Social Justice and Social Security Committee

12th Meeting, 2021 (Session 6), Thursday, 2 December

Social Security Scotland

Introduction

This session with Social Security Scotland focuses on their Annual Report and Accounts 2020-21, Audit Scotland's annual audit of Social Security Scotland 2020-21 and the Charter Measurement Framework 2020-21. The organisation's budget for 2022-23 will be announced next week.

The Committee will hear from:

- David Wallace, Chief Executive
- James Wallace, Deputy Director, Finance and Corporate Services
- Miriam Craven, Deputy Director for Strategy, Change, Data and Engagement

This paper provides some background on the growth of Social Security Scotland and summarises recommendations from Audit Scotland's annual audit before suggesting the following six themes for discussion. Theme 1 includes a summary of the Charter Measurement Framework 2020-21.

- **Theme 1**: Charter measurement framework (p.5)
- **Theme 2**: Lessons from COVID-19 (p.9)
- **Theme 3**: Technical backlog (p.10)
- **Theme 4**: Overpayments (p.11)
- **Theme 5**: Staffing and recruitment (p.13)
- **Theme 6:** Benefit spend compared to budget (p.15)

Background: Growth of Social Security Scotland

Social Security Scotland was established as an Executive Agency in 2018. Since that time it has grown rapidly and this growth is due to accelerate over the next year.

Operating Costs

Table 1 below shows the operating costs to date and the budget for 2021-22. The budget for 2022-23 will be announced next week. Social Security Scotland will be recruiting a further 2,000 staff over the next year. Staffing is discussed further below under Theme 5

Table 1: Social Security Scotland operating costs

£m	2018-19	2019-20	2020-21	2021-22[a]
Staff	£6.7	£22.2	£42.3	£125
Agency Agreement	£3.4	£6.9	£75.4	£84
Other	£6.1	£6.9	£12.6	£40
Capital	n/a	n/a	n/a	£22
Total	**£12.8**	**£36.0**	**£130.3**	**£271**

[a:] 2021-22 figures are budget – see Audit Scotland 20-21 annual audit para 70 and includes Chief Digital Office which transferred from Scottish Government in 2021. Other figures are actual, Social Security Scotland Annual Reports.

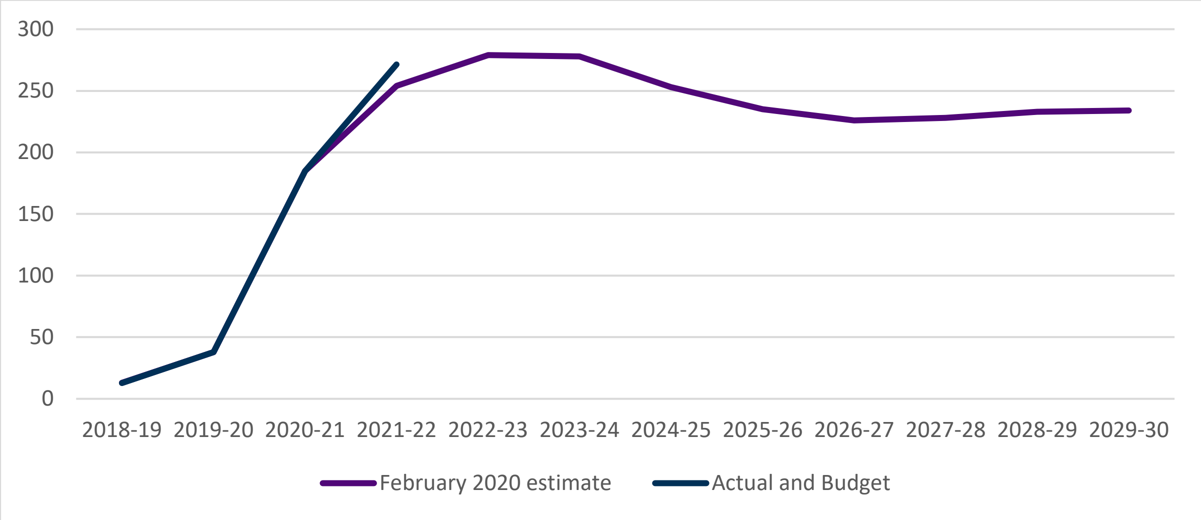
Audit Scotland reported a small underspend for 2021-22 of c£10m due to delays in recruitment, IT and estates spend (Audit Scotland para 70).

