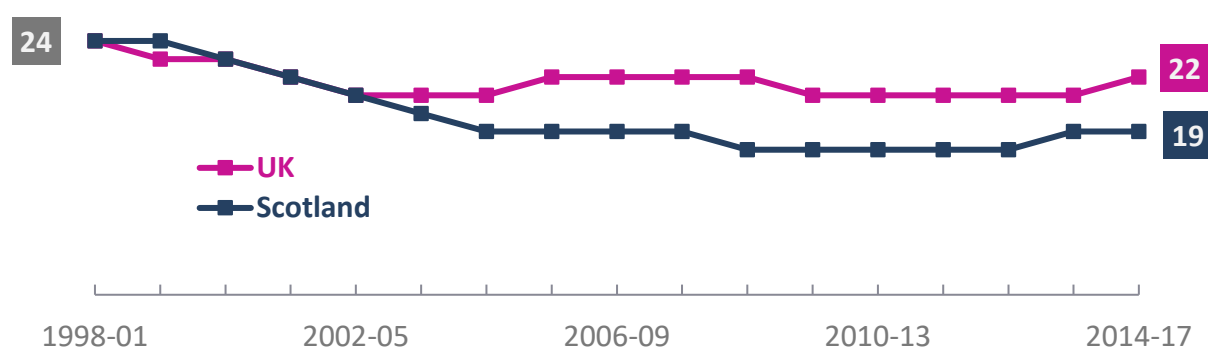


KEY ANALYSIS

Poverty - Income & Wealth Inequality - Multiple Deprivation

Poverty

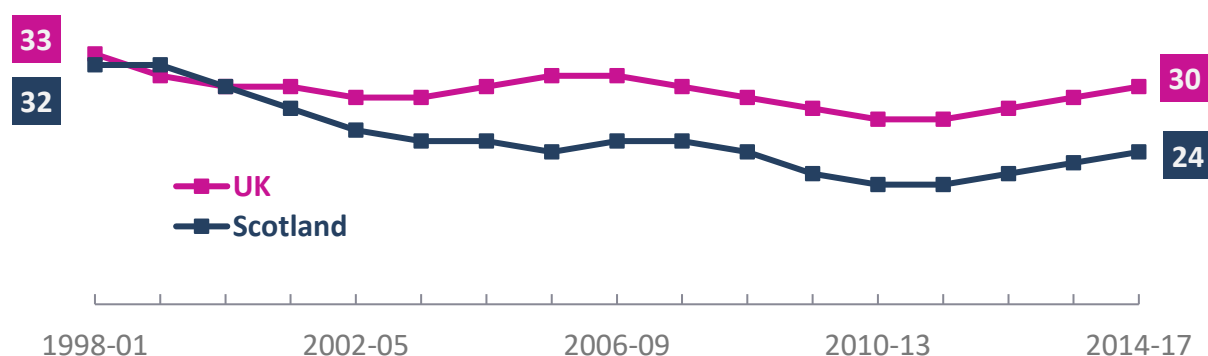
- The key poverty figure used is relative poverty after housing cost – this means having a household income below 60% of the median (middle) income in the UK.
- In 2014-17, one million people in Scotland were living in relative poverty after housing costs each year. This was 19% of all people in Scotland, compared with 22% in the UK.
- Poverty has generally been 2-3 percentage points higher across the UK than in Scotland over the last decade.



Source: Family Resources Survey 2014-17, next update due Mar 2019

Child poverty

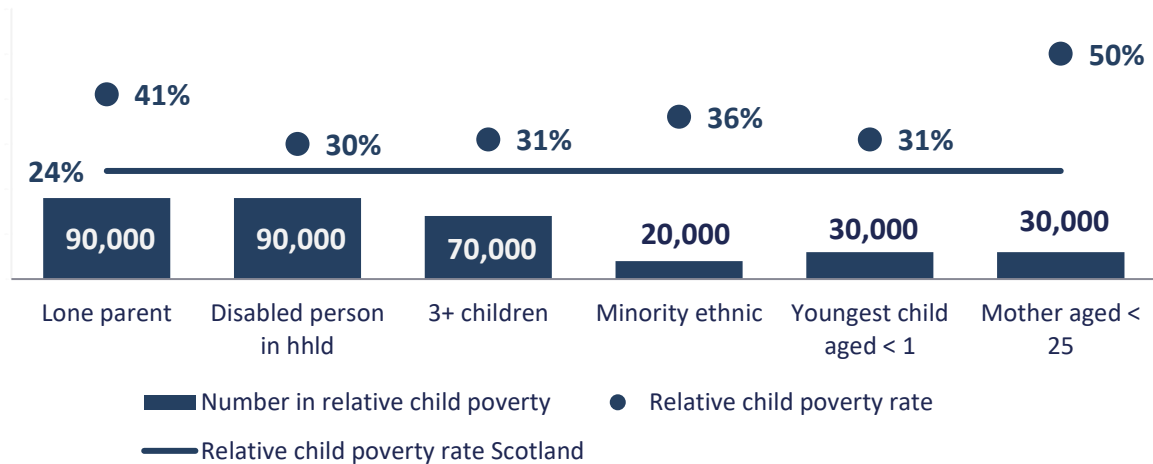
- In 2014-17, 230,000 children in Scotland were living in relative poverty after housing costs each year. That is 24% of all children in Scotland, compared with 30% in the UK.
- In both Scotland and the UK, the rates in 2014-17 are similar to those ten years earlier but, without action, projections for Scotland suggest a rise to almost 35% by 2021-22.
- The relative poverty target in the Child Poverty (Scotland) Act is fewer than 10% by 2030
- The other three target measures in the Child Poverty (Scotland) Act 2017 (absolute child poverty, persistent child poverty and children in combined low income and material deprivation) have shown constant levels over the past few years, with projections also suggesting a worsening in the future.



