7 million for underpayments related to a Legal Entitlement and Administrative Practices review by the Department for Work and Pensions.

Provision of £1.8 million for dilapidation works required at our leased properties.

13 Operating Leases

	As at 31 March 2023 £million	As at 31 March 2022 £million
Obligations:		
Due within 1 year	0.1	3.5
Due after 1 year but not more than 5 years	0.0	10.5
Commitments thereafter	0.0	23.5
Total	0.1	37.5

The reduction in our operating lease obligations from financial year 2021-22 reflects the adoption of International Financial Reporting Standard 16: Leases. As a result, the majority of our leases are now considered to be Right of Use assets. Further details on these assets are provided in Note 7.

14 Notional Charges

The following charges have been included in the accounts:

	Year to 31 March 2023 £million	Year to 31 March 2022 £million
Auditor's remuneration	0.4	0.4
Total	0.4	0.4

15 Capital Commitments

As at 31 March 2023 contracted commitments for which no provision has been made are as follows:

	As at 31 March 2023 £million	As at 31 March 2022 £million
Property, Plant & Equipment		
220 High Street – Glasgow	0.3	2.5
Agnes Husband House – Dundee	0.2	1.9
Enterprise House – Dundee	0.0	1.1
Dundee House	0.0	0.3
Intangible Assets		
Information Technology Infrastructure	3.5	5.3
Total	4.0	11.1

All planned capital works are now complete at Enterprise House and Dundee House, therefore, there will be no further spend.

16 Related party transactions

A related party transaction is a business arrangement between two parties who are already linked prior to the deal. For example, a business arrangement between Social Security Scotland and the Scottish Government. We are an Executive Agency of the Scottish Government.

The Scottish Government is regarded as a related party with which we had various material transactions during the period including recharges for the provision of a range of support services.

During this year we also had significant transactions with:

- Local Authorities principally in relation to the offices at Dundee House, Dundee, Agnes Husband House, Dundee, Enterprise House, 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.

A register of interest of all Executive Advisory Body and Executive Team members is maintained and published on the corporate website. All contracts for goods and services are awarded under the Public Contracts (Scotland) Regulations 2015 and the Procurement (Reform) Scotland Act 2014. The awarding of contracts is handled by our specialist procurement team and those with Delegated Purchasing Authority. No members of the Executive Team or Executive Advisory Body have that authority.

17 Contingent Liabilities

Benefit underpayments

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

Due to limitations in data the liability for benefit underpayments cannot currently be quantified.

Legal cases and appeals

Social Security Scotland is aware of ongoing legal cases and appeals in relation to benefit payments which may lead to possible future obligations. It is not possible to assess the timing, likelihood or amount of any financial settlement of these cases at this time. We will continue to monitor 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 the Department for Work and Pensions Legal Entitlement and Administrative Practices process.

18 Post balance sheet events

There are no post balance sheet events to note.

19 Fraud and Error

Benefits administered by the Department for Work and Pensions

We are responsible for paying 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:

Table 27 – Fraud and Error Estimates ⁴³	Year to 31 March 2023		Year to 31 March 2022	
	% Expenditure considered to be irregular ⁴⁴	£million	% Expenditure considered to be irregular	£million
Carer's Allowance	5.2	16.3	5.2	15.3
Attendance Allowance	2.2	12.2	2.2	11.3
Disability Living Allowance	1.9	9.9	1.9	13.0
Personal Independence Payment	1.1	21.2	1.5	26.1
Industrial Injuries Disablement Benefit	1.1	0.9	1.9	1.5
Severe Disablement Allowance	3.4	0.2	4.0	0.3
Total		60.7⁴⁵		67.5

The Department for Work and Pensions do not report on fraud and error rates based on Scottish caseload only, therefore the Department for Work and Pensions rates⁴⁶ for the United Kingdom have been used to calculate the estimated Monetary Value of Fraud and Error. We believe these rates are representative as Scottish benefits are being administered in the same way.

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

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

45 All rates used are overpayment rates

46 <https://www.gov.uk/government/statistics/fraud-and-error-in-the-benefit-system-financial-year-2022-to-2023-estimates>

20 Prior Period Restatement

The financial statements have been restated for the misclassification of balances that relate to worthy cause payments (used to draw down funding for benefit expenditure) which are categorised in the finance system as trade payables.

The correction of this accounting changes the prior year financial position and so requires a restatement of the affected opening balances. The cumulative impact has been reflected in the 2021-22 restated balances as there is no impact on the 2020-21 opening balances. The corresponding note to the accounts (Note 11) has also been restated. The change has the following impact on prior year balances:

Balance at 1 April 2021	Previous balance £m	Adjustment £m	Restated balance £m
SoFP: Current Liabilities – Trade and Other Payables	(333.3)	73.6	(259.7)
SoFP: Taxpayers' Equity -- General Fund	(251.2)	73.6	(177.6)

Balance at 31 March 2022	Previous balance £m	Adjustment £m	Restated balance £m
SoFP: Current Liabilities – Trade and Other Payables	(285.5)	104.9	(180.6)
SoFP: Taxpayers' Equity – General Fund	(206.9)	104.9	(102.0)

Annex A

Direction by the Scottish Ministers



SOCIAL SECURITY SCOTLAND

DIRECTION BY THE SCOTTISH MINISTERS

1. The Scottish Ministers, in accordance with section 19(4) of the Public Finance and Accountability (Scotland) Act 2000 hereby give the following direction.
2. The statement of accounts for the financial period ended 31 March 2019, and subsequent years, shall comply with the accounting principles and disclosure requirements of the edition of the Government Financial Reporting Manual (FRM) which is in force for the year for which the statement of accounts are prepared.
3. The accounts shall be prepared so as to give a true and fair view of the income and expenditure and cash flows for the financial year, and of the state of affairs as at the end of the financial year.
4. This direction shall be reproduced as an appendix to the statement of accounts.

Signed by the authority of the Scottish Ministers

Dated 27th March 2019

Social Security Scotland

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Published by Social Security Scotland 14 November 2023

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