Chart 1 shows projected operating costs up to 2029-30 from the Programme Business Case published in February 2020. This included estimates for the operating costs of Social Security Scotland once in 'steady state' of "between £193 million to £208 million per year in 2024-25."

The chart compares these projections to actual costs to 2020-21 and the draft budget 2021-22. In February 2021, the then Cabinet Secretary explained the increased budget in 2021-22 to the then Social Security Committee:

> "it will do more and it will take on functions that were previously within the Scottish Government, such as the chief digital officer's division. That is the reason for the increases. They are to do with staff costs, the ability to build the agency, and everything that goes with the staff, including training, equipment, facilities and workspaces." (Committee Official Report, 18 February 2021)

Chart 1: Projected and actual operating costs. £m.



Sources: annual reports, Scottish Government draft budget 2021-22, Scottish Government Programme Business Case table 5.10 (February 2020).

Benefit expenditure

Benefit expenditure increased from £0.3bn in 2019-20 to £3.5bn in 2020-21 as financial responsibility for disability and carer benefits was transferred. However, 90% of this spend was still administered by the DWP under Agency Agreements. The estimated cost of Agency Agreements in 2020-21 was £84m (Audit Scotland). This will change over the next few years as Scottish benefits are launched and clients transfer from DWP systems. Benefit spend is considered under Theme 6.

The SFC forecast that Social Security Scotland will be administering over £5bn of benefit expenditure by 2026-27. These forecasts will be updated next week.

Major Developments

Major developments over the three years from 2020-21 are summarised below.

2020-2021

- COVID-19 impacted the work of the agency. (See Theme 2).
- Executive competence for disability and carer benefits transferred on 1 April 2020. Social Security Scotland now legally and financially accountable for £3.3bn of benefits administered by DWP under Agency Agreements.
- Launch of Job Start Payment, Scottish Child Payment and Child Winter Heating Assistance

2021-22

- Launch of Child Disability Payment and start to transfer clients from DLA to CDP.

- Launch local delivery pre-claims service

2022-23

- Launch of Adult Disability Payment to replace PIP and Low Income Heating Assistance to replace Cold Weather Payments
- Full roll out of Scottish Child Payment
- Recruiting c.2,000 additional staff by autumn 2022
- All clients receiving child DLA in Scotland are due to transfer to Child Disability Payment by spring 2023,

Still to be developed are Scottish ‘versions’ of: Attendance Allowance, Carer’s Allowance, Cold Weather Payment, Winter Fuel Payment and Industrial Injuries Benefits. This development work is led by the Scottish Government Programme. Social Security Scotland is responsible for operational delivery once benefits are developed.

Audit Scotland Recommendations

Audit Scotland published its audit of Social Security Scotland 2020-21 on 24 November 2021. It made the following seven recommendations:

Minimal Viable Product
Recommendation 1: The establishment of a generic baseline MVP should be finalised as soon as possible to support the delivery of a robust core system for the roll out of new benefits (para 50 of Audit Scotland report)

The technical backlog is increasing
Recommendation 2: A structured approach should be introduced to address the increasing technical backlog and ensure a strong system control environment is in place to support fraud and error prevention and detection. (para 52)

Fraud and error arrangements
Recommendation 3: The Fraud and Error team must develop its understanding of the associated risks of fraud and error within the range of benefits being delivered, including those currently delivered by the DWP (para 63)

Financial impact of COVID-19
Recommendation 4: Social Security Scotland must revise its financial planning to reflect the long-term impact of the Covid-19 pandemic on benefit delivery arrangements and underlying costs. (para 81)

Workforce planning
Recommendation 5: A long-term workforce plan, built on the current timetable for benefit delivery, must now be prepared. This should support wider decision making

to ensure that there is a sustainable workforce to deliver the Scottish social security system. (para 83)

Residency
Recommendation 6: The new residency rules for future benefits will be more complex. Guidance needs to be correctly applied by staff to ensure that residency criteria is assessed fairly and consistently. (para 94)

Performance management
Recommendation 7: Robust and transparent performance management arrangements should be further developed to support decision making and ensure the delivery of a quality benefits service. (para 99)

These recommendations are reflected in the themes suggested for discussion.