Source: Family Resources Survey 2014-17, next update due Mar 2019

Child poverty priority groups

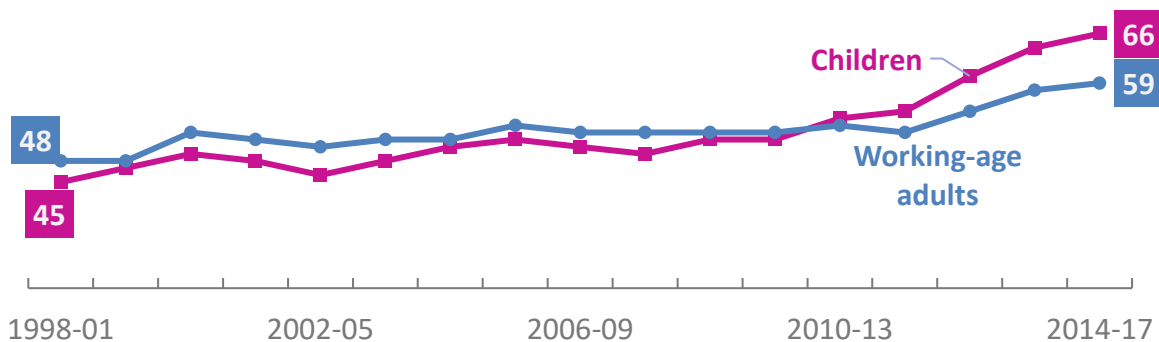
- The Tacking Child Poverty Delivery Plan (2018) identified six priority groups. In 2014-17, relative child poverty after housing costs for these groups was between 30% and 50%, higher than the Scotland average (24%).



Source: Family Resources Survey 2014-17, next update due Mar 2019.

In-work poverty

- Someone is in-work poverty when they are in relative poverty even though at least one adult in the household is in paid employment (including self-employment).
- More than half of working-age adults and two thirds of children in poverty in Scotland live in a household where at least one adult is in paid employment.

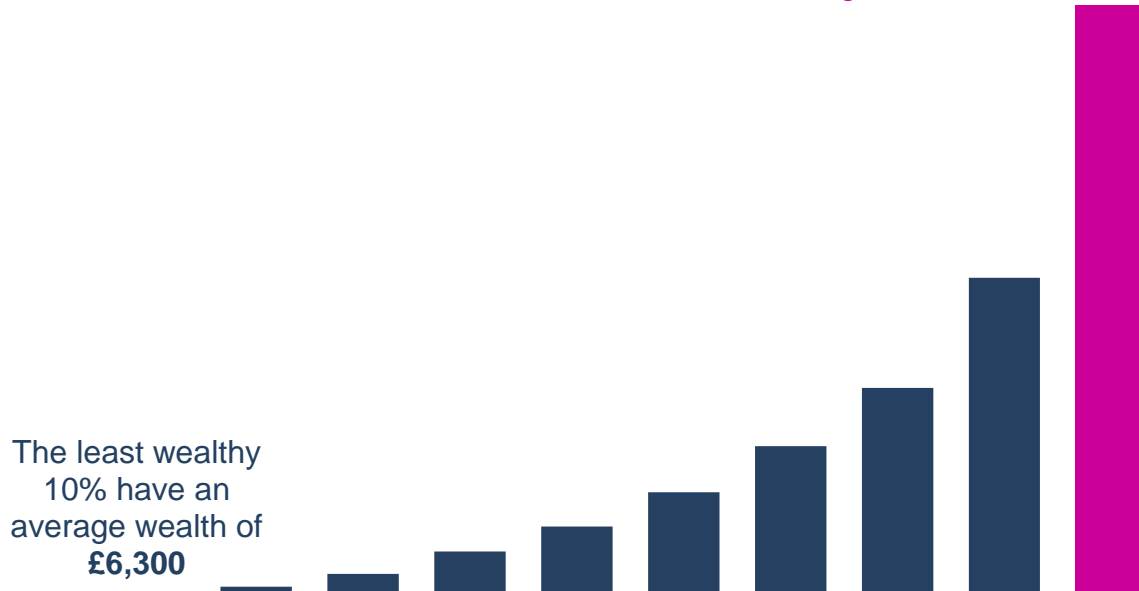


Source: Family Resources Survey 2014-17, next update due Mar 2019.

Wealth inequality

- Household wealth in Scotland exceeds £1 trillion, but 25% of people in Scotland have less than £500 net savings. The wealthiest 10% own more than 200 times as much as the least wealthy 10%. This is similar to the rest of the UK.

The wealthiest 10% have an average wealth of **£1.34 million**

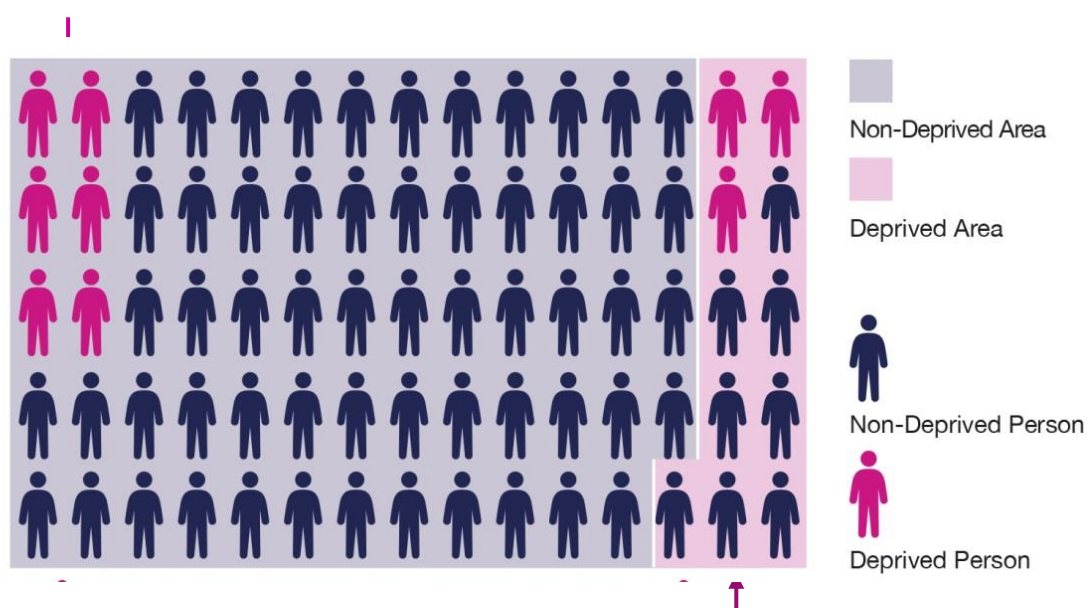


Source: Wealth and Assets Survey 2012/14/ 2013-15, next update due autumn 2018

Area deprivation

- There are local areas that experience multiple disadvantage. The Scottish Index of Multiple Deprivation (SIMD) identifies these deprived areas. But not everyone who lives in a deprived area is deprived. And not everyone who is deprived lives in a deprived area.

