



## Summary

### 1. Introduction

This document forms the Programme Business Case (PBC) for the Social Security Programme, which was set up to implement the devolution of welfare powers from UK to Scottish Government as outlined in the Scotland Act 2016 and in the Social Security (Scotland) Act 2018.

The Programme Business Case (PBC) has been developed in line with the most recent HM Treasury Green Book guidance from 2018: “Guide to developing the Programme Business Case. Better Business Cases for Better Outcomes”. In line with the Guidance, this document is a working document and will be revisited and updated upon completion of each stage of the programme. It covers the five cases set out in the guidance: Strategic; Socio-Economic; Financial; Commercial; and Management.

This PBC provides the overarching framework for transparent, evidence-based decision making across the Social Security Programme, specifically covering:

- The short term implementation and transition activity, up to 2025, to deliver a new social security system in Scotland, including activity supporting the transition of delivery of the agreed devolved benefits from DWP to Social Security Scotland (the newly established agency).
- The longer-term activity associated with the ongoing delivery of the devolved benefits, including consideration of any future policy changes and new benefits. This scope is intended to provide an overall lifetime view of the Social Security Programme, reflecting the whole-life costing and measurable improvements of the Programme.

### 2. Strategic Case

The Strategic Case sets out the context for the Social Security Programme and the strategic case for change.

#### **Strategic Context and Case for Change**

The Scotland Act 2016 (The Scotland Act) and the Social Security (Scotland) Act (Social Security Act) of June 2018 put in place an overarching legislative framework for the administration of social security in Scotland. As part of a programme of devolution, the 2016 Act gave the Scottish Parliament legislative competence over a range of welfare benefits as well as the ability to top up benefits which remain reserved to the UK Parliament and to allow some new benefits to be created. The case for change had been built up carefully since the outcome of the Smith Commission in 2014, involving a range of public consultation exercises and stakeholder engagement.

The Social Security Act detailed the principles for Scottish social security, in line with the Scottish Government’s objective of creating a fairer Scotland that provides improved opportunities and a better quality of life for everyone regardless of their circumstances. It sets the expectation for the development of a social security

system that puts people at the centre and is based on dignity and respect. “Social Security Scotland: Our Charter” (the Charter) is a manifestation of the principles in practice. It was written by people with lived experiences of social security and organisations that help or represent this group, facilitated and enabled by Scottish Government officials.

## **Scope of the Programme**

In 2016, the Scottish Government undertook an options appraisal around the governance of social security in Scotland. The appraisal considered the high level governance options and resulted in the decision to form an executive agency to administer social security in Scotland (Social Security Scotland) as well as a programme to deliver the capability required for the new Scottish social security system. The Outline Business Case outlining the new agency as the preferred option was published on 27 April 2017. The scope of the Programme is to develop the operational capability and systems required for the administration of all of the devolved benefits as well as transitioning existing cases onto the new systems.

The Programme includes the implementation and transition phase (expected to run to 2025). This will be followed by longer term activity delivered by Social Security Scotland related to the ongoing operational delivery of the devolved benefits.

## **Programme Objectives**

The overarching objectives for social security in Scotland are to contribute toward creating a fairer Scotland and deliver social security benefits in line with the principles enshrined in the Social Security Act and the Charter. When the implementation and transition phase of the Social Security Programme is complete, by 2025, it should have:

- Set up a new public body - Social Security Scotland;
- Delivered a system focused on client needs;
- Delivered modern, efficient and secure systems;
- Safely and securely launched new claims;
- Delivered a safe and secure transition of existing claims; and
- Established effective relationships with Social Security Scotland; DWP and other public bodies

In the longer term, the success of welfare devolution will be measured by how well the new social security system delivers against the principles set out in the Act and the Charter and how well the programme objectives are met in order to do this. To monitor and evaluate realisation of outcomes and impacts, the following process will be followed:

1. A policy evaluation approach to assess the impact on the desired policy outcomes
2. Measurable Improvement Strategy. This is to measure the success of the Programme in building capability to allow full transfer to Social Security

Scotland, in line with the strategic Programme objectives. Scottish Government is using “Measurable Improvements Strategy” rather than the more common PBC terminology “Benefits Realisation Strategy” in order to avoid confusion with benefits paid to clients.

3. A Charter Measurement Framework has been developed to provide the analytical framework which will capture how Social Security Scotland is delivering against the Charter

In addition to delivering against the specific programme objectives, the Programme will contribute to the National Outcomes in the National Performance Framework which aims to create a more successful country by giving opportunities to all people living in Scotland and increasing their wellbeing through sustainable and inclusive growth. Over time, the social security system, along with other public services, will make a direct and significant contribution to several of the National Outcomes.

### **Strategic Risks, Constraints and Dependencies**

The Risk Management Strategy articulates the risk management principles, concepts, structures, processes, tools and associated roles and responsibilities implemented to ensure that risks to Programme objectives are effectively managed. The key principles and concepts outlined in this strategy are drawn from Office of Government Commerce (OGC) Management of Risk literature and The Scottish Government Risk Management Guide. These principles and concepts have been appropriately tailored to the requirements of the Programme.

The key constraints to the Programme include financial constraints, alignment with existing systems, and organisational constraints as the Programme is dependent on other parts of Scottish Government to provide services including HR and accommodation among others.

There are a number of key dependencies between the Social Security Programme and other Scottish Government and wider stakeholder activities. These have been considered in the development of the Programme and include internal and external dependencies as well as dependencies between the Social Security Programme and the UK Department for Work and Pensions (DWP). Other Government entities covered include HMRC and the Scotland Office.

### **3. Socio-Economic Case**

The Socio-Economic Case sets out the overarching evidence and rationale for social security spending and demonstrates that there is a clear rationale for the delivery of the Social Security Programme.

#### **Economic Rationale for Social Security**

As described in the Strategic Case, the Programme has been initiated to deliver the capabilities required for the Scottish Social Security system. This in turn contributes towards the National Outcomes in the National Performance Framework which aims to create a more successful country by giving opportunities to all people living in Scotland and increasing their wellbeing through sustainable and inclusive growth.

Social security can be described as a government intervention that can provide a

minimum level of income, additional income to support with the additional costs of living, such as disability, illness or childcare or assistance in the event of adverse financial shocks. There is a clear rationale for governments providing such social security support given that it would not be efficiently provided by the private market. Evidence has shown the overall benefits of social security include: inclusive growth; enhanced human development; protection against loss; and social stability. More specifically, the Office of National Statistics (ONS) measures the redistribution effect of benefits – and taxes. The impact on reducing income inequality is covered in two different ways: the impact on the reduction in income inequality between the poorest and richest 20% of the population; and on the impact on the Gini co-efficient – a standard globally used measure on income inequality.

HM Treasury guidance also includes a methodology for analysing the “true value” of public spending so that any proposed policy which provides greater net benefits to lower incomes deciles is rated more favourably than one whose benefits largely accrue to higher deciles. Under this methodology, the “true value” analysis of the actual DWP £2.6bn spend on most devolved benefits in Scotland in 2015/16 could become £3.1bn – an additional £500m of true value of spending on social security<sup>1</sup>. While there would be costs to deduct from this (for example, administrative costs, behavioural and attitudinal costs), the economic value of social security is greater than the cost.

### **Options for the Social Security Programme**

A number of overarching options were considered including ‘Do Nothing’ and ‘Do Minimum’ options through to full service implementation with the capability to improve delivery and adapt to future change. The programme options were considered based on whether they met the expectations of the legislation, the objectives of the programme and on the practical implications for implementation of each benefit. At a programme level, only the “full service with change capability” option would allow Scottish Ministers to pass legislation for the devolved Scottish benefits, including flexibility to make design changes around delivery.

Timing options were also considered ranging from a “Big Bang” scenario where the Scottish Government takes responsibility for all benefits on one single handover date, to a phased approach to the handover of benefits and gradual migration of existing cases from DWP (case transfers). Due to the total numbers of cases to be transferred (over 500,000), a “big bang” option to transfer all benefits on a single date was not considered a genuinely viable option. Therefore, the timing options for each benefit were considered individually, following close working between the Programme and DWP and the assessment of which options were practical and best met the objectives of the programme. Particular focus was given to the need for a safe and secure transition from DWP.

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<sup>1</sup> Source: <https://www.gov.scot/binaries/content/documents/govscot/publications/research-and-analysis/2017/04/outline-business-case-agency-social-security-scotland/documents/00517239-pdf/00517239-pdf/govscot%3Adocument/00517239.pdf>

## **Critical Success Factors**

A set of overarching programme-level Critical Success Factors (CSFs) have been put in place to help to ensure that all activities within the Programme align to the overarching vision and principles for the social security system in Scotland and the overall objectives for the Programme. They will also ensure that the key dimensions of strategic alignment, deliverability, cost, and risk are taken into account. The CSFs will be used as part of the options appraisal process for component parts of the Programme.

### **4. Commercial case**

The Commercial Case sets out the procurement strategy and commercial arrangements for the Programme and key component activities.

## **Procurement Strategy**

The Scottish Government Scottish Procurement and Property Directorate (SPPD) and Social Security Directorate (SSD) have jointly developed an over-arching programme-level strategy, which was endorsed by the Social Security Programme Board (PB) in October 2017. The More Powers Implementation Procurement (MPIP) Team within SPPD has been established to support core Scottish Government directorates (including SSD) affected by the Scotland Act. A Supplier Management & Assurance (SMA) team in the Social Security Programme Management and Delivery Division, provides an independent assurance team and a central capability for supplier management.

## **Procurement Decision Making Framework**

An investment decision process for the component parts of the Programme has been developed using a lifecycle approach with clear gateways. This supports a staged funding approach with clear governance and delegations of authority as well as collaboration between policy, programme delivery and Social Security Scotland, where input and decision-making is executed jointly. For investment decisions under £10m, procurement activity is signed off by the Delivery Board (DB), for cases over £10m procurement is signed off by the PB. The investment decisions going to those Boards for approval will include detail and the rationale behind the procurement option selected.

### **5. Financial case**

The purpose of the Financial Case is to demonstrate affordability and funding in relation to the proposed costs of the Programme. The Case sets out the estimated costs of establishing and running the Scottish social security system – including whole life costs covering implementation and transitions costs which have both a capital element and a resource element. Forecasts of social security benefit expenditure are considered in the Financial Case in order to address affordability and provide the link to the measurable improvements which the Social Security Programme is aiming to deliver.

The financial context for medium and longer term affordability is set by Scottish Government's recently published Medium Term Financial Strategy; along with the

Scottish Fiscal Commission's (SFC) estimates for social security benefit spend to 2024-25; and the Fiscal Framework.

There are three elements to the costs of developing the Scottish social security system:

- 1) The implementation costs of setting up the Scottish social security system – of which the main components are broadly information technology, estates and staffing for the Social Security Programme
- 2) The costs of running the Scottish social security system
- 3) Social Security benefit expenditure

In deciding which timescale to use in undertaking the financial analysis for the Programme Business Case, HMT Guidance covers the whole life costs of the Programme. To that end, costs have been calculated over 30 years subdivided into three separate periods: actual spend from start of Programme in 2017 to now; detailed forecasts and estimates to 2025 when the transfer from DWP should be complete – including programme costs; agency costs and social security benefit payment costs; and high level estimates for 2025 onwards. Costs for those three key areas are set out in *Section 5: Financial Case*.

## 6. Management case

The Management Case sets out the required robust arrangements for delivery, monitoring and evaluating the delivery phase of the Programme.

### Programme Approach

The Programme preferred methodology is Agile, supported by the Managing Successful Programmes (MSP®) framework<sup>2</sup> which sets out good practice in coordinating, directing and overseeing large-scale change initiatives. Project management and delivery is being undertaken using appropriate frameworks, including, but not limited to, PRINCE2®, PRINCE2 Agile®, and Scrum.

The Management Case sets out how this is being applied to the implementation and transition phase of the Programme including the approach to investment decision-making, planning, monitoring and reporting, risk management, stakeholder engagement and communications. The strategies and frameworks described are living documents which will be maintained and updated regularly throughout the life of the Programme.

### Programme Governance

The Programme has established a governance structure to support programme delivery and enable timely decision-making at an appropriate level of authority. This includes a Programme Board, Delivery Board, Finance Board and Design Authority Board as well as supporting boards and working groups.

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<sup>2</sup> <https://www.axelos.com/best-practice-solutions/msp>

## **Central PMO**

The Programme is supported by a Programme Management Office (PMO) that provides support, coordination and control across the Programme. The PMO consists of a central team as well as local programme management support teams embedded within the individual service areas. The central PMO team is responsible for Programme-wide governance, reporting, information management, business cases and measurable improvement, change control, planning, risks and issues and briefing and events. It delivers consistency and support across the Programme.

## **Stakeholder Engagement**

The Programme draws on stakeholder insights capacity across the wider Directorate, as well as having access and input to the strategic communications planning led by Social Security Scotland communications. Stakeholder engagement also includes taking a client-centric approach to the design and development of Scotland's social security system. The Scottish Government is committed to delivering a social security system that puts dignity, respect and fairness at its heart, and is designed with the people of Scotland. To do this, and to ensure that people with direct, personal experience have a voice, an extensive consultation was undertaken in summer 2016, with subsequent consultations since on particular benefits or aspects of the design of Scotland's social security service. Co-design is enabled, in part, by the Social Security Experience Panels, which recruited over 2,400 volunteers with direct lived experience of the current benefits systems, who are working with the Scottish Government over the life of the Programme.