Suggested Themes for Discussion

The following suggests six themes for discussion, based on the 2020-21 annual report, 2020-21 Charter Measurement Framework and Audit Scotland's 2020-21 annual audit report.

- **Theme 1**: Charter measurement framework
- **Theme 2**: Lessons from COVID-19
- **Theme 3**: Technical backlog
- **Theme 4**: Overpayments
- **Theme 5**: Staffing and recruitment
- **Theme 6:** Benefit spend compared to budget

Theme 1: Charter measurement framework

The Scottish Social Security Charter was developed with people who have 'lived experience.' It sets out how the statutory principles for Scottish social security will be applied in practice. The Charter Measurement Framework is an annual reporting mechanism for monitoring the implementation of the Charter and identifying areas for improvement. Over 70 individual measures are organised around the following headings:

- A people's service
- Processes that work
- A learning system

- A better future

A people's service

Measures 1 to 29 cover clients' experiences and include issues such as staff attitudes, knowledge and training. (See pages 1 – 29 of the Framework). Most of the results are very positive, eg: 94% of client survey respondents said they were treated with kindness (measure 1), 92% felt listened to and 95% said they did not feel discriminated against (measure 6). 90% of clients said staff were knowledgeable (measure 14).

The small minority of areas that were less positive include the following;

- Of the 5% of client survey respondents who disagreed with a decision on their application, 26% said they felt able to challenge it. (Measure 16 p.19)

- Some staff appear to lack knowledge about referring clients to advice and advocacy, and how redeterminations and appeals processes work. Eg: 47% of staff agreed that 'I know enough about the appeals process to explain it clearly to clients'. (Measures 20 and 21) p.22

- While most (82%) staff said they 'had the tools they needed to do their job well' (Measure 25, p.26), some said they lacked training, had workload issues and were expected to work long hours (p.29). Some staff said guidance was incomplete, out-of-date or difficult to navigate (p.25).

Processes that work

Measures 30 to 55 cover accurate decision making, redeterminations and appeals, application processes and communication with the agency. (See pages 30 to 49 of the Framework). It also covers local support and face to face assessment processes which will be relevant for future years.

Processing times were generally slower in 2020-21 than in 2019-20. (Table 8, measure 31a). The percentage of applications paid within 10 working days in 2020-21 were:

  - Best start grant/best start foods 23%
  - Funeral support payment 52%
  - Young Carer Grant 41%
  - Job Start payment 74%
  - Scottish Child Payment 8%

Average call waiting time was 10 minutes 58 seconds. It was highest for Scottish Child Payment at 15 minutes 30 seconds. (p.33-34, Table 10)

However, 85% of client survey respondents agreed that their application was dealt with in a reasonable time frame. (p.42, measure 44).

Redeterminations and appeals. The percentage of decisions where a redetermination/internal review was requested varied from 0.3% (Best Start Foods) to 2.7% (Funeral Support Payment and Job Start Payment.) Young Carer Grant and Funeral Support Payments were the most likely to have decisions changed after redetermination.

- 2.0% of Young Carer Grant applicants requested a re-determination and the original decision was changed in 52% of those cases. (Table 6 and 7 p.30-31).

- 2.7% of Funeral Support Payment applicants requested a re-determination and the original decision was changed in 43% of those cases. (Table 6 and 7 p.30-31).

