Payments and Accounts: Options Summary

Summary of the Options Analysis for an Integrated Payments & Accounting Solution for Social Security Scotland

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Dignity, fairness, respect.

Background

Social Security Scotland administers over £5 billion of benefits payments annually to approximately 1.7 million Scottish clients

This volume is expected to grow significantly by 2027, reach around £7 billion

One of the core responsibilities of the Agency is to ensure robust payment processing and the accounting of the same – to ensure claimants' benefit payments are transacted in-full and on-time- through accurate management of account reporting, analysis and banking reconciliation.

The Department of Work and Pensions: Central Payments System (CPS) has been a critical component for Social Security Scotland since December 2018, managing benefit payments successful to Scottish clients on our behalf.

This service is being retired in late 2027, [redacted]

Historical Overview

- **2016:** Social Security Programme was created, initially planning to use the Scottish Government SEAS system for citizen payments;

- **2017:** [redacted]; decision made to use the Central Payments System (CPS) from the Department of Work and Pensions for an interim period of 3-5 years.

- **2018-2023:** CPS* agreement in place- extended multiple times due to the pandemic [redacted].

- **2023:** [redacted] both the Scottish Government and the DWP agreed it would be helpful for both organisations to explore the potential for Scotland to become part of the future DWP Payments landscape

Current Situation:

- **2024/early 2025:** Confirmed that integrating with the DWP future payments landscape is **NOT feasible**. [redacted].

Challenges

- **CPS Agreement Extension: Not possible:** Initially expected to support Social security Scotland for a maximum of 5 years. The CPS decommission point is 2027
- **Data Sovereignty and Identify Verification:** [redacted]
- **Timeline:** Any change to platform will require 12 months delivery and an additional 12 months to migrate benefit payments away from DWP. [redacted].
- **Costs:** The estimated costs of implementing an alternative solution are [redacted]
- **Procurement Landscape:** Complex- will be managed using a combination of Social Security Scotland and Scottish Government procurement services to provide access to integration and 3rd party services.
- **Reputational Risk:** The continuity of benefit payment to services is critical to the credibility of government and health and wellbeing of claimants [redacted]
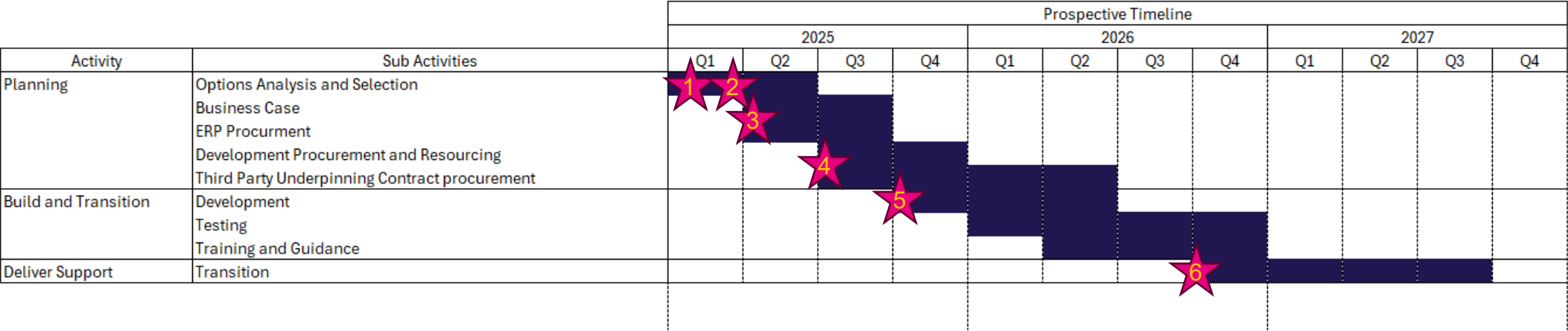
[redacted]

Options

Of the available options our key recommendation is to pursue **Option** [redacted]:

Payment Solution Options Summary			
Option	Provided By	Description	Current Status
Option One: New Payments Architecture (NPA) CPS Replacement	Department of Work and Pensions	Replacement for CPS based on NPA; commercial and internally developed payments as a service providers.	[redacted]
Option Two: Enterprise Resource Planning (ERP) Platform	Scottish Government Shared Services	Scottish Government Enterprise Resource Planning Platform (ERP) with integrated accounting. Implemented with Oracle Fusion and vendor BACS Processing.	[redacted]
Option Three: ScotPayments	Digital Directorate	Payment instruction and transaction management system with payments as a service provider.	[redacted]
Option Four: Alternate (Buy and Build)	Market Option: Selected Liberata UK Ltd	Finance and Accounting Transactional Processing, Reconciliation, Reporting and Payment Solutions with own payments as a service and Integration Services with SG ERP.	[redacted]

Next Steps

[redacted]

Activity	Sub Activities	Prospective Timeline											
		2025				2026				2027			
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Planning	Options Analysis and Selection												
	Business Case												
	ERP Procurment												
	Development Procurement and Resourcing												
	Third Party Underpinning Contract procurement												
Build and Transition	Development												
	Testing												
	Training and Guidance												
Deliver Support	Transition												

★1 Executive Review, Recommend Option

★2 Senior approval to Proceed with Recommended option

★3 Stand up Business Case, secure funding and resourcing, mobilise procurement and shared service delivery channels for ERP

★4 Acceptance of Business Case, continue procurement activities for third party services

★5 Build starts to meet migration critical start

★6 One year transition time for payments migration

QUESTIONS