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## 1 Introduction

### 1.1 Background

The Scotland Act of 2016 (Scotland Act), and the Social Security (Scotland) Act (Social Security Act) of June 2018 put in place an overarching legislative framework for the administration of social security in Scotland. As part of a programme of devolution, the 2016 Act gave the Scottish Parliament legislative competence over a range of welfare benefits, to give the ability to top up benefits which remain reserved to the UK Parliament, and to allow some new benefits to be created. The 2018 Act also detailed the principles for Scottish social security, in line with the Scottish Government's objective of creating a fairer Scotland that provides improved opportunities and a better quality of life for everyone regardless of their circumstances.

The devolution of social security to Scotland forms an integral part of the Scottish Government's wider constitutional reform agenda. It is an extremely important public policy change with the ambition to make a real difference to the lives of individuals receiving devolved benefits in Scotland.

### 1.2 Nature of this Social Security Programme Business Case

This document forms the Programme Business Case for the Scottish Social Security Programme, the scope of which is detailed in *Section 2: Strategic Case*. This Programme Business Case will be an iterative document, there will be a mandatory review every six months with ad-hoc reviews expected on an ongoing basis. This will reflect the evolution of the Programme as a whole, as well as the component activities associated with the delivery of the devolved benefits and other social security commitments made by the Scottish Government. This document will follow formal governance controls by consulting key-stakeholders during Quality Review activity, and any finalised version will be provided to the Programme Board for endorsement. It provides a framework for transparent and evidence-based decision making and for co-ordination, delivery, monitoring and evaluation of the outputs, outcomes and measurable improvements associated with the Scottish Social Security Programme.

This business case is intended to support the Social Security Programme by providing an overarching framework across the lifetime of the Programme, capturing both the short term implementation and transition phase of activity (expected to run to 2025) as well as covering the longer term activity related to the ongoing delivery of the devolved benefits. It provides the "umbrella" under which the individual activities associated with each of the devolved benefits can be co-ordinated and delivered in accordance with the principles outlined in the applicable Scottish Government policy documents and legislative directives.

The appraisal in this Social Security Programme Business Case (referred to hereafter as Programme Business Case or PBC) is intended to provide an overall lifetime view of the Social Security Programme, reflecting the whole-life cycle costing

of the Programme. It adopts the HM Treasury (HMT) 5 case model framework in line with the Programme Business Case guidance<sup>3</sup>. The 5 cases (or perspectives) are:

- **Strategic Case:** Describes the strategic context and how the Programme is aligned with the strategies and priorities of the Scottish Government (along with other relevant strategies) and sets out the case for change
- **Socio-economic Case:** Denotes the preferred way forward following appraisal of the potential options to identify the option that maximises public value
- **Commercial Case:** Describes the commercial approach for the Programme
- **Financial Case:** Discusses the affordability and funding requirements
- **Management Case:** Describes the implementation arrangements and governance of the Programme

Typically, the cases within a business case are iterative and as such are continuously developed over a period of time as the plans develop and mature. Within the Programme, component business cases for significant spending proposals have been developed in three key stages as follows:

- Stage 1 – Scoping and preparing the Strategic Outline Case (SOC)
- Stage 2 – Planning and preparing the Outline Business Case (OBC)
- Stage 3 – Procuring the solution and preparing the Full Business Case (FBC)

A recent review of the Programme structure was carried out and it has been decided to adopt an approach that will support the efficient and timely development of governance documents, within the Agile workspace. Section 6.3.2 of this Business Case provides more information. Within the Programme there will be Service Area, Enabling Capabilities and Programme Functions overarching business cases or overview documents, these will be underpinned by strategy documents for each benefit and individual area within the business cases or overview document sphere. Funding requests will be created where there is a requirement to request funds for an area and these will be approved by the newly appointed Finance Board who meet on a fortnightly basis. This approach aligns with the Programme structure shown in Figure 6.4 (within the management case).

Business cases will go through specific business case development following the three stages of maturity noted above however, this overarching Social Security Business Case will not go through the SOC, OBC, FBC stages. As the Programme is taking an Agile approach, individual business cases that form part of the programme will be at different stages of maturity at different points in time. However, it is intended that at certain points in time through the life of the Programme a formal update of this Social Security Business Case will be published to reflect the latest 'snapshot in time' position of the overall programme of activity. These updates will be made at key Programme milestones or when there is a significant change to the Programme (for example significant change in scope, timescale, cost or benefits).

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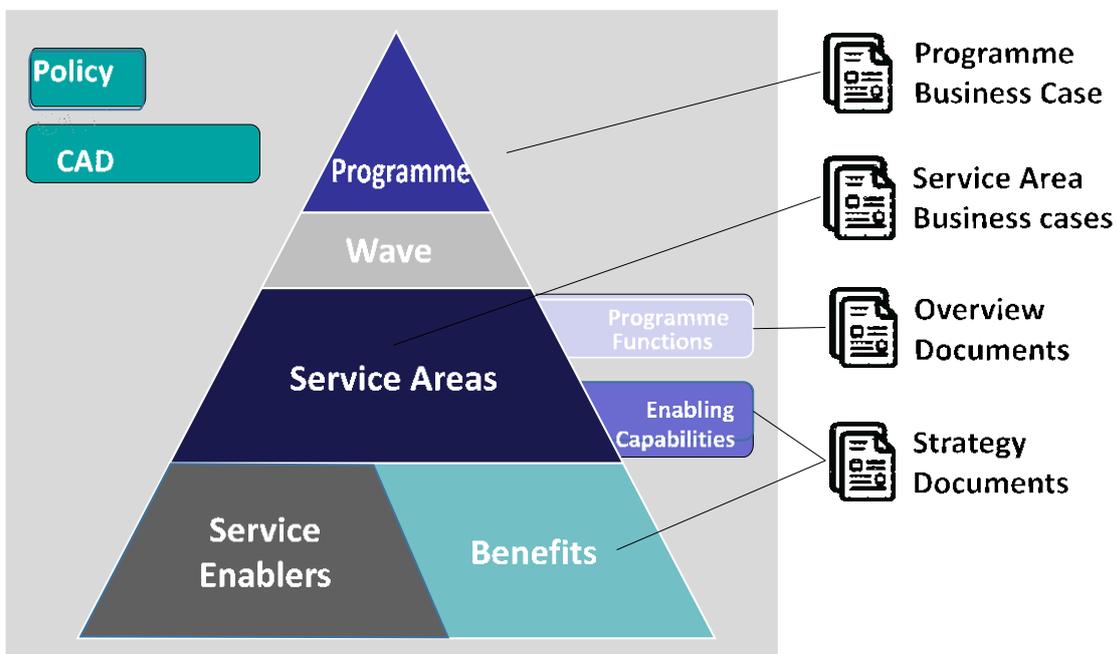
<sup>3</sup> HM Treasury (2018). Guide to developing the programme business case. See: [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/749085/Programme\\_Business\\_Case\\_2018.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/749085/Programme_Business_Case_2018.pdf)

This Social Security Programme Business Case is intended to provide an overarching framework for governance, decision making and appraisal. Any commitment of resources, including investment decisions, will be based upon the underpinning service-level business cases and will be further informed by a Programme-wide understanding of strategic alignment, affordability and achievability. Each of the underpinning business cases will include appraisal of options to ensure strategic alignment, achievability, and evidence of value for money.

Figure 1.1 below shows the planned relationship between Programme and service area business cases and to the right of the diagram shows the documents required at each stage. (Detail on the Service Areas is contained in Section 2.4). This arrangement is intended to avoid duplication of information, allowing multiple business cases to contribute to the Strategic and Financial Cases at the Programme level, whilst ensuring value for money and commercial viability are dealt with at the service/outcome-specific level. This process also recognises the iterative/incremental approach being taken across the Programme.

It is intended that the service/outcome-specific activity and information aggregates up to, and is controlled by, the overarching Social Security Programme and that this overarching business case is used to assess, on an ongoing basis, the emergent social security system from the combined perspective of cost, risk and benefit-potential.

**Figure 1.1: Relationship between Programme and Service-level Business Cases**



## 2 Strategic Case

The Strategic Case sets out the strategic context for the Programme and articulates the case for change and supporting evidence-base. This includes the rationale for why the Programme is required, as well as a clear definition of the Programme scope and anticipated outcomes. It sets out how the spending proposal, as set out in the Financial Case, fits in relation to wider Scottish Government policies and the National Performance Framework.

The Strategic Case set out below provides an overview of the rationale for creating a Social Security Programme in Scotland. It provides the strategic context to the devolution of various aspects of social security to the Scottish Government and the policy and legislative changes that have been enacted to give the Scottish Government these powers. This includes details of the 2017 public consultation<sup>4</sup> on social security following the passing of the Scotland Act 2016 and the development of the Social Security (Scotland) Act 2018 and the Social Security Scotland Charter (2019). It also details the main objectives of the Social Security Programme and how these fit within the broader objectives of the Scottish Government, as well as key strategic risks and constraints.

### 2.1 Strategic and Policy Context

Following the Scottish independence referendum in September 2014, a commission was set up to deliver cross-party agreement on enhanced devolution for the Scottish Parliament in line with the commitments made by the three largest UK parties immediately before the referendum. The commission was overseen by Lord Smith of Kelvin (the “Smith Commission”) and included representation from all five main Scottish political parties as well as representations from over 400 civic institutions, organisations and groups and over 18,000 members of the public providing a broad range of views on which powers should be devolved. In November 2014, the commission reported the findings of its work to agree a package of powers to be devolved to strengthen the Scottish Parliament within the UK<sup>5</sup>.

Under the pillar of “delivering prosperity, a healthy economy, jobs, and social justice”, the Smith Commission Heads of Agreement detailed a number of recommendations in relation to social security, including allowing the Scottish Parliament:

- The complete autonomy to determine the structure and value of a range of powers over disability, and devolution of the components of the regulated social fund
- The power to make administrative changes to Universal Credit and to vary the housing cost element
- The power to create new benefits in areas of devolved responsibility, and top-up reserved ones

The Heads of Agreement recommended changes that would deliver more power to

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<sup>4</sup> Scottish Government (2017). Analysis of written responses to the consultation on social security in Scotland. <<https://www.gov.scot/publications/analysis-written-responses-consultation-social-security-scotland/>>.

<sup>5</sup> <http://webarchive.nationalarchives.gov.uk/20151202171017/http://www.smith-commission.scot/>

the Scottish Parliament to create a social security system that is more accountable to the people of Scotland. The recommendations were formalised through the legislation of the Scotland Act 2016.<sup>6</sup>

### **2.1.1 The Social Security (Scotland) Act 2018**

To determine how best to use the new social security powers devolved by the Scotland Act 2016, the Scottish Government made a commitment to work with the people of Scotland.

Through an extensive public consultation exercise, the Government sought views on a principled approach to social security in Scotland, the devolved benefits provided by the newly devolved powers and the operational policy relating to the delivery of benefits. The consultation contained a total of 234 questions and obtained 521 responses (280 from individuals and 241 from organisations).<sup>7</sup>

The findings of this public consultation closely informed the development of the Social Security (Scotland) Bill,<sup>8</sup> which was granted Royal Assent on 1 June 2018, becoming the Social Security (Scotland) Act 2018 (Social Security Act)<sup>9</sup>.

The primary purpose of the Social Security Act was to put in place an overarching legislative framework for the administration of social security in Scotland that will underpin a process by which the Scottish people will be given public assistance, after a determination is made that individuals meet eligibility criteria. Whilst details regarding the new forms of public assistance (i.e. social security benefits) will be contained in subsequent regulations, the Act incorporated stakeholder views around delivering social security in Scotland by providing:

- Information about entitlement for the devolved benefits and new forms of public assistance (including already devolved benefits under the new social security system)
- Eight overarching principles of the new social security system
- A description of duties in relation to promoting take-up of social security
- Accessibility requirements to ensure all individuals are adequately aware of their rights to public assistance
- Client advocacy requirements, assessment guidelines and accountability requirements
- A framework for processing benefits (e.g. determinations, appeals, repay of overpayment) in the new social security system
- Requirements associated with the delivery of supplemental assistance, e.g. top-up of reserved benefits

Of particular importance was the definition of eight overarching principles. To be

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<sup>6</sup> Scottish Government (2016). Scotland Act 2016. <<http://www.legislation.gov.uk/ukpga/2016/11/contents/enacted>>.

<sup>7</sup> Scottish Government (2017). Consultation on Social Security Scotland. <<https://consult.gov.scot/social-security/social-security-in-scotland/>>.

<sup>8</sup> Scottish Parliament (2017). Social Security (Scotland) Bill. <<https://www.parliament.scot/parliamentarybusiness/Bills/105267.aspx>>.

<sup>9</sup> UK Government (2018). Social Security (Scotland) Act 2018. <<http://www.legislation.gov.uk/asp/2018/9/contents/enacted>>.

successful, the new social security system must be delivered in accordance with these principles:

- (a) Social security is an investment in the people of Scotland;
- (b) Social security is itself a human right and essential to the realisation of other human rights;
- (c) The delivery of social security is a public service
- (d) Respect for the dignity of individuals is to be at the heart of the Scottish social security system
- (e) The Scottish social security system is to contribute to reducing poverty in Scotland
- (f) The Scottish social security system is to be designed with the people of Scotland on the basis of evidence
- (g) Opportunities are to be sought to continuously improve the Scottish social security system in ways which:
  - (i) Put the needs of those who require assistance first, and
  - (ii) Advance equality and non-discrimination; and
- (h) The Scottish social security system is to be efficient and deliver value for money

The Act also required:

- A charter to be developed. The charter was to set out what should be expected from Scottish Ministers when (i) developing social security policy; and (ii) exercising the functions conferred on them by the Act. The charter was also required to set out what should be expected from individuals who apply for, and receive, assistance through the Scottish social security system.
- The establishment of a Scottish Commission on Social Security whose functions include scrutinising legislative proposals in relation to social security; and reporting to Ministers and Scottish Parliament on the extent to which the expectations set out in the charter are being fulfilled; and to make recommendations for improvement in any area where they feel expectations are not being fulfilled.