The report gives examples of why decisions were changed. One example is:

> “staff had overlooked an evidence attachment; where there had been a misunderstanding about a client’s financial situation; and where clients started to receive qualifying benefits soon after submitting their application thus becoming eligible for the payment.” (p.36)

Some staff found the internal systems for redetermination were complex (p.36).

There were around 40 appeals completed in 2020-21, of which most upheld the original decision (p.38).

Accessibility and clear communication. For most benefits, almost all clients thought the application process was clear (table 11). Most partner organisations responding (nine out of eleven) said they thought the service provided by Social Security Scotland had been accessible for clients. (p.46)

Only 7% of clients faced some sort of barrier when getting help from Social Security Scotland. Of these clients, only a minority thought Social Security Scotland understood them and helped them overcome that barrier.

> “Where respondents had told Social Security Scotland about the barriers they experienced, around two-in-five ‘agreed’ or ‘strongly agreed’ that Social Security Scotland ‘understood them’ (38%). A similar proportion ‘agreed’ or ‘strongly agreed’ that Social Security Scotland ‘supported [them] in overcoming them’ (35%).” (p.41)

A learning system

Measures 56 to 69 cover how Social Security Scotland learns from feedback, how it works with other organisations and how clients are involved. (p.50 to 73 of the framework).

Acting on feedback: The report includes examples of feedback leading to changes (p.52- 54) such as client feedback leading to updates to the website and telephony script. (p.54). In a few cases staff "commented that their suggestions had not been actioned because there is a 'backlog' of improvements which take priority". (p.54).

Eight partner organisations said they had given feedback. Only one said their feedback had not been acted on. (p.55).

Staff diversity: Social Security Scotland staff are:58% female, 10.7% disabled, 3.3% from an ethnic minority, 6.5% lesbian, gay, bisexual, other. (Measure 58, p.55-58)

Acknowledging mistakes: the report gives examples of mistakes made by the agency and how they explained the situation to the client. (measure 59, p. 59).

74% of clients agreed that Social Security Scotland was an open organisation, 83% said it was honest. (Measures 61 - 64, p.62-64).

Working with partner organisations: Nine of 13 organisations said social security Scotland worked well with their organisation. (Measure 66, p. 67). "A few respondents felt there was more to be done in improving partnership working" including building networks with advice workers (p.68)

Involving Clients: induction training for staff includes content to help staff understand clients' lives. (Measure 67, see table 22 for examples, p.69). Clients have also been involved in testing various aspects of the service such as website pages (measure 68, p.72). Clients are involved in measuring the services through, for example, the client survey (which informed much of the framework report). (Measure 69, p.70).

A better future

The final section of the framework (p.74 onwards) addresses the policy making process and whether benefits made a difference. It therefore relates more to Scottish Government than Social Security Scotland. Rather than a list of quantitative measures, this section is a narrative of key policies, reports and evaluations. For example:

- Experience panel research informs policy development
- Equality impact assessments are produced for new benefits
- Social security is promoted as a human right
- Benefit take-up – referring the benefit take-up strategy already discussed by the Committee.
- Evaluations published of: Best Start Grant, Universal Credit; Scottish Choices, Carer's Allowance Supplement. Evaluations were commissioned for Funeral Support Payment, and Scottish Child Payment – to report by summer 2022 and inform the planned full roll-out. Evaluations to be commissioned in 2021-

22 are: Job Start Payment, Child Winter Heating Assistance and Scottish Welfare Fund. A strategy for evaluating disability benefits will be published (p.83).

Audit Scotland's annual audit commented on performance management that:

> "the current arrangements need to be refined and strengthened to make a transparent and meaningful assessment of performance for stakeholders." (Audit Scotland para 99).

Members may wish to discuss:

1. **What improvements are being made as a result of the data collated through the Charter Measurement Framework?**
2. **Which areas show strong performance and which areas are a bit weaker?**
3. **How will you improve processing times and call waiting times?**
4. **Are there plans to refine the measures used in the Charter Measurement Framework?**
5. **What are the challenges in identifying data for Charter measures?**

Theme 2: Lessons from COVID-19

In November 2020 the Scottish Government delayed some aspects of the programme due to COVID-19. In 2022, ADP will start and SCP will be fully rolled out. The new timetable for the launch of other benefits has yet to be confirmed.