Two out of three people who are income deprived don't live in a deprived area



Just over **two out of three** people living in a deprived area aren't income deprived

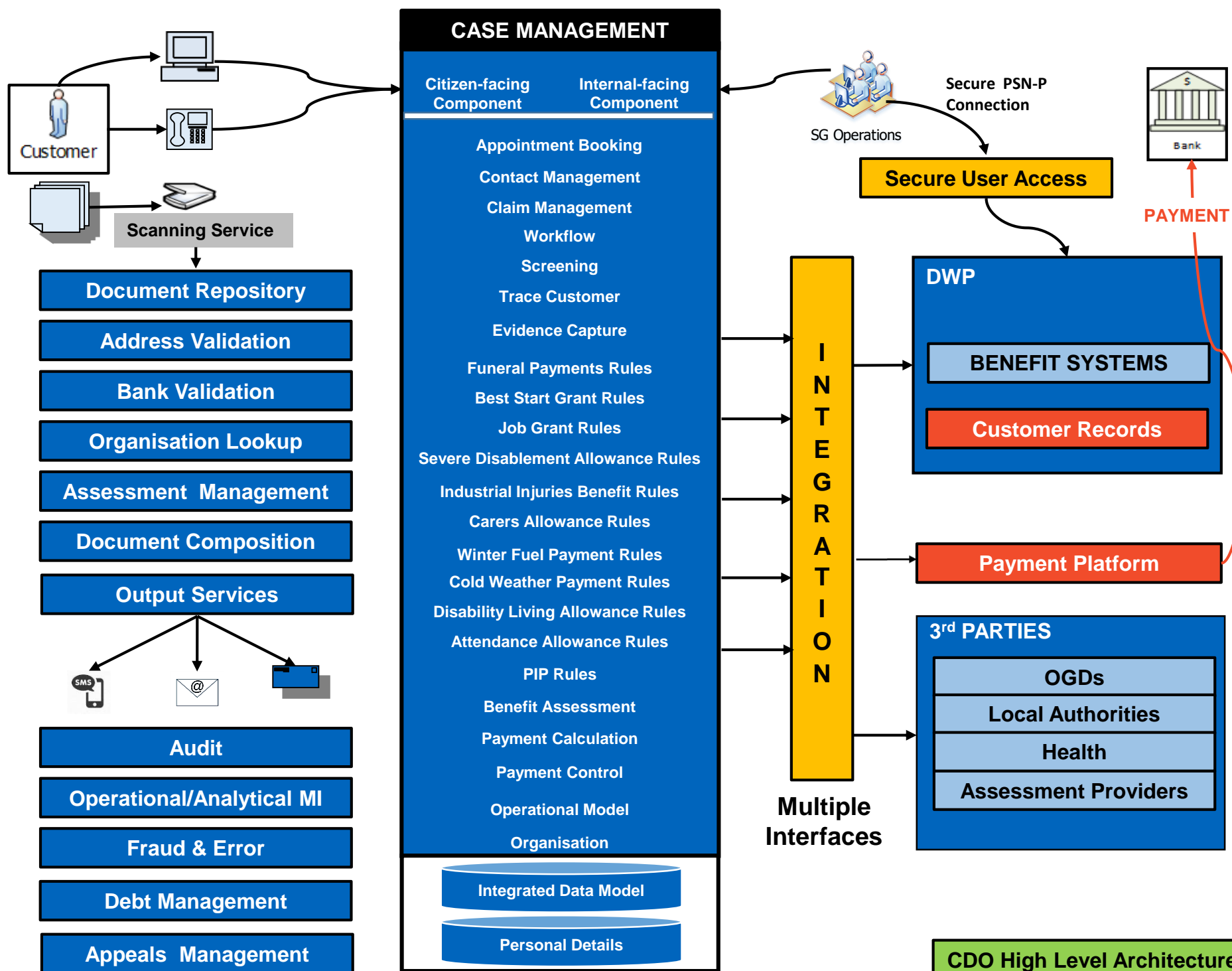
Source: SIMD16, next update due 2019

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OFFICIAL – SENSITIVE

Briefing note for the Cabinet Secretary for Social Security and Older People

Chief Digital Officer Division

The Chief Digital Officer (CDO) division is responsible for defining the strategic direction and business priorities for the development of the technology to administer social security in Scotland.

The division has two primary focuses;

1. Support the implementation of the eleven benefits and the successful programme delivery through the design and delivery of a range of digital solutions to support end to end processes from application through to prompt payment.
2. Support the creation and operation of the new agency in two cities with a combination of building infrastructure, security, and core technologies required for day to day functions.

With a range of functions including architecture, platforms, technologies, security, and cyber protection, the division has the overall responsibility for ensuring that the correct technologies are sourced and implemented using a 'digital as appropriate' approach and working in collaboration with the Scottish Government Digital Directorate and mindful of our dependency on the Department for Work and Pensions (DWP) for bi-directional information exchange.

As part of our design and implementation approach we are ensuring that users of systems, including those who will apply for and receive the devolved benefits, and people who support and represent them, are properly involved in design and testing during programme delivery.

We have a significant focus on security and cyber protection and this is underpinned by the 'secure by design' principle within the CDO Digital & Technology strategy which was approved by the programme board earlier this year and is scheduled to be published shortly.

Through collaboration with industry and the National Cyber Security Centre, we are ensuring that information risk for social security is managed pro-actively and that practices and procedures are in place to mitigate risks and comply with legislative requirements relative to data and information.

The design, implementation and delivery of a significant digital architecture will involve multiple technologies and numerous suppliers. This complex landscape requires a mixture of technology and commercial capabilities within the division and our growing team is comprised of both permanent and interim staff with experience in private and public sectors, including knowledge of welfare systems.

In order to reduce risk to programme delivery, and learning from the lessons of other major IT programmes that have experienced difficulties in recent times, we have adopted the principle of **Reuse**, before **Buy**, before **Build**. This approach seeks to avoid reinventing the wheel wherever possible through the adoption of either existing functionality elsewhere in the wider public sector, or looking to the commercial market for solutions that can be adapted (not customised) to meet the current and future needs of social security in Scotland.

The overall digital and technology architecture is based on a 'loosely coupled' approach which means that any solution or component can be considered for replacement or renewal should the legislative, business or technology landscape evolve over time.

Andy McClintock

3 July 2018

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Andy McClintock

3 July 2018

KEY EQUALITY ANALYTICAL POINTS

National Performance Framework and Equality Evidence Finder

The Equality Evidence Finder provides data for protected characteristics across policy areas. It is being moved to be hosted on the same website as the National Performance Framework.

All new indicators in the National Performance Framework should provide breakdown by protected characteristics wherever possible.

