

15 September 2022

# Social Justice and Social Security Committee

## Social security: Progress on implementing the devolved benefits

### Briefing Paper by the Auditor General for Scotland

1. The Auditor General's report *Social security: Progress on implementing the devolved benefits* was published on 19 May 2022.
2. Key messages from the report are:
  - Implementation of the devolved Scottish social security benefits is going well. The Scottish Government has delivered new and complex benefits, including the Scottish Child Payment and Child Disability Payment, despite the challenging circumstances of the Covid-19 pandemic. This is a significant achievement. People are positive about their experiences of engaging with Social Security Scotland and there is a clear focus on the principles of dignity, fairness and respect in the design of the Scottish social security system.
  - Progress on implementing the devolved benefits has been delayed by the pandemic. There is still a lot to be done and substantial delivery risks remain, including putting in place longer-term digital solutions and getting operational staffing in place. Work remains underway to replan delivery timelines and it will be some time yet before the devolved benefits are fully administered in Scotland. The Scottish Government is managing this complex programme of work effectively and is preparing well for the next stages of delivery.

We have recommended that:

- the Scottish Government should conclude replanning activity and publicly set out delivery timelines for the remaining devolved benefits
- the Scottish Government and Social Security Scotland should use the learning from previous benefit launches to ensure that future delivery timelines include sufficient time for system testing ahead of launches. They should also agree periods of protected time for system development and improvement, to build stability and resilience in the digital infrastructure.
- The Agile approach, which has been adopted for systems development, has trade-offs. This approach supports fast paced, user-focused and adaptable delivery by focusing on 'must-have' system features to allow benefits to be launched in an acceptable way. There has been a deliberate focus on the systems and functions which matter most for service-user experience, with trade-offs more often affecting internal operational needs. For Social Security Scotland to operate efficiently and effectively, it will need resources over the longer-term to continue systems development and improvement. The scale of this is not fully known and will need to be planned for and managed alongside other government priorities.

We have recommended that:

- the Scottish Government should set out clearly the longer-term resource implications of the Agile approach to systems development, within an updated programme business case
- Social Security Scotland should continue to strengthen its role in the prioritisation of development activity to ensure that its operational needs are appropriately considered and that it has the systems and processes in place to administer benefits in the way intended.
- The Scottish Government currently estimates that the work to implement the devolved benefits will cost £685 million to 2025/26. Work is ongoing to update this estimate as replanning activity in response to the Covid-19 pandemic continues. This is £34 million higher than the £651 million estimate set out in the 2020 Programme Business Case. The 2017 Financial Memorandum estimated set up costs of £307 million. The financial memorandum estimate was based on a range of high-level assumptions and did not include estimates for significant areas of activity, such as case transfer. The Scottish Government's understanding of the work involved in implementing the devolved benefits has developed significantly since then. Implementation costs have not been routinely reported on publicly, making it difficult for those in scrutiny roles to track costs over time.

We have recommended that:

- the Scottish Government publish an updated programme business case including refreshed implementation cost estimates. To support transparency, this should include a clear breakdown of core cost areas, explanations of where estimates have changed and what assumptions have been used. The Minister for Social Security and Local Government has since committed to publishing an updated programme business case by the end of this year
- Social Security Scotland should continue to review and update its workforce planning to build the capacity and capabilities needed for its growing remit. This should draw on learning from live administration of benefits, such as processing times and service user behaviours, and the impact of further system developments including the automation of processes
- The Scottish Government and Social Security Scotland should plan for how the significant investment in staffing for this programme of work, and the skills, knowledge and experience gained, can be best used to support areas of future service development. This should include robust approaches to support knowledge transfer from contractors to permanent staff.

- By 2026/27 benefit expenditure in Scotland is forecast to be £1.3 billion higher per year than the corresponding funding received through the block grant adjustment<sup>1</sup>. This is the result of policy choices by the Scottish Government, which includes the introduction on new Scottish specific benefits and changes to the way in which Scottish benefits will be administered compared to the UK benefits which they replace. The Scottish Government needs to plan for how it will manage the long-term sustainability of this expenditure and be clearer about how it will improve outcomes for Scottish people. The performance measurement arrangements in place focus on how the Scottish system will operate and on people's experience of it, using mainly qualitative indicators. The arrangements don't include a range of measurable metrics, which would support robust analysis over time, or include clear links to the Scottish Government's National Performance Framework.

We have recommended that:

- the Scottish Government should detail more clearly the intended impact of the Scottish social security system on outcomes for the people of Scotland, linking directly to the National Performance Framework. This is central to being able to evaluate value for money and inform decisions about future social security interventions
  - the Scottish Government and Social Security Scotland should plan for how they will measure the impact of the benefits being introduced, and how they will evaluate and report on progress against outcomes. In doing so, they should ensure that suitable data gathering, and reporting processes are established.
3. Since publication of the report, Social Security Scotland has continued the phased roll out of Adult Disability Payment, with the benefit launched nationally on 29 August 2022. The case transfer process will now begin for Scottish people who are already in receipt of Personal Independence Payments or Disability Living Allowance. This process is expected to be completed by the end of 2025. Case transfer is already underway for Child Disability Payment with 7,230 cases transferred to Social Security Scotland from the Department for Work and Pensions as of 30 July 2022. Further activity includes the recent launch of a public consultation on changes to the Social Security legislation which will close at the end of October 2022.

<sup>1</sup> At the time of publication, the funding gap was forecast at £760 million, based on the Scottish Fiscal Commission's fiscal and economic forecasts from December 2021. This was updated to £1.3 billion in the Scottish Fiscal Commission's most recent forecasts, which were published on 31 May 2022.