The 2020-21 Annual Report discusses the impact of COVID-19 on the organisation. This includes:

- Staff working from home. Between March and June 2020 the agency could not take in-bound calls. Webchat and document upload facilities were introduced to ensure people could still contact the agency.
- Temporary flexibilities allowing late applications for benefits, redeterminations and appeals were made under the Coronavirus (Scotland) Act 2020. Between April 2020 and end March 2021, 38 people were allowed late requests for redeterminations under this legislation.
- Recovery planning includes scenario planning, impact assessments and an "extensive lessons learned exercise conducted."

Audit Scotland also discuss the impact of COVID-19 noting that it led to:

- Increased spending on DWP administered benefits, which, although predicted: "wasn't fully recognised until the year end" (Audit Scotland para 44)

- Lower than budgeted staffing, agency agreement. administration and capital costs. Outturn of £132m was £11m below a revised budget and £54m below initial budget. (For further detail see Exhibit 5, p.16 Audit Scotland).

Audit Scotland recommend that:

> "Social Security Scotland must continue to revise its financial planning to reflect the long-term impact of the COVID-19 pandemic on benefit delivery arrangements and underlying costs" (Recommendation 4, p.23)

Members may wish to discuss:

1. **What lessons have been learned from managing the organisation through the pandemic?**
2. **What positive changes were made that will be maintained?**
3. **What is the on-going impact of COVID-19 on the organisation and how is this likely to affect operating costs over the next few years?**
4. **How is the organisation ensuring that it would be resilient to possible future disruptions?**

Theme 3: Technical Backlog

The Scottish Government is using an 'Agile' approach to benefit development, which means it provides a 'minimum viable product' (MVP) which is then improved once it is live. However this has its risks:

- The initial system doesn't have full functionality and so changes will always need to be made
- Temporary fixes such as manual work-arounds are put in place until full solutions are implemented.

One of the risks identified by Audit Scotland is the technical backlog in making improvements to the processes for making benefit payments (Social Programme Management (SPM) system).

> "Technical backlog continues to increase which results in the need for manual work arounds. Functionality is also impacted by the tight timescales available to introduce enhancements. The MVP may not meet the initial requirement of Social Security Scotland. We will review the MVP arrangement as part of our 2021-22 audit work." (Audit Scotland p.38)

Audit Scotland found that:

> "Financial systems of internal control are operating effectively but the Social Programme Management (SPM) system requires significant improvements to support the delivery of the more complex benefits" (p.14)

To address these issues, a generic ‘minimum viable product’ is being developed and Social Security Scotland is in the process of establishing formal arrangements to deal with the increasing technical backlog.

Audit Scotland therefore make two recommendations.

> “The establishment of a generic baseline MVP should be finalised as soon as possible to support the delivery of a robust core system for the roll out of new benefits” (Recommendation 1) (p.17)
>
> “A structured approach should be introduced to address the increasing technical backlog and ensure a strong system control environment is in place to support fraud and error prevention and detection.” (Recommendation 2) (p.18)

Members may wish to discuss:

1. **Does the ‘agile’ approach result in more ‘temporary fixes’? What impact does that have on the organisation?**
2. **How is the organisation addressing the ‘technical backlog’ in its systems?**
3. **How much work needs to be done to the SPM system to be ready for Adult Disability Payment and the extension of Scottish Child Payment?**

Theme 4: Overpayments

Qualified opinion on the accounts

Estimated fraud and error in benefits covered by agency agreements was £65.4m in 2020-21. This led to Audit Scotland issuing a qualified opinion on the regularity of the accounts.

This is based on estimated fraud and error for DWP benefits of between 1.5% and 5.2%. (Annual Report p.82).

The National Audit Office in England has issued a qualified opinion on DWP accounts for the past 33 years. Last year overpayments led the Auditor General in Scotland to issue a ‘s.22 report’ for Social Security Scotland. This year, there has been no such report, although the underlying issue remains the same.