Equality Evidence Strategy

Data availability is restricted by the size of population in sample surveys. This means that data can be difficult to identify for many protected characteristics. An Equality Evidence Strategy was published in 2017 to identify data gaps and establish a process to fill the gaps. Data is improving and the evidence finder will increasingly host qualitative data where statistical data is not available.

Key statistics on protected characteristics

Between 1997 and 2017, the increase in the population of older **age** groups was much higher than younger age groups. The largest increase was in the 75 and over age group (+31%) whereas the population of children aged 0 to 15 decreased the most (-9%).

Scotland became a more **ethnically diverse** country in the decade to 2011. The size of the minority ethnic population in 2011 was just over 200,000 or 4% of the total population of Scotland (based on the 2011 ethnicity classification); this has doubled since 2001 when just over 100,000 or 2% of the total population of Scotland (based on the 2001 ethnicity classification) were from minority ethnic groups.

A third (33%) of adults and 7% of children and young people in 2016 had a long term limiting health condition or **disability**. There has been an increase in the proportion of people reporting limiting long-term conditions, however it should be noted that there is an ageing population.

In 2016, 'no **religion**' was the largest single group at just under 49%; Christians represented 47% and Muslim 2%

In 2016 2.2% of adults identified their **sexual orientation** as Lesbian, Gay, Bisexual or other, though it is felt that this figure is likely to under-report the percentage. Younger people were more likely to self-identify as Lesbian, Gay or Bisexual.

51% of the Scottish population identify their **gender** as female.

Data on **transgender** and non-binary is very limited but a new question has been successfully piloted in core Scottish surveys allowing a third option for gender. Similar testing is ongoing for the 2021 Census.

Gender Index

Following the production of a discussion paper on constructing a gender index in 2017 a working group of key gender stakeholders has been established with a 2 year workplan to develop a gender index for Scotland.

KEY EMPLOYMENT AND POVERTY ISSUES

In 2017, the employment rate for those aged 16-64 who were disabled was 45.4% compared to 81.2% for those who were not disabled and 74.3% for the total population aged 16-64

The employment rate for people from non-white minority ethnic groups was 60.6%, compared to 75.0% for white ethnic groups.

87.8% of men in employment are in full time employment compared to 57.7% of women.

In 2017, the gap in median hourly earnings (excluding overtime) between men and women working full-time in Scotland was 6.6%, roughly the same as in the previous year, which had been at an all-time low since reporting began in 1997.

After housing costs, **24%** of children, **19%** of working age adults and **13%** of pensioners in Scotland were living in relative poverty.

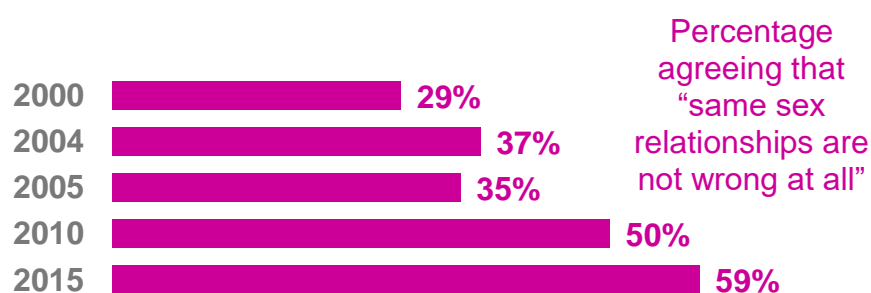
In 2014-17, the relative poverty rate after housing costs for families with a disabled person was 24%. This compares with 16% of people in a family without a disabled person who were in poverty.

Over a third of people in minority ethnic groups were in poverty after housing costs were taken into account. For comparison, the poverty rate for the 'White – British' group was 18%

SOCIAL ATTITUDES

Social Attitudes Survey, 2015 showed attitudes to immigration were becoming more tolerant. While 46% of people felt Scotland would begin to lose its identity if more people from Eastern Europe settled here in 2010 this had reduced to 38% in 2015. Tolerance of Muslims was lower, but again society had become more tolerant between 2010 and 2015 with a drop from 50% to 41%.

Attitudes to same sex relationships are also becoming more tolerant:



SCOTTISH WELFARE FUND

The Scottish Welfare Fund is a vital lifeline for people across Scotland

- The Scottish Welfare Fund is a vital lifeline for people across Scotland providing **£38 million per annum** to councils.
- Families and individuals in Scotland who require emergency aid can receive a grant through the Scottish Welfare Fund, unlike in England where they receive a budgeting **loan** that has to **be repaid**.
- From April 2013 to 31 December 2017 **285,720 individual households** in Scotland have been helped with awards (Crisis Grants and Community Care Grants) totaling **£155.8 million**. **Over 155,000 were single person households and more than 94,000 (a third) were families with children**.
- Between 1 April 2013 and 31 December 2017, 489,725 **Crisis Grants were awarded**. (with an average spend of £75). Most Crisis Grant expenditure was on food, essential heating costs and other living expenses. Crisis Grants provide a safety net when someone experiences an emergency situation, and where there is an immediate threat to health and safety.
- During the same period, 198,885 **Community Care Grants were awarded** (with an average award of £598). The awards were typically for floor coverings, beds, white goods and furnishings. Community Care Grants enable people to live, or continue to live independently, preventing the need for institutional care, and help families facing exceptional pressure.
- Between **October and December 2017** councils received **40,115 applications for Crisis Grants, an increase of 8% on the same quarter the previous year;** and 13% of those applications were **due to delays in benefit payments**.
- **We should not have to use the Scottish Welfare Fund to mitigate the UK Government welfare reforms**
- Universal Credit is clearly failing the people of Scotland and causing anxiety, hardship and rent arrears.
- The Scottish Government has long called for a halt to the roll out of Universal Credit. We have repeatedly written to the UK Government asking them to halt the roll out of UC until the problems are fixed. . But the UK Government refused point blank to listen.
- We expect to spend over £125m in 2018-19 on welfare mitigation and measures to help protect those on low incomes. This is over £20m more than in the previous year.