The eight principles set out in the Act embed the tenets into legislation so that they can be reflected in a Scottish social security charter, and so that the Scottish Commission on Social Security can have regard to them when considering, and making recommendations in relation to, any regulations about assistance.<sup>10</sup> They provide the framework for future decisions relating to social security in Scotland.

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<sup>10</sup> In addition, the Social Security (Scotland) Act 2018 states the following effect of the principles: A court or tribunal in civil or criminal proceedings may take the Scottish social security principles into account when determining any question arising in the proceedings to which the principles are relevant; and: Breach of the principles does not of itself give rise to grounds for any legal action.

### **2.1.2 Social Security Scotland Charter**

Building on the 2017 public consultation, which revealed that respondents were generally in favour of creating a charter<sup>11</sup>, the Scottish Government sought to draft the guiding principles of a new social security programme in Scotland.

Table 2.1 provides a summary of the Social Security Scotland: Our Charter<sup>12</sup> (referred to as “the Charter”) that was created by people with lived experiences of social security, organisations that help or represent people who may use public assistance and Scottish Government and Social Security Scotland staff. It builds on the eight principles set out in the Act and explains what they will mean in practice, and what individuals are entitled to expect from the Scottish Government and Social Security Scotland.

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<sup>11</sup> Scottish Government (2017). Analysis of written responses to the consultation on social security in Scotland. <<https://www.gov.scot/publications/analysis-written-responses-consultation-social-security-scotland/>>.

<sup>12</sup> Scottish Government (2019). Social Security Scotland: Our Charter. <<https://www.gov.scot/publications/charter/>>.

**Table 2.1: Summary of the Social Security Scotland Our Charter**

<b>A people's service</b>	<b>Processes that work</b>
We are here to help you get everything you're entitled to.	We will design services with the people who use them.
<ol style="list-style-type: none"> <li>1) be patient, kind and consider how you might feel</li> <li>2) listen to you, trust you and treat you as an individual</li> <li>3) treat everyone equally, fairly and without discrimination</li> <li>4) support you through your application, keeping you updated and explaining what will happen and why</li> <li>5) ensure staff are knowledgeable about social security to help you get what you're entitled to</li> <li>6) refer you to independent advice and support if you want extra help with your application or appeal. You are also entitled to ask someone that you know to support you.</li> <li>7) make decisions in a way that is consistent and accurate – and aim to get them right first time</li> <li>8) be honest, provide clear reasons for decisions and explain what to do if you disagree</li> <li>9) pay you on time in the right amount</li> <li>10) refer you to other organisations, services or forms of help where they could help improve your wellbeing or financial circumstances</li> <li>11) tell you if we think you might be entitled to benefits not delivered by Social Security Scotland</li> <li>12) recruit people who care about delivering a service based on equality, respect, dignity and human rights</li> <li>13) involve people with diverse lived experiences of social security and the organisations that represent them in training staff.</li> </ol>	<ol style="list-style-type: none"> <li>1) make communications, processes and systems as simple and clear as possible by testing them with the people who will use them</li> <li>2) recognise that your time is precious and handle your application and enquiries as quickly as we can</li> <li>3) adapt processes and ways of communicating as much as we reasonably can to meet your needs and preferences, for example by providing interpreters</li> <li>4) support your wellbeing and make your contact with us as positive and stress-free as possible</li> <li>5) ensure that disabled people who need help with the application process can get independent advocacy</li> <li>6) deliver face-to-face services in local communities in places that are convenient and accessible. This includes home visits if appropriate</li> <li>7) look at your application again if you disagree with a decision. This is called a re-determination. When we do this someone different will look at it as if it was a completely new application</li> <li>8) explain how you can appeal if you still don't think the right decision has been made after a re-determination</li> <li>9) continue to pay you at the same level if you challenge a decision to reduce or stop your benefit</li> <li>10) only carry out a face-to-face assessment for disability benefits when we are not able to make a decision with information that is already available</li> <li>11) ensure face-to-face assessments are carried out in a way that puts your wellbeing first</li> <li>12) make sure that face-to-face assessments are carried out by qualified staff who understand your condition and the impact it is having on you.</li> </ol>

A learning system	A better future
<p>We will encourage feedback and empower people to deliver the best service possible</p>	<p>We will invest in the people of Scotland—making a positive difference to all our lives.</p>
<ol style="list-style-type: none"> <li>1) listen, learn and improve by owning up to mistakes and valuing feedback, complaints and appeal decisions</li> <li>2) encourage you to provide feedback, explain how you can complain and do everything we can to make things right</li> <li>3) involve people using the service in measuring how well it works - including the commitments in Our Charter</li> <li>4) make sure staff are well trained, supported and well equipped to do their jobs</li> <li>5) ensure staff understand the needs of different people and the barriers they face - so that no-one experiences discrimination because of who they are</li> <li>6) encourage staff to speak up when they feel we could provide a better service</li> <li>7) build a workforce that reflects the diversity of the people of Scotland</li> <li>8) create a culture of trust by being open and transparent</li> <li>9) work with other organisations to ensure services and policy are joined up to provide the best possible help and support</li> <li>10) encourage other organisations working in social security to adopt the approach described in Our Charter</li> <li>11) base services in places that are accessible and welcoming for everyone.</li> </ol>	<ol style="list-style-type: none"> <li>1) embed the social security principles and Our Charter in the policymaking process</li> <li>2) involve people with diverse lived experiences of social security in developing policy</li> <li>3) develop policy that seeks to advance equality, non-discrimination and the human right to social security as defined in laws, treaties and guidance</li> <li>4) use social security powers to help ensure people can play a full and active part in society</li> <li>5) promote a positive view of social security, explaining it is a public service to be proud of – a human right there for all of us who need it</li> <li>6) publicly challenge the myths and stereotypes about social security to help reduce stigma and negativity</li> <li>7) change the language on social security - introducing more positive words to describe the service and the people who use it</li> <li>8) look for ways to make eligibility rules fairer and consider creating new benefits to meet people’s changing needs</li> <li>9) review the payment levels of Scottish benefits every year</li> <li>10) increase the value of disability, employment-injury, carers and funeral expense benefits every year in line with inflation</li> <li>11) work to improve take-up, ensuring as many people as possible get what they are entitled to, making a particular effort to reach people who are most likely to be excluded</li> <li>12) use social security powers to contribute towards tackling poverty</li> <li>13) work with other public services to support delivery of the National Outcomes. These define the Scottish</li> </ol>

Government's vision for a fairer, more prosperous Scotland

- 14) allocate resources fairly and efficiently, delivering value for money in a way that puts people first
- 15) develop ways of measuring how we are doing against the commitments in Our Charter.

## 2.2 Social Security Devolution Scope

Historically, all benefits paid in Scotland were managed by the UK Government, administered by the Department for Work and Pensions (DWP). The devolution of benefits, through the Act, gave autonomy to the Scottish Government to deliver, change policy (e.g. alter eligibility criteria), and amend the value of a range of social security benefits.

### 2.2.1 Benefits in Scope

An overview of which benefits will be delivered by the Scottish Government, and those which remain reserved to the UK Government, following the Scotland Act 2016 is set out in Table 2.2, split by the broad category of recipient. Those benefits where powers are devolved to Scotland are highlighted.

**Table 2.2: Overview of Benefit System<sup>13</sup>**

Benefits for:					
People out of Work	Elderly People	People who are ill or Disabled and those who care for them	Families with Children	People on Low Incomes	Others
Job Start Payment	Winter Heating Assistance (Winter Fuel Payments)	Disability Assistance for Older People (Attendance Allowance)	Scottish Child Payment	Discretionary Housing Payments	UC Scottish Choices
Income Support	Financial Assistance Scheme	Scottish Carer's Allowance (Carer's Allowance)	Child Benefit	Scottish Welfare Fund	Universal Credit

<sup>13</sup> Scottish Government (2019). Social Security for Scotland, Social security in Scotland by recipient group. <<https://www2.gov.scot/Topics/Statistics/Browse/Social-Welfare/SocialSecurityforScotland/SSFSMar2019>>.

**Benefits for:**

People out of Work	Elderly People	People who are ill or Disabled and those who care for them	Families with Children	People on Low Incomes	Others
		including the addition of Carer's Allowance Supplement and Additional payment for carers who look after more than one disabled child			
In Work Credit & Return to Work Credit	Pension Credit	Young Carer Grant	Child Tax Credit	Cold Spell Heating Assistance (Cold Weather Payments)	Bereavement Benefits
	State Pension	Disability Assistance for Children and Young People <sup>14</sup>	Maternity Allowance	Best Start Grant (BSG) Pregnancy and Baby Payment (Sure Start Maternity Grant) BSG School-Age Payment BSG Early Learning Payment Best Start Foods (Healthy Start Vouchers)	Christmas Bonus
Jobseekers Allowance		Winter Heating Assistance for			Other Benefits

<sup>14</sup> This benefit was referred to by this name up to Friday 7 February 2020, when a policy position paper was published which updated the name to 'Child Disability Payment' in Scotland.

**Benefits for:**

People out of Work	Elderly People	People who are ill or Disabled and those who care for them	Families with Children	People on Low Incomes	Others
		those in receipt of the highest care component of Disability Assistance for Children and Young People			
	State Pension Transfers	Disability Assistance for Working Age People (Personal Independence Payment) Disability Living Allowance for over 65s	Statutory Maternity Pay	Funeral Support Payment	
	TV Licences	Severe Disablement Allowance  Employment Injury Assistance (Industrial Injury Disablement Benefit)		New Deal & Employment Programme Allowances  New Enterprise Allowance	
		Employment & Support Allowance  Incapacity Benefits  Specialised Vehicles Fund  Statutory Sick Pay		Working Tax Credit  Housing Benefit	

Benefits for:					
<b>People out of Work</b>	<b>Elderly People</b>	<b>People who are ill or Disabled and those who care for them</b>	<b>Families with Children</b>	<b>People on Low Incomes</b>	<b>Others</b>
		Vaccine Damage Payments			

The Scottish Government will deliver 17 benefits through the Programme. These 17 benefits include four completely new forms of financial support. A short description of each of the Scottish social security benefits that are currently planned to be delivered by the Programme is set out below.

### Older People

- **Winter Heating Assistance:** Aid to help pay for heating bills if individuals were born on, or before, 5 July 1952 (current state pension age for women), to be delivered in Winter 2021 (replacing Winter Fuel Payment).

### People with Caring Responsibilities

- **Scottish Carer's Allowance:** Aid to help an individual look after someone with substantial caring needs, to be delivered in early 2022 (replacing Carer's Allowance). To be eligible the individual must be 16 or over and spend at least 35 hours a week caring for them. Support for carers also includes the **Carer's Allowance Supplement** (first payments for which were made in September 2018), and the **Additional payment for carers who look after more than one disabled child** (to be delivered in early 2021).
- **Young Carer Grant:** A new benefit introduced in October 2019, which provides support to those with caring responsibilities aged 16 to 17, or 18 and still at school.

### People who are ill or disabled

- **Disability Assistance for Older People:** Aid intended to help with personal care for individuals aged 65 or over with a physical or mental disability, for delivery in 2021 (replacing Attendance Allowance).
- **Disability Assistance for Children and Young People:** Aid for 0-16 year olds (and up to 18 in some circumstances) to help if an individual's disability or health condition means one or both of the following: (a) individuals need help looking after themselves or (b) have walking difficulties. To be delivered in Summer 2020 (replacing Child Disability Living Allowance)
- **Winter Heating Assistance – Children:** A new benefit to be introduced by the end of 2020, which children who receive the highest care component of Disability Assistance will also be entitled to.

- **Disability Assistance for Working Age People:** Aid to help with some of the extra costs caused by long-term ill-health or disability for individuals aged 18 to 64. This replaces Personal Independence Payment (PIP) from early 2021.
- **Employment Injury Assistance:** Aid for individuals who are ill or disabled as a result of an accident or disease caused by work or while individuals were on an approved employment training scheme or course, to be introduced in autumn 2022 (replacing Industrial Injury Disablement Benefit).
- **Severe Disablement Allowance:** Aid for working age individuals who are unable to work due to illness or disability. Closed to new entrants; DWP will continue to administer until declined.

### People on Low Incomes

- **Cold Spell Heating Assistance:** Aid for individuals on certain benefits when the temperature is either recorded as, or forecast to be, an average of zero degrees Celsius or below over seven consecutive days. This will replace Cold Weather Payments by end of 2021.
- **Scottish Child Payment:** A new benefit to tackle child poverty, this is the introduction of an 'income supplement', a regular payment to eligible lower-income families in receipt of qualifying benefits. The payment will be rolled out to children aged under 16 by the end of 2022, with payments starting in 2020 for children aged under 6.
- **Best Start Grant (BSG): BSG Pregnancy and Baby Payment** launched on 10 December 2018, replacing Sure Start Maternity Grant, and providing lower-income families with financial support during the key early years of a child's life.
- Three further benefits were also introduced by summer 2019 – **BSG Early Learning Payment; BSG School-age Payment;** and **Best Start Foods** (replacing Healthy Start Vouchers).
- **Funeral Support Payment:** Aid for individuals on low incomes and needing help to pay for a funeral they are arranging, which was delivered in September 2019 (replacing Funeral Expense Payment).