This issue only applies to benefits administered by DWP. The legislation for Social Security Scotland benefits has been drafted differently. This means that overpayments do not breach the terms of the legislation. However, while this means that the technical issue of regularity of expenditure does not arise in Scottish social security, it is still important to identify when error and fraud occurs. Social Security

Scotland is in the process of developing estimates for this.[1] Work to estimate levels of fraud and error in Social Security Scotland was paused due to COVID-19, but a report on methodology resourcing and outputs is due this autumn. (Annual Report p.58). Audit Scotland recognise that Social Security Scotland is strengthening its ability to identify and address fraud and error, recommending that

> "The Fraud and Error team must continue to develop its understanding of the associated risks of fraud and error within the range of benefits being delivered, including those currently delivered by the DWP." (Recommendation 3, p.20)

Increased risk due to COVID-19

In response to COVID-19 overpayment recovery was suspended and various easements increased the risk of overpayments occurring (Annual report p.41). Social Security Scotland's Annual Report notes that:

> "In response to the change in working model deployed as part of our COVID-19 response there is an increased risk of fraud and error incidents. These potential impacts have been analysed and documented" (Annual Report p45)

The risk to the DWP also increased, particularly for Universal Credit. In their annual audit of the DWP, the National Audit Office said:

> "In responding quickly to the impact of the pandemic, DWP relaxed certain controls and checks on those claiming Universal Credit to process the surge in claimants on time. The Department estimates that these factors accounted for £3.8 billion of the Universal Credit overpayments." NAO, July 2021

This could have consequences for Social Security Scotland if someone claimed a benefit such as Scottish Child Payment on the basis of a Universal Credit payment that was paid in error.

Debt recovery

Both DWP and Social Security Scotland suspended debt recovery during the pandemic. The Annual Report notes:

> "We would normally recover any debts that result from client error but, in view of COVID-19 and impact on households' income, debt recovery stopped in April 2020. It recommenced in February 2021 for benefits delivered by Department for Work and Pensions but is still paused for benefits that we deliver and this will be reviewed in October 2021." Annual Report p.56

[1] For estimated fraud and error rates in devolved benefits administered by the DWP see Exhibit 2, Audit Scotland p.9.

Social Security Scotland's debt management strategy is due to be published this autumn. (Annual Report p.58)

The DWP started debt recovery again in February 2021. Social Security Scotland's annual report explains:

> "Debt for those devolved benefits delivered through an Agency Agreement is recovered by the Department for Work and Pensions under their policies. Overpayments under £60 and those relating to official (staff) error are written off."

Members may wish to discuss:

1. **To what extent do Universal Credit overpayments create overpayments of Social Security Scotland benefits, and are such overpayments being recovered?**
2. **What progress is being made in estimating rates of error and fraud in Social Security Scotland benefits?**
3. **How does the organisation balance providing flexibility to claimants with the need to recover overpayments?**
4. **When will Social Security Scotland's debt management strategy be published?**

Theme 5: Staffing and recruitment

Social Security Scotland plans to recruit an additional 2,000 staff by autumn 2022 bringing the total to over 3,500. Audit Scotland recommend that:

> "A long-term workforce plan, built on the current timetable for benefit delivery, must be developed and refined in parallel with benefit development by the Social Security Programme." (Recommendation 5).