We remain committed to supporting 18-21 year olds for whom the UK Government removed automatic entitlement to support with housing costs from 1 April 2017

- The UK Government laid regulations on 3 March 2017 to change entitlement for housing costs within Universal Credit (UC) for new claimants in full service areas aged 18-21 years which came into effect on 1 April 2017.
- We extended the Scottish Welfare Fund (SWF) on an interim basis to ensure those young people who were excluded from financial support by the UKG would still be able to receive assistance with housing costs.
- Local authorities have been making payments to eligible young people.
- We have always recognised that the interim solution is a temporary measure.
- We lodged amendments to the Social Security Bill that would allow us to introduce housing assistance to ensure that 18-21 year olds are able to get help with housing costs when they need it by creating a specific benefit for this group.
- These amendments were accepted following the parliamentary process at stage 2 of the Bill.
- The amendments also enabled Ministers to introduce regulations to ensure that the current support provided to 18-21 year olds can continue to be delivered by councils, as we moved from the interim solution to this more permanent arrangement.
- On 29th March the DWP announced that the UK Government has made the decision to amend Universal Credit housing regulations for 18-21 year olds reinstating the entitlement to housing costs for 18-21 year olds.
- Draft regulations or a timetable for these have not yet been shared with the Scottish Government.
- Further amendments to the Bill will be lodged to reflect these changes but any changes will also safeguard our position to provide assistance to this group should the UK Government fail to follow through on their promise

We have introduced Family Reunion Crisis Grants to support reunited refugee families during their first days in Scotland.

- The Cabinet Secretary for Communities, Social Security and Equalities announced the establishment of Family Reunion Crisis Grants on 9 May 2018. Delivery began on 14 May 2018.
- Family Reunion Crisis Grants will stop families falling into destitution by ensuring a faster and more systematic support mechanism, which facilitates faster access to crisis grants before they are able to access welfare benefits.
- The Scottish Welfare Fund is the legislative and delivery mechanism for Family Reunion Crisis Grants.
- Funding for Family Reunion Crisis Grants has been identified in the Scottish budget and sits separately to Scottish Welfare Fund funding.
- Once someone receives refugee status in the UK, they can apply for close family members (spouse and children under 18) to join them under family reunion rules. In many cases, the sponsor will be on benefits or in low paid employment at the time family members arrive, placing the family under severe financial pressure in the first days that they are reunited, before benefits for the whole family are in place.

- We developed a process for the operation of Family Reunion Crisis Grants in partnership with Glasgow City Council and the British Red Cross. This enables the refugee sponsor in Scotland to make an application for a crisis grant with the support of the British Red Cross, once their family's travel arrangements are known. The Council makes a decision on the application using the same criteria as for the Scottish Welfare Fund and, if granted, funds are paid into the sponsor's bank account in time for the family's arrival in Scotland.

Directorate Finance Hub

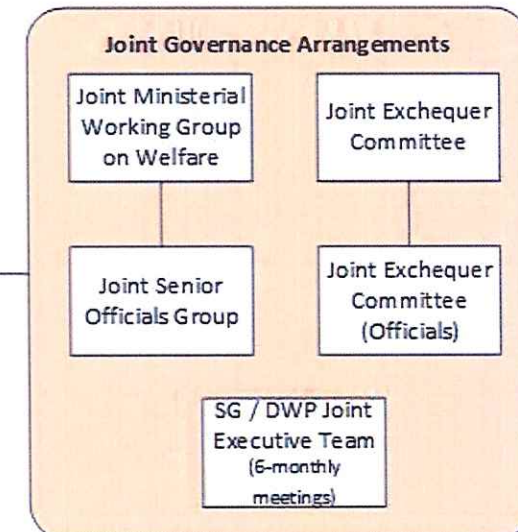
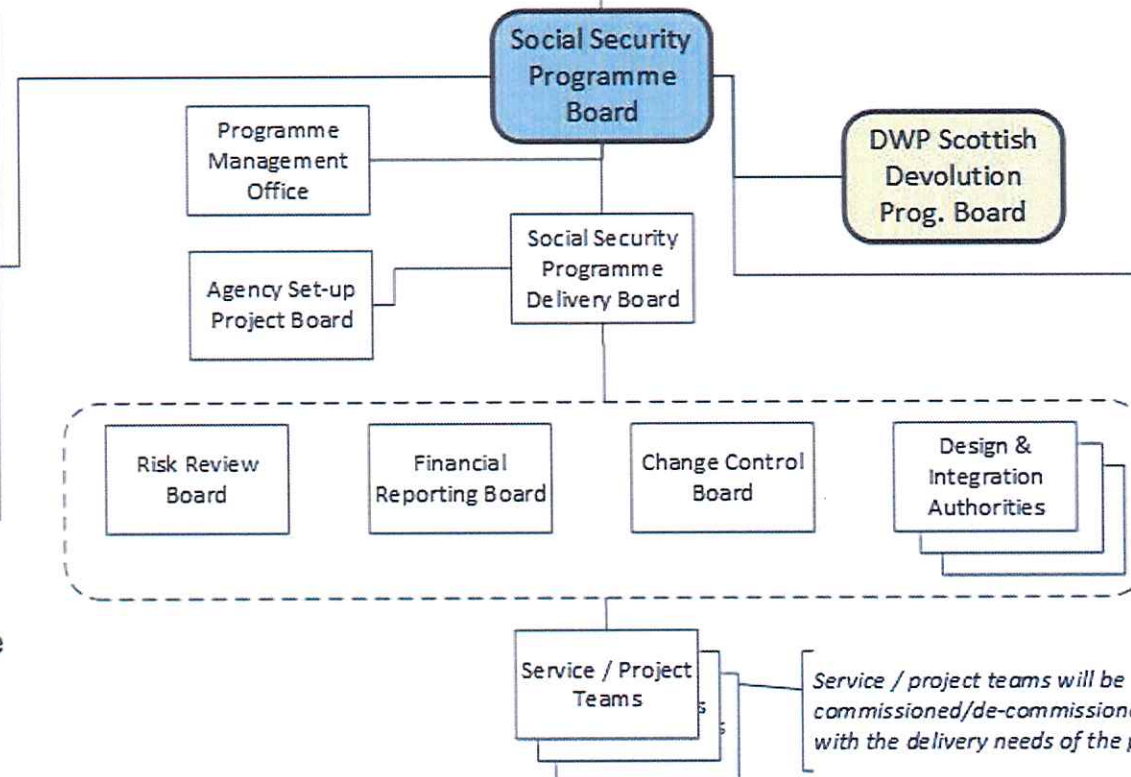
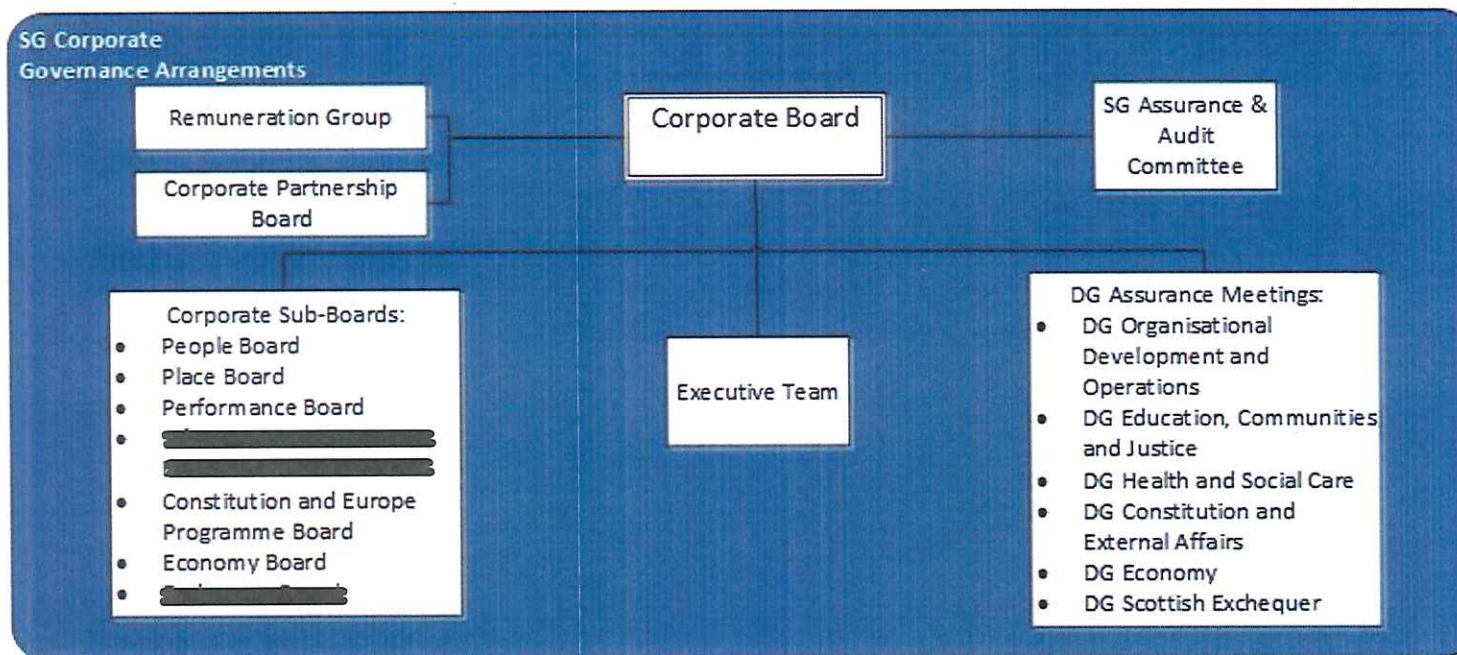
The Finance Hub is responsible for all finance and related matters within the Social Security Directorate and should be kept fully involved in all relevant activities.

