

Social Security Scotland
Agnes Husband House
17 South Union Street
DUNDEE
DD1 4BF

16 October 2025

Dear Convener,

Follow-up to Committee evidence session – 16 September 2025

Following the Finance and Public Administration Committee on 16 September, and the Cabinet Secretary for Social Justice's letter of 1 October 2025, I am writing with further details of the operational matters and approach of Social Security Scotland as requested.

Counter-Fraud

While Social Security Scotland's approach to both fraud prevention and debt recovery is firmly rooted in our commitment to dignity, fairness, and respect, we have developed a strong and robust approach to tackling fraud.

Suspected cases are risk assessed and then investigated by our specialist teams where appropriate. Should a benefit offence be suspected at investigation conclusion, cases can be referred to the Crown Office and Procurator Fiscal Service.

We operate a zero-tolerance policy towards fraud, as outlined in the published Counter Fraud Strategy ¹ this guides our daily operations to deter, prevent, detect, and investigate fraud. A wide range of investigative tools are employed, including intelligence sharing, fraud reporting channels, and the use of surveillance where appropriate - all designed to protect the public purse. Surveillance is conducted under the provisions of the Regulation of Investigations Powers (Scotland) Act 2000 and oversight of our use of covert tactics is provided by the Investigatory Powers Commissioner.

Fines issued by the courts are not added to benefit-related debt and are collected separately by the Scottish Courts and Tribunals Service.

¹ Social Security Scotland Counter Fraud Strategy 2023-2026

Debt recovery

Debt recovery is treated as a civil matter and is managed through client engagement, repayment plans, and, where necessary, enforced deductions or civil litigation. Social Security Scotland actively recovers overpayments where a client is liable or where the error was not their fault, but they could have reasonably been expected to notice.

Michael Marra MSP asked about the efficiency of our debt recovery processes. In 2023-24, £0.3 million was recovered against a debt balance of £4 million and in 2024-25 over £1 million was recovered against a balance of £10 million - equating to recovery rates of 7.5% and 10%, respectively.

DWP benefit overpayment recovery rates shows they recovered £769 million in 2023-24 against a balance of £4.9 billion (15.7%) and £814 million against £5.7 billion (14.3%) in 2024-25.

As we continue to develop our systems and processes, I expect the efficiency of our debt recovery to continue to improve. For example, online payments are scheduled to be introduced later this financial year making it easier for clients to make payments and releasing staff time. Progress is also being made on civil recovery, with a legal partner appointed to begin pursuing debts through the courts starting in November. In addition, enforced deduction processes are being developed, with implementation targeted for 2026-27. These will only be used where clients have failed to engage in all other recovery attempts.

Ross Greer MSP asked whether debts to Social Security Scotland are prescribed and written off after a set time. I can confirm these rules of prescription under Scottish law apply to all debts in Scotland and not just those owed to Social Security Scotland.

Social Security Scotland operating costs

Social Security Scotland's current forecast for operating costs is £309.1 million for 2025-26, on plan against budget allocation, which is also the equivalent of 4.6% of the value of benefits on running costs. This is lower than the Department for Work and Pensions cost of administering non-pension benefits as a percentage of benefit value, which was estimated at 6.3% in the financial memorandum that accompanied the 2018 Act².

Appointee assessments

Social Security Scotland continues to progress appointee assessments. The vast majority of these complex assessments arise as part of the Case Transfer process for clients whose cases have transferred from the Department for Work and Pensions.

Payments remain in place throughout the transfer process, even where further appointee checks are required, ensuring that our most vulnerable clients do not

² Financial Memorandum Social Security (Scotland) Bill - page 25

miss out on financial support. To expedite progress, we continue to review and improve our processes.

In line with our commitment to focus on supporting new applicants, assessments for new applications and new appointee requests are being prioritised. This ensures individuals applying for support for the first time, are supported promptly and can access the financial assistance they need without delay.

The Scottish Government's legislation requires an enhanced level of checks than those undertaken by Department for Work and Pensions to be completed as soon as is reasonably practicable after the case is transferred. Social Security Scotland is committed to ensuring these are completed through robust processes.

In instances where an immediate risk of harm to a client is identified we have robust internal safeguarding procedures and processes in place to ensure the relevant authorities are engaged where appropriate (or to ensure client safety).

I hope this information is helpful to the Committee.

Yours sincerely,

David Wallace

Chief Executive
Social Security Scotland