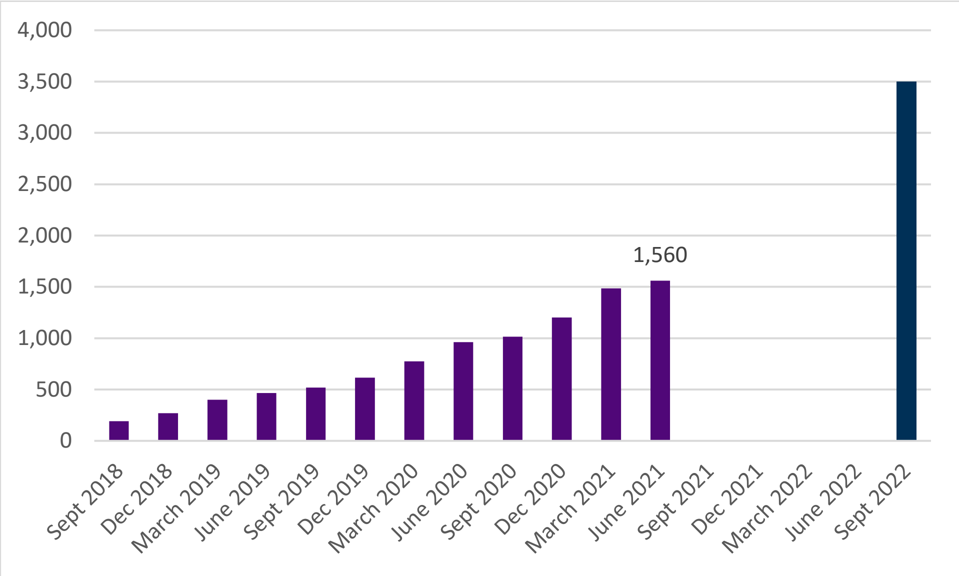
The February 2020 Programme Business case estimated that Social Security Scotland would employ around 1,900 staff. This did not include staff to deal with assessments or the Scottish Child Payment (Audit Scotland para 83).

In September 2021 the Scottish Government announced that staffing would reach 3,500 by autumn 2022. The Annual Report 20-21 states that these staff are needed to delivery ADP and the full roll-out of SCP:

> "To get ready for the introduction of new benefits - including Adult Disability Payment and extending Scottish Child Payment to children under 16 - and the transfer of clients from the Department for Work and Pensions to our new Scottish system, we will recruit and train 2,000 new colleagues by autumn 2022."

Chart 2 below shows the growth in staff numbers up to June this year compared to the plans for autumn 2022.

Chart 2: Total staff: headcount to June 2021 and plans



Sources: Social Security Scotland workforce information statistics, annual report 2020-21. Includes directly employed and contingent workers.

Table 2 below shows expenditure on staff up to 2020-21 and budget for 2021-22. The budget for 2022-23 will be announced next week.

Table 2: Social Security Scotland staffing spend

Year	Staff Costs £m
2018-19	£6.7
2019-20	£22.2
2020-21	£42.3
2021-22[a]	£125.0
2022-23	TBC

Sources: chart Q, Table 8 Annual Report 2019-20, chart 7 Annual Report 2020-21, [a]21-22 is budget, see Social Security Scotland business plan 21-22

Staff that are being recruited include those in the health and social care sector. These are staff that will advise decision makers on disability benefit applications and undertake consultations where necessary. Audit Scotland state that a Workforce Strategy has been started but is not yet finalised. (Audit Scotland para 83). The report notes that:

> "This strategy must cover medium to longer term resourcing needs considering both workforce numbers as well as the skillsets required to meet

> the needs of the more complex benefits as they launch. A particular challenge will be the need to recruit diverse clinical teams, including health professionals and those with social work experience, to administer the complex disability benefits.” (Audit Scotland para 83)

Recruitment and employment at this scale might need greater capacity to manage human resources. The annual report refers to some limitations of using Scottish Government Human Resource Shared Services:

> “In order for us to grow our workforce in line with predicted demand, we must continue to work within the capacity and capability limits of Scottish Government Human Resource Shared Service legacy technology platforms. This is because timelines for modernisation of these shared services do not align with our ambitions for growth. We are actively engaged with Scottish Government colleagues to identify opportunities for improvement.” (Annual Report p.45)

Members may wish to discuss:

1. **Why have staffing requirements have increased so much since the Programme Business Case was published in February 2020? (Given that key policy decisions for in-house assessment, local delivery and plans for Scottish Child Payment had already been made by that point)**
2. **How will the organisation ensure it has the human resources capacity to accommodate such a large increase in staffing numbers?**
3. **When will the Workforce Strategy be finalised?**
4. **What is the organisation’s strategy for recruiting staff where specialist skills and labour are in short supply?**
5. **Is the organisation likely to grow beyond 3,500 over the next few years?**

Theme 6: Benefit spend compared to budget

In 2020-21 benefit spending was £3.4bn. This was £82m higher than initially forecast in December 2019 and £44m higher than revised, operating budgets. Most of the difference was due to spending on PIP being £43m higher than forecast, which Audit Scotland attributes to the impact of COVID-19 (Audit Scotland p.14).