### Others

**UC Scottish Choices Split Payments:** In addition to arrangements with DWP to allow recipients of UC in Scotland a choice to have their UC award paid either monthly or twice monthly, and to have the housing costs in their award of UC paid direct to their landlord (introduced in October 2017), there is consideration of offering the choice of splitting payments of the UC award to ensure that everyone has access to an independent income based on their individual circumstances, and to promote equality in the welfare system. Future considerations may allow for the Scottish Government to develop additional benefits to those set out above.

**Job Start Payment:** A new benefit currently under development aimed at supporting young people moving back into employment, to be delivered in Spring 2020, assuming we receive the cooperation required from the UK Government.

## 2.2.2 Existing Arrangements

It is important to note that Scottish Government delivered public assistance in various forms prior to the devolution of powers. Please refer to *Annex B – Scottish Government’s Existing Public Assistance Activities* for a description the pre-existing public assistance delivered by the Scottish Government.

## 2.3 Social Security System for Scotland

### 2.3.1 Governance Options Appraisal Approach

In 2016, in parallel with drafting the legislation that would become the Act, the Scottish Government undertook an options appraisal around the governance of social security in Scotland<sup>15</sup>. The social security system in Scotland has a number of levels of delivery. This ranges from the governance of the entire system to the operational delivery (functions which will process applications and arrange for payments to be made etc.) and the interface where clients will interact with the system. The 2016 options appraisal considered the high level governance options and resulted in the decision to form an executive agency to administer social security in Scotland as well as a programme to deliver the capability required for the new Scottish social security system.

The options appraisal was an initial, high level appraisal around the governance of social security in Scotland and the strategic case for change. The approach consisted of a number of individual elements. Firstly, a range of evidence was used to construct a strategic case for change. Secondly, outcomes for the social security system in Scotland were developed using a logic modelling approach. These outcomes were then used to construct six high level criteria to assess 7 options (including the status quo) for the governance of social security in Scotland which were also developed as part of the process. Based on the evidence these options were then assessed to see whether they were better or worse than the status quo.

The options considered in the appraisal for the governance of social security were:

- **Status Quo:**
  - Option 0. DWP continues to deliver social security for Scotland as per existing policies
- **Options for Change:**
  - Option 1. A new Scottish public body or executive agency
  - Option 2. Expanding the functions of an existing Scottish national level public sector organisation

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<sup>15</sup> <https://www2.gov.scot/Resource/0049/00494859.pdf>

- Option 3. A Service Level Agreement (SLA) with another body, agency or Government department outwith Scotland
- Option 4. A Scottish Government core Directorate
- Option 5. Outsourcing by procurement
- Option 6. Expanding the functions of existing Scottish local level public sector organisations

The options appraisal considered the seven options against the following criteria:

- Control - ease of organisation and level of control
- Governance - where accountability and responsibility sit
- Practicality - how practical it is to implement
- Flexibility - how easily the option enables the mixed model delivery we envisage we will need
- Alignment - how readily accessible the platform will be to join up with other delivery mechanisms, services and data sources
- Affordability - how much resource it would require

The options appraisal concluded that three options did not perform well against the status quo option of DWP continuing to deliver. These were: Option 3 (an SLA); Option 5 (outsourcing by procurement); and Option 6 (local level public sector organisations).

The remaining 3 options: Option 1 (new public body/agency); Option 2 (existing public organisation); and Option 4 (Scottish Government core Directorate) all perform better than the current status quo (Option 0) as options for the long term.

The analysis concluded that the governance body for social security in Scotland should have close links to Ministers and be flexible enough to respond as the social security landscape in Scotland unfolds. Therefore, the governance for social security in Scotland should sit within the Scottish Government family.

## **2.4 Programme Scope and Structure**

Transition of the devolved social security powers is the biggest programme of change that the Scottish Government has embarked upon since devolution. Transferring the devolved benefits requires a large-scale programme of transition, implementation and, where appropriate, reform, particularly as there was no previously existing Scottish Government infrastructure for social security in Scotland.

The scope of the Programme is summarised in Figure 2.4. It is comprised of the devolved benefits (shown in green) that will be delivered in two waves (shown in grey), plus a third wave for case transfers. The Programme may be required to deliver on any new policy commitments in relation to social security going forward. If required, these will be subject to carefully managed change control processes.

The Programme is supported by Programme Functions, as well as Enabling Capabilities and Service Enablers. These cut across the benefits and will be used to

some extent by most if not all benefits. The definition of these is:

- **Service Areas:** these are broad categories of social security benefits that denote the intended recipient of the public assistance
- **Benefits:** these include the programme of work required to deliver each specific benefit and payment, for example the Best Start Grant (BSG) Pregnancy and Baby, BSG Early Learning, BSG School and Best Start Food payments are individual projects that fall under the Low Income Benefits service area
- **Programme Functions:** these are the functions that support the overall Programme delivery such as policy teams that have responsibilities in relation to planning and designing the benefits and the Programme Management Office (PMO) which supports overall Programme delivery
- **Enabling Capabilities:** these are the capabilities that are required to support the ongoing delivery and administration of the social security system such as telephony services and fraud, error and debt capabilities; these capabilities need to be in place for the successful administration of the devolved benefits and to ensure that Social Security Scotland can deliver payments and address ongoing beneficiary outreach
- **Service Enablers:** these include capabilities that support the delivery of individual projects across service areas, benefits, and waves of delivery

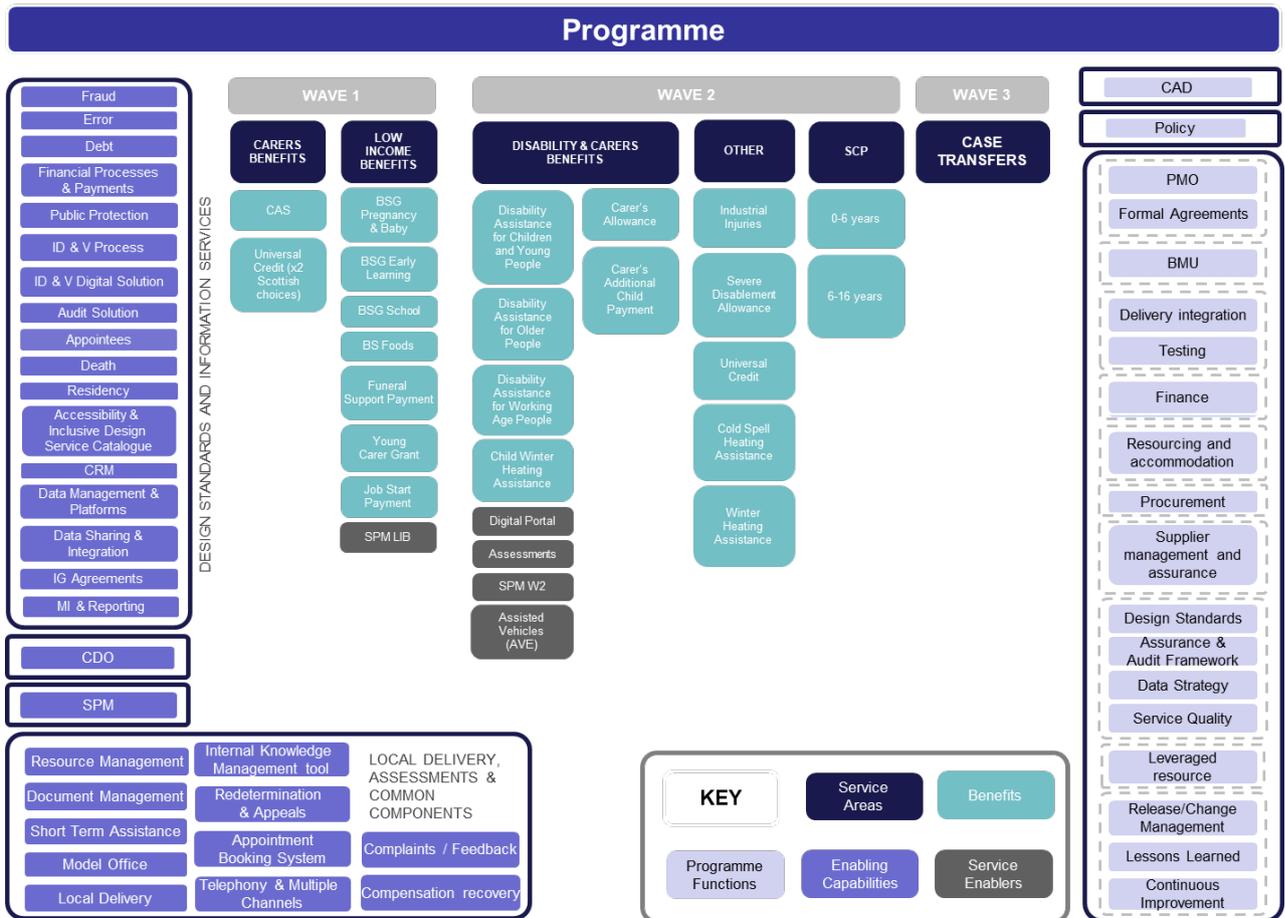


Figure 2.4: Scope and Structure of the Overall Social Security Programme in Scotland

### 2.4.1 Social Security System Organisation

Following the options appraisal work in 2016, Scottish Ministers decided to create a new social security agency in Scotland (Social Security Scotland) which will be responsible for the administration of all of the devolved benefits. Social Security Scotland will have a strong central processing capability as well as a significant local presence. A local delivery workforce is being created to be located across the country in accessible community hubs.

In order to meet the requirements for the social security system in Scotland, Social Security Scotland needs to have in place systems and services to support Scottish applications, determination, award and ongoing payment. To deliver this capability, Scottish Ministers decided to set up a programme (henceforth referred to as “the Programme”) which will be responsible for developing the operational capability and systems required for the administration of all of the devolved benefits.

### 2.4.2 Social Security Scotland

An outline business case for the establishment of a new social security agency, with a local presence providing face-to-face advice, and a central administrative function, was published on 27 April 2017.<sup>16</sup> Social Security Scotland was formally established

<sup>16</sup> <https://www.gov.scot/publications/outline-business-case-agency-social-security-scotland/>

in September 2018. It is an executive agency of the Scottish Government and its purpose is to administer the Scottish social security system effectively, in accordance with the principles in the Act and Charter.

Once fully operational, Social Security Scotland will administer the devolved benefits, supporting 1.8 million people<sup>17</sup> and providing over approximately £4.0 billion in payments every year<sup>18</sup>. Once all of the benefits have been introduced, it is estimated that it will employ 1,900 people with headquarters in Dundee, an office in Glasgow and 400 people located in communities across Scotland delivering face-to-face support to those who need it.

Any assessment of options for the delivery of the Programme, individual benefits, or for services enabling delivery of some or all of the benefits, must be considered in the context of decisions already taken about the structure and responsibilities of Social Security Scotland.

### 2.4.3 The Programme

The Programme to develop and implement the new capability required for Scotland's social security system is being delivered by the Social Security Directorate (SSD) within the Scottish Government, with a range of additional organisations involved, reflecting the complex nature of social security delivery and the scale of work required to establish the structures and capabilities to deliver the devolved benefits.

The SSD is primarily accountable for delivering the Programme, and its responsibilities<sup>19</sup> include:

- Working with the UK's DWP to transfer social security powers to Scotland
- Introducing the necessary legislation in the Scottish Parliament
- Developing policies to implement the Programme for Government which relate to Social Security,
- Establishing a social security agency to deliver the devolved benefits

Figure 2 provides an overview of the organisational structure that has been put in place. The governance approach and structure aims to ensure a smooth transition of benefits from the UK to the Scottish Government; this includes various boards intended to support the Scottish Government in delivering the devolved benefits.