[Redacted] is the Head of the Finance Hub and the work of the Hub is split into three broad streams;

Strategic Finance – **[Redacted]** is responsible for managing the Directorate's submissions for spending reviews covering both programme and admin budgets (collating the work of the rest of the Finance Hub), managing the implications of the Fiscal Framework Agreement (which governs funding flows for newly devolved benefits) between the Scottish and UK Government's, leading any discussions on finance related matters between the Scottish and UK Government which are not covered by the Fiscal Framework; supporting Ministers and colleagues on the Financial aspects of the Bill including responsibility for the financial memorandum and providing appropriate briefing and advice for Parliamentary Committee, debates and other relevant events.

Programme Finance – **[Redacted] (supported by [Redacted])** is responsible for supporting the Director for Social Security and the Social Security Programme Director to set, manage and control admin and programme budgets for the programme and Directorate. The Programme Finance team will, ensure all costs are recorded accurately in our ledger (SEAS), working with programme colleagues, to keep forecasts and historic spend up to date. This work enables the provision of management information to budget holders and other stakeholders (programme/project boards etc.) in a format that facilitates proper financial control. The team also have a role, with CAD, in assisting directorate colleagues in costing proposals and plans both for policy and programme.

Agency Finance – **[Redacted] (supported by [Redacted] and [Redacted])** is responsible for the development and implementation of financial control systems for the Agency. This includes acting as a customer of the programme for payment platform development and the elements of other systems that will require embedded financial control. A key part of the role is to ensure that the Agency, when operational, has best practice systems and policies for financial control, can make the right payments on time to the right people and account accurately for them. Agency Finance also encompasses the Agency counter fraud team who are responsible for ensuring that system and processes are designed and delivered to support the prevention of fraud, or that where fraud does occur it can be detected and recovered in a way that is in keeping with the Agency values of dignity and respect.



Scottish Government Social Security Programme governance structure

Social Security (Scotland) Act – Key Summary Information

Summary

The Act establishes a framework for a new, Scottish social security system. It transposes the eleven existing social security benefits that are being devolved onto a Scottish legislative platform, allowing the Scottish Parliament to shape a distinctly Scottish social security system with dignity and respect at its heart.

There are approx. 1.4 million people in Scotland in receipt of the existing benefits that are being devolved. The benefits, totalling around £3.3 billion annually will be administered by our new agency, Social Security Scotland. These include benefits to support disabled people, older people, children, young people and families.

The Act sets out the Scottish social security principles that social security is an investment in the people of Scotland; that social security is a human right; and that respect for the dignity of individuals is to be at the heart of what we do, and reflects the need for the Scottish Government to make those principles meaningful by translating them from statements of aspiration into more focussed aims.

It also places a statutory duty on the Scottish Government to prepare and publish a social security charter. Taking this approach will enable the principles to be embedded in a way that is open to monitoring, reporting and scrutiny, and available in a format that can be easily understood. And, it will support the Scottish Government's clear commitment that key information will be available in ways that are accessible to all.

The Act introduces the following:

- The right to a supporter at every stage.
- The provision of independent advocacy services for people with disabilities who need them.
- The right to short term assistance during an appeal, to ensure there are no financial barriers to prevent people from taking this action.
- A legal duty on Scottish Ministers to promote benefit uptake.
- A Charter of rights for everyone using the system, to be approved by Parliament.
- Creation of an independent scrutiny body – the Scottish Commission on Social Security
- A reduction in the need for face-to-face assessments, with them only being undertaken when needed.
- Recognition of the importance of clinical judgement by removing any time limit from legislation in respect of terminal illness.
- That individuals must always have the choice to receive benefit payments in cash.
- The annual uprating, in line with inflation, of disability assistance, employment-injury assistance, Carer's assistance, Young Carer's Grant, and Funeral Expense Assistance; and annually review the rates of all other types of assistance.
- Adherence to inclusive communications standards to ensure that individuals who have difficulty communicating can receive information that best meet each individual's needs.