Parliament’s budget scrutiny focuses mainly on draft budgets. Therefore Table 3 below compares the initial draft Budget presented to Parliament, with Social Security Scotland’s ‘operating budget’ and actual expenditure. Figures are shown separately for agency agreement benefits and those administered directly by Social Security Scotland. (Funeral Support Payment and benefit impairment are also shown separately in order to match Social Security Scotland’s annual report).

The 2020-21 draft budget did not include key policy planned for that year (Child Winter Heating, Scottish Child Payment, Child Disability Payment and doubling the CAS payment). These are included in the operating budget. These explain most of the increase in Social Security Scotland benefits from £68.5 draft budget to £128.6 operating budget. Actual spend was lower at £97.3 primarily because SCP and CDP were delayed.

Table 3: Benefit spend 2020-21 compared to draft and operating budgets, £m

	draft budget	operating budget	actual	actual compared to draft budget	actual compared to operating budget
DWP Agency Agreement	**£3,212.9**	**£3,185.4**	**£3,262.1**	**£49.2**	**£76.7**
Of which: PIP	*£1,582.9*	*£1,582.9*	*£1,626.2*	*£43.3*	*£43.3*
Social Security Scotland benefits	**£68.5**	**£128.6**	**£97.3**	**£28.8**	**-£31.3**
Of which: CAS	*£38.8*	*£58.0*	*£58.6*	*£19.8*	*£0.6*
Of which new benefits (SCP, CWHA, CDP)	*£0.0*	*£38.8*	*£8.9*	*£8.9*	*-£29.9*
Funeral support payment	*£9.2*	*£9.2*	*£11.2*	*£2.0*	*£2.0*
Benefit impairment		*£5.0*	*£1.6*	*£1.6*	*-£3.4*
TOTAL BENEFIT SPEND	**£3,290.6**	**£3,328.2**	**£3,372.2**	**£81.6**	**£44.0**

Sources: Scottish Government draft budget 2020-21, Table 14.04, Social Security Scotland Annual Report 2020-21, p.54. Does not include Best Start Foods (health department) or local authority social security payments. CAS: Carer's Allowance Supplement, PIP: Personal Independence Payment, SCP: Scottish Child Payment, CWHA – Child Winter Heating Assistance, CDP: Child Disability Payment (previously called Disability Assistance for Children and Young People – DACYP).

Audit Scotland notes that a PIP overspend was forecast, but the size of it wasn't fully recognised until the year end:

> "Financial reporting during the year predicted the underspend in operating expenditure and overspend in benefits delivered by the DWP, however the size of the overspend wasn't fully recognised until the year end. Social Security Scotland has appropriate budget setting and monitoring arrangements in place which supports sound decision-making and effective scrutiny." (Audit Scotland, para 45).

Benefit spending is reviewed monthly. Audit Scotland states:

> "Social Security Scotland relies on the work of the Benefit Forecasting Review Group to review benefit expenditure on a monthly basis and assess the accuracy of forecasts. This group includes representatives from Social Security Scotland and the Scottish Government." (Audit Scotland para 69)

Members may wish to discuss:

1. **What is Social Security Scotland's view on the level of variance between budgets and actual spend? Has this created any difficulties?**
2. **Is the level of variance likely to increase in future years and if so what might the reasons for this be?**
3. **What is the current position for 2021-22 benefit spend compared to budget?**

Camilla Kidner, Senior Researcher, SPICe Research

25 November 2021