The complexity around delivering the devolved benefits and the transition of delivery from the UK to Scotland is reflected in the number of dependencies (e.g. shared benefit recipients with DWP) between different areas of the Programme, the number of organisations who are working jointly to deliver the benefits and the pace of change required. The SSD recognises that the planning and delivery of devolved benefits across the Programme requires a robust and structured planning approach

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<sup>17</sup> Scottish Government analysis based on Scottish Fiscal Commission data

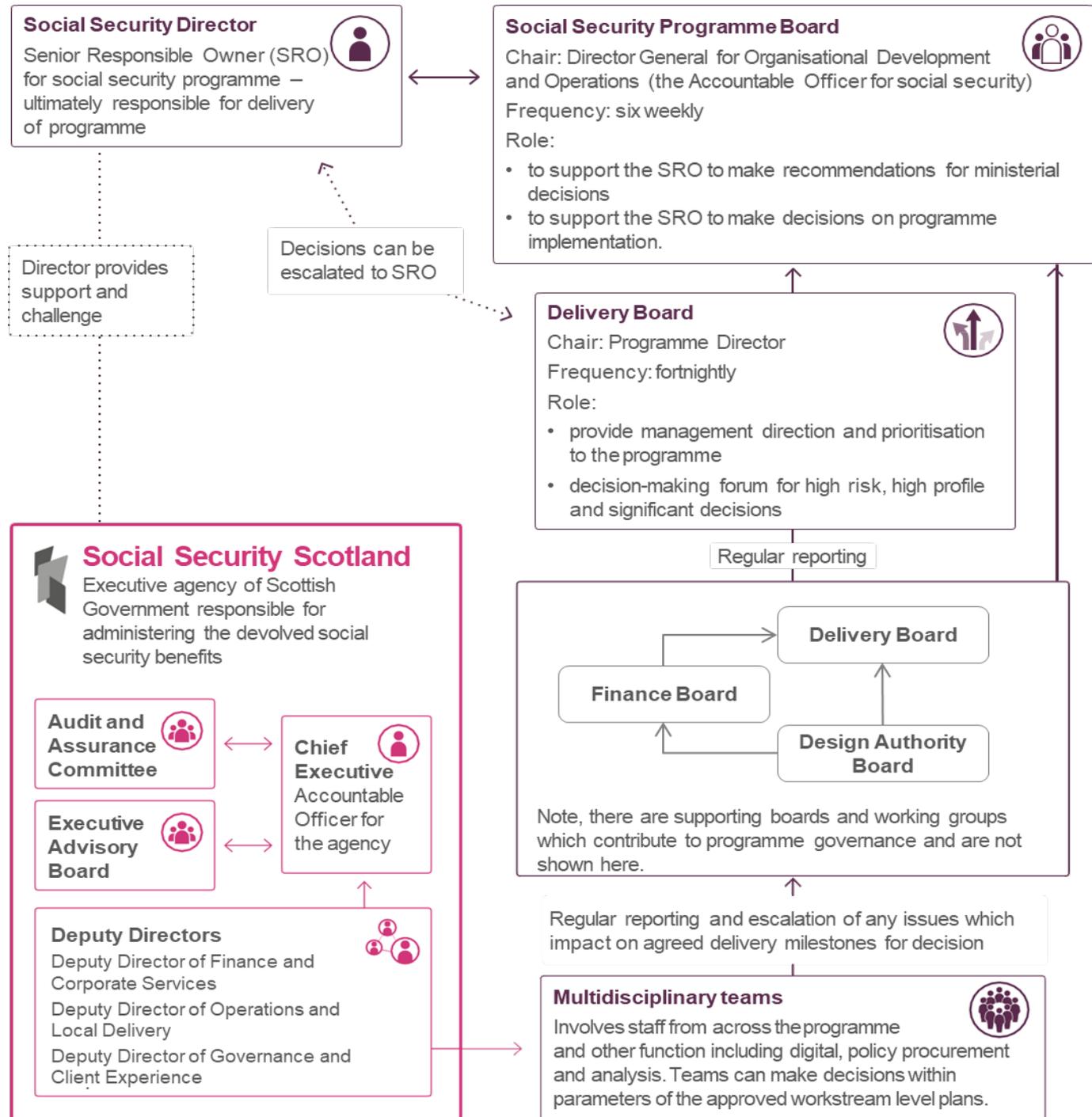
**18** Scottish Fiscal Commission. (2020). Scotland's Economic and Fiscal Forecasts February 2020.

<https://www.fiscalcommission.scot/forecast/scotlands-economic-and-fiscal-forecasts-february-2020/>

<sup>19</sup> Scottish Government. (2019). Social Security Directorate, What we do. <<https://www.gov.scot/about/how-government-is-run/directorates/social-security-directorate/>>.

focused on managing the interdependencies across multiple stakeholders as well as providing the supporting evidence to drive effective decision-making.

**Figure 2.3: Organisational Ownership Structure of Scotland’s Social Security Programme**



The full details regarding the organisational structure of the Social Security Programme, including the responsibilities and associated reporting lines can be found in *Section 6: Management Case*. This includes further detail on the

governance arrangements, programme risks and investment approval mechanisms.

#### 2.4.4 Engagement with Department for Work and Pensions (DWP) and Third Parties

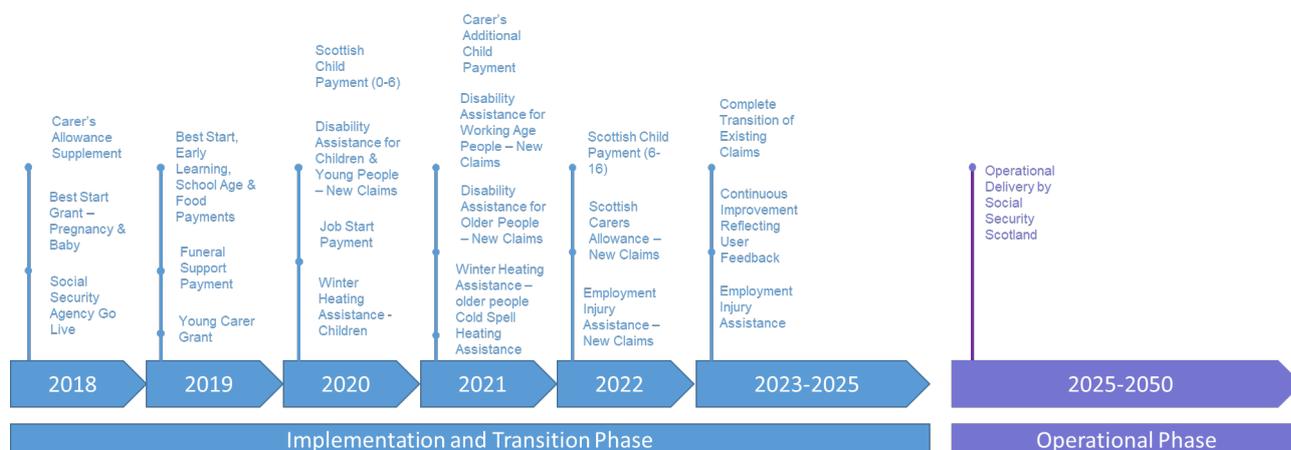
The Programme has developed collaborative working relationship with transition partners and internal stakeholders including DWP. The Programme is also dependent on DWP in key areas as outlined in 2.7 and detail of this is set out in *Section 6: Management Case*.

### 2.5 Programme Timeline

The Programme includes the implementation and transition phase (expected to run to 2025). This will be followed by longer term activity delivered by Social Security Scotland related to the ongoing operational delivery of the devolved benefits.

A high level timeline showing the key milestones associated with the overall Programme and the underlying service area business cases is shown in Figure 2.5. This timeline is subject to further refinement through further iterations of this Programme Business Case and the service area business cases. The approach to planning and scheduling is detailed in *Section 6: Management Case*.

**Figure 2.5: High Level Timeline for the Social Security Programme**



### 2.6 Programme Objectives and Strategic Alignment

The Programme is key to delivering against the overarching principles for social security in Scotland and against the expectations set out in the Charter. These in turn contribute towards the National Outcomes in the National Performance Framework, which aims to create a more successful country by giving opportunities to all people living in Scotland and increasing their wellbeing through sustainable and inclusive growth.

A set of objectives has been developed for the Programme in the transition and implementation phase. Successful delivery of these objectives will contribute to delivering the measurable improvements defined for the social security system and these in turn will contribute to delivery of the overall Scottish Government objectives

in the National Performance Framework.

## 2.6.1 Programme Objectives

The specific programme objectives for the implementation and transition phase of the Social Security Programme (up to 2025) are set out below. When the implementation and transition phase is complete, the Programme should have:

**Table 2.6: Specific programme objectives**

<b>Set up a new public body - Social Security Scotland</b>	<ul style="list-style-type: none"> <li>• Have created processes and systems that allow Social Security Scotland to administer each of the devolved benefits for which it is responsible</li> </ul>
<b>Delivered a system focused on client needs</b>	<ul style="list-style-type: none"> <li>• Have designed and developed a service that treats citizens with dignity and respect</li> <li>• Have improved the experience people have of applying for and receiving benefits</li> <li>• Be able to demonstrate to clients that the system is informed by, and responds to, their needs</li> <li>• Have delivered a multi-channel service that is accessible to all</li> <li>• Have reduced the number of people who go through a face to face assessment for disability benefits</li> <li>• Be able to support proactive, efficient, ongoing case management and assessments</li> </ul>
<b>Delivered modern, efficient and secure systems</b>	<ul style="list-style-type: none"> <li>• Be able demonstrate that Social Security Scotland's operations are underpinned by modern, efficient technology</li> <li>• Have delivered new, integrated systems based around a single, centralised view of the client</li> <li>• Where possible, have delivered a system which is consistent across different benefits and reuses components which have been designed, where possible, in other areas of the system</li> <li>• Have delivered robust and multi-layered data management and fraud controls using the 'Secure by Design' approach</li> </ul>
<b>Safely and securely launched new claims</b>	<ul style="list-style-type: none"> <li>• Have safely and securely launched new claims for each of the devolved benefits</li> </ul>
<b>Delivered a safe and secure transition</b>	<ul style="list-style-type: none"> <li>• Have safely and securely transitioned all of the existing cases that are to be moved from DWP to Social Security Scotland</li> </ul>
<b>Established effective relationships</b>	<ul style="list-style-type: none"> <li>• Have established effective relationships and working practices between Social Security Scotland, DWP and other public bodies</li> </ul>

<b>Delivered value for money</b>	<ul style="list-style-type: none"> <li>• Be able to demonstrate that decisions were taken with a focus on value for money incorporating both a qualitative and quantitative analysis of the costs and benefits</li> </ul>
<b>Developed capability for the future</b>	<ul style="list-style-type: none"> <li>• Be collecting and using information about and from our clients to influence future policy direction</li> <li>• Have created processes and systems that are flexible, adaptable and, where possible, enable Social Security Scotland to respond to future policy changes and deliver continuous improvement, adjusting based on client feedback</li> <li>• Have developed the programme management skills and capability to enable Scottish Government to deliver future large-scale change programmes</li> </ul>

These objectives provide the overarching programme-level objectives and will be used to inform decision-making for the Programme and each of the component Service Areas. Individual Service Areas may build on these to set more detailed objectives and intended outcomes for the development and delivery of the benefit system. These objectives will reflect the particular objectives and outcomes that each individual Service Area is aiming to fulfil through its activities, but will also show how these activities will contribute to, and are aligned to, the programme-level objectives.

## 2.6.2 Measurable Improvements Strategy and Evaluation Activity

In any Programme Business Case, it is important to set out the key benefits to be realised from the Programme. HM Treasury Green Book guidance is clear that:

*“The benefits realisation strategy should set out arrangements for the identification of potential benefits, their planning, modelling and tracking. It should also include a framework that assigns responsibilities for the actual realisation of those benefits throughout the key phases of the programme.”*

To avoid confusion with standard Programme Business Case “benefit” terminology, in this particular business case Scottish Government is using the term “Measurable Improvement”.

The success of the Programme will be measured by how well the social security system delivers on the principles set out in the Act and the expectations of the Charter. To monitor and evaluate realisation of outcomes and impacts of the Programme, the following approach will be used to measure the Programme’s strategic objectives and longer term Charter and Policy commitments.

The approach sets out a process/delivery-focused methodology to evaluation and includes three key elements:

1. A policy evaluation approach will gather management information, trends in wider policy variables, and bespoke qualitative research for each benefit to identify the impact on the desired policy outcomes. The policy evaluation approach will both feed into measurement of the Charter commitments and provide information on the impact on a range of desired policy outcomes

2. To measure the success of the Programme in relation to building the capacity to support transfer of products to Social Security Scotland, measurable improvements will be identified at Programme, Service area and Project level.
3. Finally, a Charter Measurement Framework has been developed to provide the analytical framework which will capture how Social Security Scotland is delivering against the Charter. The Framework is a co-designed list of measures relating to the commitments set out in the Charter on which data will be collected, included in the Framework and published. The Framework has four sections that match those of the Charter. The first three sections are designed to tell us how Social Security Scotland treats clients; if staff are well supported; how the systems are working and how clients are experiencing the systems. The final section relates to Scottish Government commitments on policy making about benefits

### **2.6.3 Scottish Government National Performance Framework**

In addition to delivering against the specific social security principles set out above, the Social Security Programme will also contribute to the aims of the National Performance Framework to create a more successful country by giving opportunities to all people living in Scotland and increasing their wellbeing through sustainable and inclusive growth.<sup>20</sup>

Refreshed in 2018, the National Outcomes in the Framework set out the key themes for a successful Scotland where its citizens:

- Grow up loved, safe and respected so that they realise their full potential (Children and Young People)
- Live in communities that are inclusive, empowered, resilient and safe (Communities)
- Are creative and their vibrant and diverse cultures are expressed and enjoyed widely (Culture)
- Have a globally competitive, entrepreneurial, inclusive and sustainable economy (Economy)
- Are well educated, skilled and able to contribute to society (Education)
- Value, enjoy, protect and enhance their environment (Environment)
- Have thriving and innovative businesses, with quality jobs and fair work for everyone (Fair Work and Business)
- Are healthy and active (Health)
- Respect, protect and fulfil human rights and live free from discrimination (Human Rights)
- Are open, connected and make a positive contribution internationally (International)

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<sup>20</sup> Scottish Government. National Performance Framework. <<https://nationalperformance.gov.scot/>>.

- Tackle poverty by sharing opportunities, wealth and power more equally (Poverty)

This Programme Business Case will contribute most closely to the themes of **Children and Young People; Communities; Economy; Fair Work; Health and Poverty.**

These themes are then underpinned by 81 specific National Indicators – of which 16 were under development at the time of writing. The Social Security Programme will contribute to many of these, including:

public services treat people with dignity and respect

- quality of public services
- trust in public organisations
- income inequality
- economic participation
- productivity
- wealth inequality
- persistent poverty
- relative poverty after housing costs
- healthy life expectancy
- mental wellbeing
- child material deprivation
- resilience of children and young people
- social capital

#### **2.6.4 Alignment with Other Strategies and Policies**

As well as contributing towards the achievement of the National Performance Framework outcomes, the Social Security Programme, wherever possible, is aligned with the following strategies, action plans and their associated objectives and intended outcomes:

- Scotland's refreshed digital strategy<sup>21</sup>: The 2017 strategy sets out a vision for Scotland as a vibrant, inclusive, open, and outward looking digital nation. The strategy outlines the steps that are required to ensure Scotland is well placed to take full advantage of all the economic, social and environmental opportunities offered by the digital age.
- Every Child, Every Chance: Tackling Child Poverty Delivery Plan 2018 – 22: Following the Child Poverty (Scotland) Act of 2017 which set targets for the reduction in child poverty, the Delivery Plan was published on 29 March 2018.