Social Security (Scotland) Act – Key Summary Information

- No means testing for Disability assistance, Employment-injury assistance and Winter Heating assistance.

A summary of the content on the individual parts of the Act is set out in **Annex A**.

Summary of Bill process

- The Bill was introduced to Parliament on 20 June 2017. The Social Security Committee carried out the Stage 1 scrutiny of the Bill from 30 June and concluding with the Stage 1 debate on 19 December 2017, when MSPs voted unanimously to agree the principles of the Bill.
- Stage 2 commenced on 25 January 2018 and completed on 1 March 2018. During this time the Social Security Committee held 4 amending sessions, dealing with 232 amendments, of which 65 were Scottish Government, 2 were SNP and 165 were non-Government. [Redacted].
- Stage 3 took place on 25 April 2018. [Redacted].
- A total of 148 amendments were lodged ahead of stage 3. 44 were government amendments, 7 from SNP members, 58 from opposition members, and a further 39 amendments were minor technical fixes. [Redacted].
- [Redacted].
- The government did not lose any votes on amendments at stage 3 and the Bill was unanimously passed.
- The Bill received Royal Assent on 1 June 2018, becoming the Social Security (Scotland) Act 2018.

Legislation and Operational Policy Unit
Social Security Policy Division
Social Security Directorate
27 June 2018

SUMMARY OF CONTENT OF SOCIAL SECURITY (SCOTLAND) ACT 2018

Part 1 covers the social security principles, Scottish Minister's duty to promote take-up, advocacy, assessments, the social security charter, accountability arrangements and the meaning of 'Scottish social security system'.

Part 2 sets out an over-arching legislative framework for the administration of social security in Scotland, making provision for operational functions such as determination of entitlement, re-determinations, appeals, overpayments, fraud and error. It places a duty on the Scottish Ministers to give assistance to persons who are entitled to it and provides a brief description of each type of assistance (which will in time replace current DWP benefits as shown):

- **Carer's assistance**, which will be provided to an individual who cares for another individual with a disability (DWP Carer's Allowance).
- **Cold-spell heating assistance**, which will be provided to an individual to help meet heating costs in periods of cold weather (DWP Cold Weather Payments).
- **Winter heating assistance**, which will be provided to an individual to help meet heating costs in winter (DWP Winter Fuel Payments).
- **Disability assistance**, which will be provided to a disabled individual on account of the impact of a physical or mental disability or terminal illness) (DWP Disability Living Allowance, Personal Independence Payments and Attendance Allowance).
- **Early years assistance**, which will be assistance to an individual who has costs related to having a child in their family. This includes people who are expecting to have a child (DWP Sure Start Maternity Grant).
- **Employment-injury assistance**, which will be provided to an individual who has had an injury or contracted a disease through employment (DWP Industrial Injuries Scheme).
- **Funeral expense assistance**, which will be assistance to an individual to help meet funeral costs (DWP Funeral Payment).
- **Short-term assistance**, which Scottish Ministers will provide on a short-term basis. For example to maintain payments to an individual, in certain circumstances, if they decide to make an appeal against a decision to reduce their ongoing entitlement to assistance (no DWP equivalent).
- **Discretionary Housing Payments (DHPs)**, which are paid by Local Authorities to individuals receiving a housing benefit who require additional help to meet housing costs. Scottish Ministers took responsibility for these in April 2017, and Ministers now have the power to issue guidance to those schemes.

The Act confers powers on the Government to set out detailed rules for assistance in regulations, including their rules for eligibility and entitlement. A significant body of secondary legislation that provides detail on each type of assistance and on the operation of the social security system will be required once the Act enters into law, and it is anticipated that this legislation will come into force within the current Parliamentary term. As the Scottish Government is committed to co-production, all of the constituent parts of the overall system are being developed in collaboration with others. This will ensure the regulations are considered and agreed in an open and transparent way, that allows stakeholders to provide evidence and feed in their views.

Social Security (Scotland) Act – Key Summary Information

Part 3 allows the Scottish Ministers to make regulations to top up benefits that are reserved to the UK Parliament. It also provides a mechanism to pay a Carer's Allowance supplement at the earliest possible opportunity. The intention is that those living in Scotland and in receipt of Carer's Allowance on qualifying dates will receive a supplement that will take their payments to the same level as Jobseeker's Allowance.

Part 4 legislates for the inalienability of assistance (no assignation or charge, and the retention of a right to assistance on bankruptcy), information-sharing, agency arrangements for housing assistance, and the Scottish Parliament's monitoring of the appeal process.

Part 5 allows local authorities to continue to make payments to people to help them with their housing costs, known as Discretionary Housing Payments (DHPs), but with greater local discretion to determine appropriate arrangements. Responsibility for DHPs was devolved to the Scottish Parliament on 1 April 2017 and the Bill presents an opportunity to simplify the relevant legislation and recast it in a Scottish context.

Part 6 deals with split payments for Universal Credit [Redacted].

Part 7 deals with the technical matters normally dealt with at the end of Bills.

Schedule 1 sets out the details of the Scottish Commission on Social Security (operation/composition, legal status, powers, procedure, financial arrangements and membership).

Schedules 2 through 10 cover the devolved benefits, allowing for regulations to be made (see Part 2 above).

We are introducing a new Scottish social security system which will treat people with dignity and respect. The Act:

- Introduces a new public service to Scotland, through the biggest transfer of powers since devolution.
- Shapes a distinctly Scottish social security system with dignity and respect at its heart.
- Introduces a rights-based system, based on a set of founding principles and clearly linked in to international rights and instruments (e.g. Universal Declaration on Human Rights).
- Enables the SG to improve the way benefits, such as disability benefits, are delivered.
- Underpins the safe and secure transition of benefits to the 1.4 million people who rely on this support.
- The 11 devolved benefits are worth around £3.3 billion annually by 2020/21 – the equivalent to paying for more than two Forth Replacement crossings every year. We will deliver more payments in one week than we currently do in a year.
- More life time awards where a condition is not expected to improve.

