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Public Audit Committee
Room T3.60
The Scottish Parliament
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Dear Elena,

Social security: Progress on implementing the devolved benefits

At its meeting on [23 June 2022](#), the Public Audit Committee took evidence from Audit Scotland on the section 23 report, [Social security: Progress on implementing the devolved benefits](#), published by the Auditor General for Scotland (AGS) on 19 May 2022. Prior to the evidence session, the Committee received [correspondence from the Minister for Social Security and Local Government](#), welcoming the report's recommendations and acknowledgements.

While the AGS confirmed during oral evidence that the Scottish Government has so far been able to successfully deliver new and complex social security benefits in challenging circumstances and is well placed for the next stages of implementation, it is clear that several risks remain that would benefit from further scrutiny. Recognising the clear remit of the Social Justice and Social Security Committee to consider the social security system in Scotland, the Public Audit Committee agreed to close its scrutiny of the report and draw these risks to your attention.

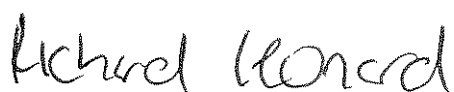
The AGS was clear in his report and in his evidence that the successful delivery of new and complex benefits including the Scottish Child Payment and Child Disability Payment constitute significant achievements. However, as this work progresses, the scale of activity is expected to “increase hugely over the next few years” which presents substantial risks, particularly in relation to financial sustainability, staffing, digital solutions and assessing relevant data:

- The report states that by 2026-27, benefit expenditure in Scotland is forecast to be £760 million higher per year than the corresponding funding received through the block grant adjustment. Since the publication of the report, the Scottish Fiscal Commission has published its most recent forecasts, showing that the figure is now expected to increase to £1.3 billion over the same period. The AGS highlighted during the evidence session that it is critical for the Scottish Government to manage the long-term financial sustainability of its social security expenditure, alongside other spending priorities.
- As you will be aware, Social Security Scotland will expand significantly in the next few years and the delivery of complex benefits such as the Adult Disability Payment will pose challenges in terms of staff, expenditure and caseload. Staff numbers are expected to increase from 1,800 in December 2021 to 3,500 by March 2023, with much of it driven by adult disability payment casework. The AGS stated that Social Security Scotland does have a workforce plan and has already scaled up considerably in recent months. However, the Committee considers that this progress should be monitored.
- The Agile methodology used for the delivery of social security benefits has allowed 'must-have' systems and processes to be delivered, but the Committee heard evidence that the approach has trade-offs. For example, the AGS highlighted to the Committee that resources will be needed over the long term to revisit "system management, maintenance and IT requirements" to enable Social Security Scotland to operate efficiently and effectively.

The AGS also highlighted that the Scottish Government has yet to set out the formal strategy for evaluating the impact of benefits. One of the recommendations contained in the report states 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."

Given the risks highlighted above, we would encourage your Committee to monitor the progress of the work that is being undertaken by the Scottish Government and Social Security Scotland in relation to the implementation of devolved social security benefits as part of your future work programme.

Yours sincerely,



Richard Leonard MSP
Convener