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<sup>21</sup> Scottish Government (2017). Realising Scotland's full potential in a digital world: a digital strategy for Scotland. < <https://www.gov.scot/publications/realising-scotlands-full-potential-digital-world-digital-strategy-scotland/>>.

It sets out new policies and proposals to help make strong progress towards these targets.

- The Fairer Scotland Action Plan: Published in 2016, this sets out 5 key ambitions and 50 concrete actions to be taken over the life of this parliament to make progress in the following areas: a fairer Scotland for all; ending child poverty; a strong start for all young people; fairer working lives; and a thriving third age.
- The Health and Social Care Delivery Plan<sup>22</sup>: In 2016, the Scottish Government set out its programme to further enhance health and social care services to deliver the 2020 Vision.
- Health and Social Care Integration<sup>23</sup>: The Scottish Government wants to ensure that adult health and social care services are firmly integrated around the needs of individuals, their carers and other family members; that the providers of those services are held to account for improved delivery; and that services are underpinned by flexible, sustainable financial mechanisms that give priority to the needs of the people.

## 2.7 Risks, Constraints and Dependencies

### 2.7.1 Risks

The Programme's approach to risk management is outlined in the Social Security Risk Management Strategy. This document defines and articulates the risk management principles, concepts, structures, processes, tools and associated roles and responsibilities implemented to ensure that risks to Programme objectives are effectively managed. The key principles and concepts outlined in this strategy are drawn from OGC Management of Risk literature and the Scottish Government Risk Management Guide. These principles and concepts have been appropriately tailored to the requirements of the Programme.

The Risk Management Strategy is owned by the Programme Management Office (PMO) Risk and Issue Management Function and Programme-level risks are recorded on the Social Security Programme Risk Register. Management of the Programme-Level Risk Profile has been delegated by the Social Security Programme Board to the Social Security Programme Risk Review Board. Further details can be found in *Section 6: Management Case*.

The key strategic risks faced by the Programme can be grouped into three categories:

- Programme: Risks that remain within the Social Security Programme and cannot be transferred by the organisation (e.g. political and reputational risks)

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<sup>22</sup> Scottish Government (2016). Health and Social Care Delivery Plan. <<https://www.gov.scot/publications/health-social-care-delivery-plan/>>.

<sup>23</sup> Scottish Government. Health and Social Care Integration. <<https://www2.gov.scot/Topics/Health/Policy/Health-Social-Care-Integration>>.

- Service: Risks that fall within the design, implementation and operational phases of the Programme and may be shared with others from outside the Social Security Programme
- External: Broader political, economic and social risks that are not connected directly within the Social Security Programme (e.g. technological disruption, shifting political priorities)

**Table 2.7: Strategic Programme Risks by Category**

<b>Risk Category</b>	<b>Description</b>
<b>Programme risk:</b> the risk that the Social Security Programme cannot meet its organisational objectives.	
Reputational risk	The risk that there will be an undermining of clients' perception of the Social Security Programme's ability to deliver the devolved benefits – for example, adverse publicity concerning an operational problem.
<b>Service risk:</b> the risk that the service provided by the Social Security Programme is not fit for purpose.	
Design risk	The risk that the design team cannot deliver the services to the required product specification/quality standards.
Procurement risk	The risk that can arise from the contractual arrangements between two parties – for example, the capabilities of the contract or when a dispute occurs.
Operational risk	The risk performance standards slip or that a service cannot be provided.
Availability and performance risk	The risk that the quantum of service provided is less than that required under a contract.
Demand risk	The risk that the demand for a service does not match the levels planned, projected or assumed.
Volume risk	The risk that actual usage of the service varies from the levels forecast (e.g. increase in clients).
Maintenance risk	The risk that the costs of keeping the assets in good condition vary from budget.
Technology risk	The risk that changes in technology result in services being provided using sub-optimal technical solutions.
Funding risk	The risk that the availability of funding leads to delays and reductions in scope as a result of finance available.
<b>External:</b> wider political, economic and social risks	
Policy risk	The risk of changes in policy leading to unforeseen change.

Risk Category	Description
Technological disruption risk	The risk of new technologies emerging that completely transform the way things are done.

## 2.7.2 Constraints and Dependencies

The key constraints to the Programme are:

- **Financial** – the Programme is required to operate within a tight fiscal envelope
- **Alignment with existing systems** – the Programme is required to align with third party systems, in particular DWP
- **Capacity** – the Programme requires a wide range of skills and capabilities which are in short supply. In addition, the Programme is dependent on services being provided by other capabilities across the Scottish Government including HR and accommodation.

There are a number of key dependencies between the Programme and other organisations as well as many internal to the Programme. These have been considered in the development and delivery of the Programme and include:

- Dependencies between the Programme and DWP
- Dependencies between the Programme and Social Security Scotland
- Dependencies between individual social security project benefits / enabling capabilities
- Other internal dependencies that need to be considered to ensure the Programme can be delivered

These dependencies are managed by the Delivery Integration Board who meet fortnightly to track and resolve dependency issues. The Terms of reference is attached. Attendees include all service areas in the Programme, CDO, Social Security Scotland, DWP, and Policy. There are currently some 1,000 dependencies being tracked by the Programme. Progress in dependency management is reported to the Delivery Board every fortnight. Further details can be found in *Section 6: Management Case*.

### 3 Socio-Economic Case

The purpose of the Socio-Economic Case is to determine the preferred way forward from a range of credible options. This is accomplished by developing a range of possible options for the delivery of the Social Security Programme, appraising these and identifying the preferred option. Options should be appraised against a set of Critical Success Factors (CSFs) for the Programme<sup>24</sup> as described later in the section.

In order to assess the extent to which an option meets the CSFs, an understanding of an option's anticipated outcomes is necessary, including where possible the anticipated costs and both quantitative and qualitative assessments of benefits. As described in *Section 1. Introduction*, this business case is at programme-level covering all of the individual service area and outcome-specific business cases, the delivery of which will be supported by multiple teams that will be working concurrently to progress specific devolved benefits. As a result, the possible options for delivery of each of the devolved benefits and corresponding appraisal will be set out in the robust evidence produced in individual Service Area/Enabling Capability business cases.

Given the large and complex nature of this Programme professional analytical skills, for example those available from within Scottish Government's Communities Analysis Division (CAD), will be drawn upon for these individual business cases.

#### 3.1 Economic Rationale for the Provision of Social Security

As described in *Section 2: Strategic Case*, the Programme has been initiated to deliver the capabilities required for the Scottish social security system. This in turn contributes towards the National Outcomes in the National Performance Framework which aims to create a more successful country by giving opportunities to all people living in Scotland and increasing their wellbeing through sustainable and inclusive growth.

Provision of social security by government can be described as an intervention that provides support to individuals (e.g. benefit payments) in the event of adverse economic shocks (e.g. loss of employment) or inability to work (e.g. due to ill health or caring commitments) or increased costs of living (e.g. due to disability). Through insurance, and/or if such insurance were available, it would be taken up by individuals at a sub-optimal level which those most vulnerable would likely not be able to afford. It is due to this failure of the free market to allocate resources efficiently (i.e. the presence of market failure)<sup>25</sup> that, from an economics perspective, government provided public assistance is appropriate.

From a welfare perspective, the provision of social security acts as a transfer of

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<sup>24</sup> HM Treasury (2018). Guide to Developing the Programme Business Case. <[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/749085/Programme\\_Business\\_Case\\_2018.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/749085/Programme_Business_Case_2018.pdf)>.

<sup>25</sup> Akerlof G.A. (1970). The market for lemons: Quality uncertainty and the market mechanism. *Quarterly Journal of Economics*. Rothschild M and Stiglitz J.E. (1976). Equilibrium in competitive insurance markets: An essay on the economics of imperfect information. *Quarterly Journal of Economics*.

resources between individuals. As stated in the HM Treasury Green Book, “transfers pass purchasing power from one person to another and do not involve the consumption of resources. Transfers benefit the recipient and are a cost to the donor and therefore do not make society as a whole better or worse off.”<sup>26</sup> As a result, if one form of tax (such as income tax) were to rise to fund any increase in social security payments, one group of individuals would be gaining while another group would be losing out and the effects would cancel out without a net gain. Therefore, the HM Treasury guidance indicates that these transfers should be excluded from the overall estimate of UK level Net Present Social Value (NPSV) and, hence, would not be captured as part of the Benefit Cost Ratio (BCR) analysis.

However, central to the provision of welfare benefits are the important distributional effects it generates, whereby there is the transfer of equivalent costs or benefits (in monetary terms) from one group in society to another (e.g. high income to low income households). Facilitating this redistribution of income through the provision of benefits is pivotal to the Scottish Government aim to create a fairer and more prosperous Scotland, and as a means of promoting human development and ensuring better outcomes for people.<sup>27</sup> Given this, in line with HM Treasury guidance, as these transfers have a distributional impact, quantifying and showing these effects alongside the estimate of UK NPSV is of value. This involves applying distributional weightings (based on the marginal utility of income) whereby financial gains for lower income households are given a higher social value than the equivalent gains for higher income households.

Yearly estimates of the distributional effect of taxation and of government spending, including social security benefits, produced by the Office for National Statistics (ONS) demonstrate at a high level the overarching socio-economic rationale for social security provision, and some of the impacts that its provision has in terms of reducing inequalities. Although not specific to Scotland, and covering a wider range of taxes and spending than the range of benefits within the Scottish Government’s control, the ONS analysis provides an indication of the types of socio-economic impacts that could be expected from the provision of social security benefits by the Scottish Government.

Full details of the ONS analysis and findings are set out in Annex D. In summary, it shows that for the whole of the UK in 2018:

- The receipt of cash benefits (including welfare benefits) reduces income inequality between the poorest and the richest 20% of people<sup>28</sup>. This means that overall, social security programmes (along with taxes and other public assistance) lead to household income being shared more equally between populations

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<sup>26</sup> HM Treasury (2018). The Green Book: Central Government Guidance on Appraisal and Evaluation. <[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/685903/The\\_Green\\_Book.pdf?\\_ga=2.122989195.1624327492.1566925371-1839360997.1525768522](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/685903/The_Green_Book.pdf?_ga=2.122989195.1624327492.1566925371-1839360997.1525768522)>

<sup>27</sup> Scottish Government (2018). Fairer Scotland Action Plan, Progress Report 2018. <<https://www.gov.scot/publications/fairer-scotland-action-plan-progress-report-2018/>>.

<sup>28</sup> Office of National Statistics (2019). Effects of taxes and benefits on UK household income: financial year ending 2018. <<https://www.ons.gov.uk/peoplepopulationandcommunity/personalandhouseholdfinances/incomeandwealth/bulletins/theeffectsoftaxesandbenefitsonhouseholdincome/financialyearending2018>>.

- In terms of benefits received and taxes paid by households (i.e. the net position) the lowest income group (i.e. poorest households) received large amounts of cash benefits compared to other income groups and were net recipients (i.e. public assistance received minus taxes paid was positive), while the richest income group received less public assistance and paid more in taxes, and were net contributors
- The provision of cash benefits, through income redistribution, had the largest impact on reducing income inequality, reducing the Gini Coefficient<sup>29</sup> from 46% to 35%

To reflect the positive distributional impacts that are associated with the provision of social security and to capture in socio-economic appraisals the associated societal welfare gains that result, as outlined above, HM Treasury guidance<sup>30</sup> proposes applying distributional weightings to reflect the welfare effects of costs and benefits falling to different groups in society. This methodology aims to analyse the ‘true value’ of public spending so that any proposed policy which provides greater net benefits to lower income deciles is rated more favourably than one whose benefits largely accrue to higher deciles.

According to this methodology, appropriate decile weights are derived by comparing the median equivalised net income within each decile to the median equivalised income across the whole income distribution. Applying the average of the weight values detailed in the 2003 HM Treasury Green Book<sup>31</sup>, the results mean, for example, that an additional £1 of spending on someone in the lowest decile corresponds to £2.45 of ‘true value’, whilst an additional £1 of spending on someone in the highest decile corresponds to only an additional £0.40 of ‘true value’. This is based on the fundamental economic principle of ‘diminishing marginal utility’, which dictates that the additional utility or ‘true value’ that a person derives from an increase in their income (e.g. through social security benefits) diminishes as the overall level of income they have increases. Therefore, it is recognised that the ‘true value’ of social security benefits, as well as other forms of additional income, for an individual’s wellbeing will vary according to the relative prosperity (i.e. existing income levels) of the person receiving the social security benefit.

As set out in detail in the Outline Business Case for Social Security in Scotland (2017)<sup>32</sup>, analysis was conducted by the Scottish Government to assess the potential true value of the provision of the devolved benefits. This analysis showed that in 2015-16 DWP expenditure on a selection of the devolved social security benefits in Scotland was around £2.6 billion<sup>33</sup> and, of this, more was spent on households in the bottom five deciles of the income distribution (£1.7 billion) as

<sup>29</sup> The Gini Coefficient is a way to compare how the distribution of income in a country compares to a hypothetical scenario where everyone in the country earned the exact same income. Inequality is calculated between 0% where everyone is earning the same amount and 100%, where all the country’s income is earned by a single individual.

<sup>30</sup> HM Treasury (2018). The Green Book, Annex A3. <<https://www.gov.uk/government/publications/the-green-book-appraisal-and-evaluation-in-central-government>>

<sup>31</sup> HM Treasury (2003). The Green Book: Appraisal and Evaluation in Central Government, Annex 5, Box 5.2.