Specifically, the Act introduces the following:

- The right to a supporter at every stage.
- The provision of independent advocacy services for people with disabilities who need them.
- The right to short term assistance during an appeal, to ensure there are no financial barriers to prevent people from taking this action.
- A legal duty on Scottish Ministers to promote benefit uptake.
- The removal of penalty charges in instances where overpayments have been made.
- A Charter of rights for everyone using the system, to be approved by Parliament.
- Creation of an independent scrutiny body – the Scottish Commission on Social Security
- A reduction in the need for face-to-face assessments, with them only being undertaken when needed.
- Recognition of the importance of clinical judgement by removing any time limit from legislation in respect of terminal illness.
- That individuals must always have the choice to receive benefit payments in cash.
- The annual uprating, in line with inflation, of disability assistance, employment-injury assistance, Carer's assistance, Young Carer's Grant, and Funeral Expenses Assistance; and annually review the rates of all other types of assistance.
- Adherence to inclusive communications standards to ensure that individuals who have difficulty communicating can receive information that best meet each individual's needs.
- No means testing for Disability assistance, Employment-injury assistance and Winter heating assistance.

Key differences between the SG and UKG approaches

- **We are introducing a new Scottish social security system which will treat people with dignity and respect.**
- **Our Act will make a positive difference to people in Scotland** in stark contrast to the UKG's approach.
- Unlike the UK Government, Scottish Ministers will be held to robust and independent account for meeting human rights standards.
- Genuine and inadvertent mistakes will not be prosecuted. Where an overpayment has been made, no penalty charges will be levied.
- Private companies will not be involved in delivering assessments.
- Scottish Ministers will be legally required to promote benefit uptake.
- We are introducing a different approach to decision making and appeals, one which aims to get decisions right first time.

[Redacted]

Next Steps

- We plan to deliver Carer's Allowance Supplement by summer 2018. This will increase Carer's Allowance to the same level as Jobseeker's Allowance, investing over £30 million per year, to benefit over 70,000 carers.
- Best Start Grant will be delivered by summer 2019. This will pay a one-off £600 grant for the first birth of a child in low income families and reintroduce grants of £300 for further children. There will be no limit to the number of children in a family it can be paid to.
- Best Start Grant will also provide two further £250 payments in the early years of a child's life.
- We will deliver Funeral Expense Assistance by summer 2019. We have made an extra £3m available and have widened eligibility which is expected to result in approximately 2,000 additional payments per year compared to the current DWP Funeral Payment.
- Young Carer Grant will be delivered by autumn 2019. It will give a £300 annual payment for young adults with significant caring responsibilities who do not currently qualify for Carer's Allowance.
- Agency interim locations in Dundee & Glasgow agreed and first stage of incremental recruitment begins.

The 11 benefits to be devolved are:

- Disability Living Allowance.
- Personal Independence Payment.
- Attendance Allowance.
- Severe Disablement Allowance.
- Carers Allowance.
- Industrial Injuries Disablement Benefit.
- Sure Start Maternity Grant.
- Funeral Expense Payment.
- Cold Weather Payment.
- Winter Fuel Payment.
- Discretionary Housing Payments.

SOCIAL SECURITY FINANCE

1. The transfer of social security powers represents the largest and most complex programme of change the Scottish Government has undertaken since devolution. The Medium Term Financial Strategy (MTFS) published on 31 May 2018 estimates the value of Social Security benefits to be devolved to Scotland from 2021/22 to be in the region of £3.5 billion, representing 15.8% of total expenditure of social security spend in Scotland.

Fiscal Framework – UK Government transfers

2. As per the Fiscal Framework agreement, the funding related to any devolved benefit, which will transfer to the Scottish Government, will be calculated based on DWP spending in Scotland, in the year prior to devolution. It will be transferred via a Block Grant Adjustment. New policy choices and increases in demand-led spending will require new budget cover, funded from the Scottish budget.

3. The Fiscal Framework also sets out the UK Government's agreement to provide £200 million as a share of the implementation costs associated with devolution of all new powers from the Scotland Act 2016. A further £66 million per annum is to be transferred to support a share of annual administration costs. These amounts represent the financial settlement delivered by the Fiscal Framework, but do not represent the full costs of implementation or administration of the new social security powers. Any additional sums required would need to be funded from the existing Scottish budget.

4. For implementation, £100 million was transferred in 2017-18 [Redacted]

Implementation Costs for the Social Security system

5. The Financial Memorandum for the Social Security (Scotland) Bill set out initial estimates for implementation costs of £308 million for a four year programme (2017-18 to 2020-21). This included total staffing costs over the four years of £104 million, estates related costs of £14 million, and IT related costs of £190 million. We currently expect the implementation costs to remain within the £308 million set up costs over the four years to 2020/21.

Administration costs for Social Security Scotland

6. Once the agency is delivering all devolved benefits, one estimated range from the Outline Business Case for the Agency for Social Security in Scotland for the steady state administration costs of the new social security agency is from £144 million to £156 million at 2016/17 prices. [Redacted]

Additional costs of Wave 1 benefits

7. The anticipated **additional** costs associated with payments of the **new** and **enhanced** Wave 1 benefits that need to be met from the Scottish budget are set out in the table below (SG Medium Term Financial Strategy, table 7.3, page 57)

£m	2018-19	2019-20	2020-21	2021-22	2022-23
Carer's Allowance Supplement	35.0	37.0	40.0	42.0	44.0
Best Start Grant		15.3	15.4	15.4	15.6
Funeral Expense Assistance		3.4	3.5	3.5	3.5
Young Carer Grant		0.5	0.5	0.5	0.5
TOTAL	35.0	56.2	59.4	61.4	63.6

Financial Reporting

8. Affordability is a key consideration through our decision making process. In recognition of the financial complexities and risks we have set up a Social Security Finance Hub to ensure that sound financial advice is embedded in decision making.

9. Within the Social Security Directorate officials maintain a five-year financial plan which is continually refined and updated. This plan describes the estimate implementation and operational costs of the programme, these cost estimates are more detailed than those contained in the Financial Memorandum and have been utilised to contribute to the Scottish Government's Medium Term Financial Strategy.

[Redacted]

10. The programme is following the agile development model. Agile is a well-established and widely used methodology, especially useful where complex IT system development is required. An agile approach is in line with Audit Scotland's principle (from their '*Principles for a Digital Future*' report) that implementation should not be 'big-bang' but must be broken down into manageable stages. This approach should ensure we learn lessons from past IT implementations in the public sector.

11. As a result of the agile delivery of the programme, further detail on service design will continue to be developed as the programme progresses through its life cycle. **[Redacted]**

12. The budget for non-tax implementation costs sits within the Scottish Government's Finance and Constitution portfolio budget. In 2017/18 and 2018/19 the budgets for non-tax implementation costs were £80 million and £75 million, respectively. **[Redacted]**