<sup>32</sup> Scottish Government (2017). Social security agency in Scotland: outline business case. <<https://www.gov.scot/publications/outline-business-case-agency-social-security-scotland/>>.

<sup>33</sup> Disability Living Allowance, Personal Independence Payment, Attendance Allowance, Carer’s Allowance and Winter Fuel Payments together accounted for £2.6 billion (93%) of this total expenditure.

opposed to the upper five deciles (£0.9 billion).

Applying 'true value' weights to the actual spending on social security in Scotland (see Table 3.1) shows the weighted 'true value' of spend is £3.1 billion. Therefore, simply as a result of the income distribution of benefit recipients, the 'true value' of social security is around £500 million more than the actual spend of welfare benefits on Scottish households each year. This £500 million benefit would be foregone in the absence of an effective social security system for the devolved benefits.

**Table 3.1: True Value of Public Spending**<sup>34</sup>

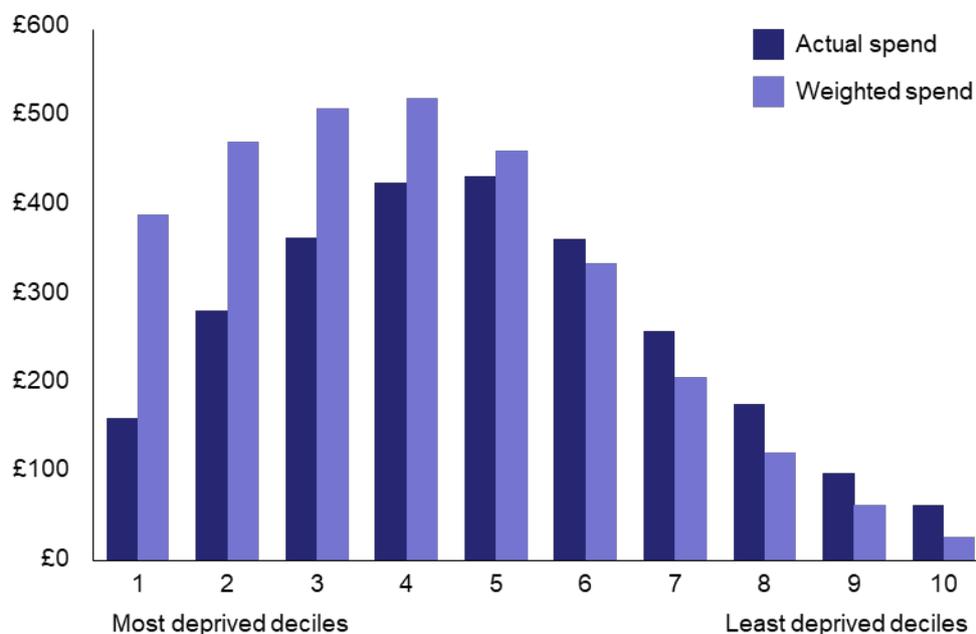
Deciles	True Value of £1 of Additional Income (weights)	Actual Spend (£ millions)	Weighted Spend (£ millions)
1	2.45	£159	£389
2	1.67	£281	£471
3	1.41	£362	£509
4	1.23	£425	£521
5	1.07	£433	£462
6	0.93	£360	£335
7	0.81	£256	£206
8	0.69	£174	£120
9	0.57	£95	£54
10	0.40	£61	£24
<b>Total</b>	-	<b>£2,607</b>	<b>£3,091</b>

Source: Scottish Government (2017)

<sup>34</sup> Scottish Government (2017). Social security agency in Scotland: outline business case. <<https://www.gov.scot/publications/outline-business-case-agency-social-security-scotland/>>.

Figure 3.2 illustrates how the spending on devolved social security benefits across deciles compares when weighted for the relative prosperity of households.

**Figure 3.2: Actual and Weighted Social Security Spending (2015-2016, £millions)** <sup>35</sup>



Source: Scottish Government (2017)

The redistribution of £2.6 billion spent on a selection of the devolved social security benefits (in 2015-16) from general taxpayers is not expected to be a costless transfer of resources from one group in to another. Therefore, to some extent, the £500 million of ‘additional’ value generated by social security spending is offset by a number of costs. These are referred to as ‘leakage’,<sup>36</sup> with the sources of this including:

- The administrative costs associated with redistributions of resources
- Behavioural changes in the population who face new work incentives because of increased taxation to fund social security
- Changes in saving and investment behaviour, for example take-up of long term care insurance
- Changes in attitudes (e.g. to the formation of human capital, the propensity for altruistic behaviour)

There are also wider socio-economic impacts associated with social security benefits beyond the ‘additional’ value detailed above. Evidence<sup>37</sup> has shown that a well-

<sup>35</sup> Scottish Government (2017). Social security agency in Scotland: outline business case. <<https://www.gov.scot/publications/outline-business-case-agency-social-security-scotland/>>.

<sup>36</sup> Okun. (1975). Equality and Efficiency: The Big Tradeoff.

<sup>37</sup> Ortiz, Isabel (2018). The Case for Universal Social Protection. <<https://www.imf.org/external/pubs/ft/fandd/2018/12/case-for-universal-social-protection-ortiz.htm>>.

designed social security programme with suitable welfare benefits may:

- Contribute to sustainable employment and improved employability through programmes like the Job Start Payment<sup>38</sup> that intends to help young people with costs associated with the transition into the workplace, and disability benefits which are often vital in supporting disabled people to enter and maintain employment
- Promote human development by increasing access to nutrition, education and healthcare, for example through the Best Start Grant<sup>39</sup> that provides financial support to help with the costs of early learning and preparation for schooling
- Protect people against losses due to adverse shocks like the Industrial Injuries Disablement Benefit<sup>40</sup> that helps individual who were disabled because of an accident at work
- Reduce other areas of government spending: for example, the payment of Best Start benefits makes a contribution to decreasing child poverty in Scotland. This in turn reduces future public spending on mitigating social problems and costs arising from lower productivity in later life<sup>41</sup>
- Promote equity and inclusive growth by providing a level of protection that provides improved opportunities for everyone regardless of their life circumstance

## 3.2 Options for the Social Security Programme

As described in the Strategic Case, the scope of the Scottish Social Security Programme is broad, encompassing a wide range of activities to build the capacity of the social security system and deliver each of the devolved benefits (and the associated transition activities required) as well as the set-up of enabling capabilities for the delivery, such as payment systems and information governance. The programme-level options considered at the outset of the Programme were broad and a pragmatic approach was taken to documenting the high-level options and the decisions to be taken in relation to the social security system changes brought about by the devolution of powers.

### 3.2.1 Programme Options

The standard approach within options appraisal is to compare options for an intervention against a base case where no action is taken. This is referred to as a 'do-nothing' option. At the time the Social Security Programme was established, following the Smith Commission Heads of Agreement, the 'do nothing' option was for DWP to continue to deliver the existing benefits in Scotland without any changes. Convention dictates that this is referred to as option 0 but this should not be taken to imply that it is actively being considered as an option. As explained in the options appraisal, this option is not practically viable as it both counters the intention and

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<sup>38</sup> Scottish Government. Job Grant. <<https://www.gov.scot/policies/social-security/job-grant/>>.

<sup>39</sup> Scottish Government. Best Start Grant. <<https://www.gov.scot/policies/social-security/best-start-grant/>>.

<sup>40</sup> Scottish Government. Industrial Injuries Disabled Benefit. <<https://www.gov.scot/publications/industrial-injuries-disabled-benefit-policy-position-paper/>>.

<sup>41</sup> [http://www.parliament.scot/Child%20Poverty%20\(Scotland\)%20Bill/SPBill06FMS052017.pdf](http://www.parliament.scot/Child%20Poverty%20(Scotland)%20Bill/SPBill06FMS052017.pdf)

objectives of devolution and DWP would be unable to accommodate changes from the current system which the Scottish Government might wish to implement for the devolved benefits. The prime purpose of including this option is for it to serve as a comparator for appraisal in the Socio-Economic Case and form the baseline against which options are assessed.

The overarching, high-level options developed for the Social Security Programme, reflecting the preferred delivery model and the legislative provisions in relation to social security, are:

0. **Do nothing:** the scenario in which the DWP continues to deliver the existing benefits under the status quo
1. **Do minimum:** the scenario in which the legislative powers set out in the Act are delivered by the Scottish Government commissioning delivery of the devolved benefits back to DWP through agency agreements
2. **Minimal Service Implementation:** the scenario where the Scottish Government takes over the delivery of the devolved benefits but minimises the implementation costs by developing a thin service ‘wrapper’ that is heavily dependent on DWP systems and does not have the capability to support future changes or service improvements
3. **Full “As Is” Service Implementation:** the scenario where the Scottish Government takes over the full service delivery of the devolved benefits but develops a system that is designed solely to deliver the existing ‘As Is’ benefits and does not have the capability to support future policy changes and / or service improvements
4. **Full Service Implementation With Change Capability:** the scenario where the Scottish Government takes over the full service delivery of the devolved benefits and develops a social security system that is designed to deliver the existing benefits as well as having the flexibility and capability to support future policy changes and/or service improvements

Apart from the ‘Do Nothing’ option, all of the options above also have sub-options with regard to timings of handover:

- 1) **Big Bang:** the Scottish Government takes responsibility for the delivery of all benefits on one single ‘Big Bang’ handover date
- 2) **Phased Approach:** the Scottish Government takes responsibility for the delivery of one benefit at a time in a phased handover
- 3) **Phased Approach with Migration:** the Scottish Government takes responsibility for the delivery of one benefit at a time in a phased handover but also separates new claims from migration of existing cases (case transfers)

The programme options were considered based on whether they met the expectations of the legislation and on the practical implications for implementation of each benefit. The considerations at programme level are set out in Table 3.2 with the specific option for each benefit set out in Table 3.3.

**Table 3.2: Programme Option Considerations**

Option	Description	Considerations
<ul style="list-style-type: none"> <li><b>Do nothing</b></li> </ul>	<p>The scenario in which the DWP continues to deliver the existing benefits under the status quo.</p>	<p>This is not a permanent option, as it would not fulfil the objectives of devolution. DWP made legislation in 2017 that provides for the Scottish Ministers to take over responsibility for all devolving benefits from 1 April 2020. DWP could change the 1 April 2020 date so that DWP continues its full responsibility for devolving benefits for longer, but this is now an option about timing only (a short term interim solution).</p>
<ul style="list-style-type: none"> <li><b>Do minimum</b></li> </ul>	<p>The scenario in which the legislative powers set out in the Act are delivered by the Scottish Government commissioning delivery of the devolved benefits back to DWP through agency agreements.</p>	<p>With the making of the Scottish legislation, this ceased to be a viable option. The legislation creates an expectation that, in time, Scottish Ministers will re-platform all devolving assistance onto a Scottish legislative basis, with consequential changes in systems.</p> <p>In addition, the legislation creates an expectation that Scottish Ministers can make design changes around delivery but it is not practical for DWP to deliver Scottish forms of assistance that differ operationally from the rest-of-GB basis of delivery.</p> <p>Therefore, this is a timings option only, i.e. when Scottish Ministers take over responsibility for a devolving benefit under existing legislation they can ask DWP to continue to deliver it on their behalf under that legislation (under agency arrangements) in the transitional phase on the same basis as the rest of GB, until the devolved system is ready to deliver. The use of agency agreements is subject to Scottish Ministers maintaining legislative parity</p>

		with the rest-of-GB.
<ul style="list-style-type: none"> <li>• <b>Minimal Service Implementation</b></li> </ul>	<p>The scenario where the Scottish Government takes over the delivery of the devolved benefits but minimises the implementation costs by developing a thin service ‘wrapper’ that is heavily dependent on DWP systems and does not have the capability to support future changes or service improvements.</p>	<p>In theory, Scottish Ministers could operate devolving benefits under the ‘inherited’ DWP legislation, but the Act creates an expectation that they will re-base what they deliver (except possibly the declining SDA caseload) onto a Scottish legislative basis for each benefit. Therefore a break from DWP systems operationally is required although DWP and other UK government data flows may need to inform future Scottish delivery (e.g. DWP or HMRC data may be needed to check that a person has not been in employment, or receives a low income benefit that qualifies a person for devolved assistance).</p>
<ul style="list-style-type: none"> <li>• <b>Full “As Is” Service Implementation</b></li> </ul>	<p>The scenario where the Scottish Government takes over the full service delivery of the devolved benefits but develops a system that is designed solely to deliver the existing ‘As Is’ benefits and does not have the capability to support future policy changes and/or service improvements.</p>	<p>This option would fulfil the expectation that Scottish Ministers will re-platform all devolving assistance onto a Scottish legislative basis but it would not fulfil the expectation that Scottish Ministers can make design changes around delivery. Therefore, this is at most a transitional option as the intention of the legislation is that Scottish Ministers can make design changes around delivery.</p>
<ul style="list-style-type: none"> <li>• <b>Full Service Implementation With Change Capability</b></li> </ul>	<p>The scenario where the Scottish Government takes over the full service delivery of the devolved benefits and develops a social security system that is designed to deliver</p>	<p>This option would fulfil the expectation that Scottish Ministers will re-platform all devolving assistance onto a Scottish legislative basis and the expectation that Scottish Ministers can make design changes around delivery.</p>

	the existing benefits as well as having the flexibility and capability to support future policy changes and / or service improvements.	
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The preferred option for each benefit is set out in Table 3.3. This table is concerned only with the forms of assistance prescribed in the Social Security (Scotland) Act, and as such does not include benefits such as Scottish Child Payment. The options have been selected following close working between the Programme and DWP and the assessment of which options were practical and best met the objectives of the Programme. Particular focus was given to the need for a safe and secure transition from DWP. Whilst it was considered practical to have a ‘single point in time’ handover for some of the one-off benefits (such as Best Start Grant Pregnancy and Baby Payment), for most of the ongoing benefits a phased approach with migration was considered the most safe and secure option based on complexity of the benefit delivery and the volume of cases to be transferred. The total numbers of cases to be transferred exceeds 500,000 which meant that a ‘big bang’ option to transfer all benefits on a single date was not considered a genuinely viable option.

**Table 3.3: Benefit Option Considerations**

<b>Benefit</b>	<b>Description</b>	<b>Preferred Option Considerations</b>
<b>Attendance Allowance</b>	Purpose: To help with personal care for individuals aged at least 65 with a physical or mental disability.	To become a devolved responsibility from 1 April 2020. DWP will continue to deliver from April 2020 on behalf of Scottish Ministers under an agency agreement, and on a ‘business as usual’ basis. New claims for Disability Assistance for Older People will be launched in 2021 with a phased migration of existing cases in the transition phase of the Programme.
<b>Carer’s Allowance</b>	Purpose: To help an individual look after someone with a disability that creates a need for substantial care. To be eligible the individual must spend at least 35 hours a week caring for the person and not have	Became a devolved responsibility on 3 September 2018. DWP will continue to deliver from April 2020 on behalf of Scottish Ministers under an agency agreement, and on a ‘business as usual’ basis. New claims for Scottish Carer’s Allowance will be launched in early 2022 with a phased migration of existing cases in the transition phase of the Programme.

	significant weekly earnings.	
<b>Disability Living Allowance (DLA)</b>	<p>Purpose: To help a person if a disability or health condition means that one or both of the following statements apply to them:</p> <ul style="list-style-type: none"> <li>• The person needs help looking after himself or herself</li> <li>• The person has walking difficulties</li> </ul> <p>DLA is closed to new working age claimants, so only persons under 16 can now make a claim. It is being replaced by PIP.</p>	<p>To become a devolved responsibility from 1 April 2020, including Disability Living Assistance for over 65s (closed to new claims). DWP will continue to deliver from April 2020 on behalf of Scottish Ministers under an agency agreement, and on a 'business as usual' basis. New claims for Disability Assistance for Children and Young People will be launched in 2020 with a phased migration of existing cases in the transition phase of the Programme.</p>
<b>Personal Independence Payment (PIP)</b>	<p>Purpose: To help with some of the extra costs caused by long-term ill-health or disability for persons aged 16 to 64. Replacement for DLA for working age individuals.</p>	<p>To become a devolved responsibility from 1 April 2020. DWP will continue to deliver from April 2020 on behalf of Scottish Ministers under an agency agreement, and on a 'business as usual' basis. New claims for Disability Assistance for Working Age People will be launched in 2021 with a phased migration of existing cases in the transition phase of the Programme.</p>
<b>Industrial Injuries Disablement Benefit</b>	<p>Purpose: To help persons who are ill or disabled as a result of an accident or disease caused by work (or during attendance at certain employment training).</p>	<p>To become a devolved responsibility from 1 April 2020. DWP will continue to deliver from April 2020 on behalf of Scottish Ministers under an agency agreement, and on a 'business as usual' basis. New claims for Employment Injury Assistance will be launched in 2022 with a phased migration of existing cases in the transition phase of the Programme.</p>
<b>Severe Disablement Allowance (SDA)</b>	<p>Purpose: SDA was a benefit for working age individuals who became unable to work due to illness or disability. SDA has</p>	<p>To become a devolved responsibility from 1 April 2020. DWP will continue to deliver from April 2020 on behalf of Scottish Ministers under an agency agreement, and on a 'business as usual' basis. As SDA is a closed benefit, this may continue until there</p>

	been closed to new claims for nearly 20 years, but is still paid to around 1,500 persons in Scotland.	cease to be any recipients of the assistance. There would be no need for any migration of cases.
<b>Cold Weather Payment</b>	Purpose: A payment to help persons receiving certain benefits with heating costs in winter months when the temperature in their locality is recorded as, or forecast to be, not above zero degrees Celsius over 7 consecutive days.	DWP currently deliver the UK benefit through the Social Fund. Eligible recipients for Cold Spell Heating Assistance will be identified for payment by Social Security Scotland from 2021. CWP is temperature-dependent so not every winter period creates a need for payments, and the link to certain DWP benefits requires ongoing DWP assistance to deliver payments. Legislative plans will be informed by operational practicalities.
<b>Funeral Expense Payment</b>	Purpose: To assist persons receiving certain low income benefits with the costs of a funeral they are responsible for arranging.	Became a devolved responsibility, and was replaced by a new Scottish type of assistance, on 16 September 2019. DWP ceased accepting Scottish claims on that date, and Social Security Scotland began accepting and paying claims for Funeral Support Payment. There were no cases that required transitional arrangements: it was a “clean break” based on application dates.
<b>Sure Start Maternity Grant</b>	Purpose: To assist persons with the costs of having a first child, where they are in receipt of certain benefits.	A devolved responsibility from 11 December 2019, providing a broader form of Scottish assistance which places no limit on the number of children who can benefit from the assistance. DWP ceased accepting Scottish claims from that date, and Social Security Scotland began accepting and paying claims. There were no cases that required transitional arrangements: it was a ‘clean break’ based on application dates. Best Start Grant (BSG) Pregnancy and Baby Payment was launched in December 2018 followed by BSG Early Learning Payments and BSG School-Age Payments and Best Start Foods in August 2019.

<b>Winter Fuel Payment</b>	Purpose: A payment to assist persons of state pension age with heating costs in the winter months, paid annually as a lump sum in late autumn.	DWP currently deliver the UK benefit through the Social Fund. Eligible recipients for Winter Heating Assistance will be identified for payment by Social Security Scotland from 2021.
<b>Discretionary Housing Payments</b>	Purpose: Discretionary additional help for those in receipt of Housing Benefit or Universal Credit with a housing payment element, to help meet rent payments.	DHPs are already paid by local authorities and the legislative basis of the DHP scheme was substantially devolved even before the 2016 devolution settlement changes. The arrangements for discretionary housing assistance became fully devolved from 1 April 2017. The Social Security (Scotland) Act 2018 contains provisions to devolve all responsibilities for local schemes to Scottish local authorities, and arrangements are being progressed to commence that further devolution. The nature of this type of assistance means that there is no 'caseload', and as local authorities will continue to administer payments transitional arrangements are unnecessary.

### 3.3 Critical Success Factors

When considering Service Area and Enabling Capability level options for implementation and transition it is important that a framework is in place to appraise these and identify the preferred way forward. Whilst it is recognised that there is a range of individual Service Areas and Enabling Capabilities within the Programme, with specific objectives and intended outcomes for each, an overarching set of Critical Success Factors (CSFs) has been developed for the Programme as set out in Table 3.4, with additional supporting material set out in *Annex B*.

These overarching programme-level CSFs have been put in place to help to ensure that all activities within the Programme align to the overarching vision, principles and objectives for the social security system in Scotland, and that the key dimensions of strategic alignment, deliverability, cost and risk are taken in to account. Additional, specific CSFs will also be developed for individual Service Area and Enabling Capability options appraisal, tailored to reflect the specific objectives. It is expected that those CSFs will take account of the programme-level CSFs and consider these issues as part of the options appraisal. The measurement of the Programme's CSFs will be continuous as new benefits and capabilities go live and transfer over.

**Table 3.4: Critical Success Factors**

Overarching CSF	Broad Description
<b>Strategic fit</b>	<p>How well the option delivers against the principles set out in the Act and the Charter. In particular, how well the option contributes to the delivery of a human rights-based system (as set out in the Charter) towards the following outcomes:</p> <ul style="list-style-type: none"> <li>• Staff attitudes reflect an understanding of and value dignity and respect as set out in the Charter</li> <li>• Clients do not experience discrimination</li> <li>• Clients experience good service</li> <li>• Clients find staff knowledgeable and approachable</li> <li>• Staff are well trained</li> <li>• Staff are well supported</li> <li>• Processes work well</li> <li>• Services are accessible</li> <li>• Places are accessible and convenient</li> <li>• The face to face assessment process for benefits for disabled people (and people with health conditions) minimises stress for clients</li> <li>• Social Security Scotland uses feedback to improve performance</li> <li>• Clients and organisations that work with them see Social Security Scotland as a trustworthy organisation</li> <li>• Social Security Scotland works well with other organisations</li> <li>• Clients are involved in all areas of Social Security Scotland</li> <li>• Scottish Government has effective policy making processes</li> <li>• Scottish Government promotes social security as positive</li> <li>• Benefits make a difference to people’s lives</li> </ul>
<b>Potential value for money</b>	How well the option optimises public value for Scotland in terms of the potential costs, benefits (including economic, social and environmental) and risks.
<b>Capacity and capability</b>	How well the option fits with current ability of the Scottish Government to deliver the required services and supports the building of capacity and capability within the relevant organisations where this will be required over the longer term.
<b>Potential affordability</b>	How well the option fits within financial and resourcing constraints.
<b>Potential deliverability</b>	How well the option is likely to be delivered given the Scottish Government’s ability to respond to the changes required:

Overarching CSF	Broad Description
	<ul style="list-style-type: none"> <li>Meets the timeframes and key milestones set for the Programme</li> <li>Reflects available capabilities, skills and resources required for successful delivery</li> </ul>

### 3.4 Service Area Options Appraisal

For each individual Service Area shown in Figure 2.4, an individual business case will be produced setting out the specific options and undertaking an options appraisal against the programme-level CSFs plus any more specific CSFs that are defined for the business case. The anticipated individual business cases are shown in Table 3.5.

**Table 3.5: Component Level Options Appraisal**

Ref	Component	Component type
Business Case 1	Carers Benefits 1	Service Area
Business Case 2	Low Income Benefits	Service Area
Business Case 3	Disability	Service Area
Business Case 4	Carers Benefits 2	Service Area
Business Case 5	Scottish Child Payment	Service Area
Business Case 6	Other Benefits	Service Area

## **4 Commercial Case**

### **4.1 Overview**

The purpose of the Commercial Case is to set out the commercial and procurement arrangements for the Programme's key activities. These arrangements have been put in place to demonstrate the Programme's approach to securing value for money and the effective management of commercial risks during the implementation, transition and operational phases of the Programme.

The Commercial Case contains an outline of the following:

- The Programme-Level Procurement strategy key contents
- Project Level Procurement Strategies & Commercial Cases key contents
- Service streams and required outputs
- How the Programme will meet these requirements: team structures, roles and responsibilities and governance arrangements

As articulated in the Introduction to this business case, this is an umbrella business case at Programme level which serves to summarise the process used across all activities that sit within the Programme. Therefore, this Commercial Case outlines the various approaches to supporting the commercial requirements for this Programme. The detailed procurement approach for each individual Service Area or Enabling Capability will be detailed in the relevant procurement strategy and business case.

### **4.2 Procurement Strategy**

#### **4.2.1 Programme-Level Procurement Strategy**

The Scottish Procurement and Property Directorate (SPPD) and Social Security Directorate (SSD) have jointly developed an over-arching programme level Procurement Strategy which sets out the commercial and procurement approach to support the Programme's procurement requirements. The strategy is owned by the More Powers Implementation Procurement (MPIP) team (see Section 4.4) and was endorsed by the Social Security Programme Board in October 2017.

A summary of the Procurement Strategy's scope and main aims is shown in Table 4.1.

**Table 4.1: Programme Procurement Strategy**

<b>Programme Procurement Strategy</b>	
<b>The scope of the Strategy</b>	<ul style="list-style-type: none"> <li>• The initial focus of the Strategy was the procurement support and input required to support the Programme and the establishment of Social Security Scotland, the new agency. As this develops into the delivery of the service, the focus of the Strategy will shift to the procurement activity required to support the successful running of Social Security Scotland</li> <li>• The Strategy is supported by a high level, dynamic Wave plan ('tranches') of anticipated procurement requirements, containing timescales and project level strategies</li> </ul>
<b>Main aims of the Strategy</b>	<p>The main aims of the strategy are to:</p> <ul style="list-style-type: none"> <li>• Be alive and responsive to Ministerial priorities</li> <li>• Ensure that the approach to procurement and commercial advice is compliant with relevant legislation and supports the vision and the stated Principles for Social Security in Scotland, including dignity, respect and accessibility</li> <li>• Provide suitable, flexible contracts for development of a suite of enabling systems and services that meets all external client and internal requirements to engage with, refer, assess and administer social security for the people of Scotland</li> <li>• Set out how Scottish Government colleagues will work together collaboratively to achieve the commercial outcomes required to deliver social security in Scotland.</li> <li>• Set out how the procurement will support delivery of the national performance framework i.e.:             <ul style="list-style-type: none"> <li>- Good for businesses and their employees</li> <li>- Good for society</li> <li>- Good for places and communities</li> <li>- Open and connected</li> </ul> </li> </ul>

The strategy is underpinned by detailed guidance on each stage of the Procurement Journey (phases of activity).

#### **4.2.2 Service Area and Enabling Capability Procurement Strategies**

The programme-level procurement strategy sets out the programme-wide approach and a series of Service Area and Enabling Capability procurement strategies will be developed on a procurement-by-procurement basis.

This Programme commercial case does not include sections on the choice of procurement method or potential payment mechanisms as these will be defined in each Service Area or Enabling Capability level procurement strategy to suit the

needs of the individual Service Area, benefit or capability. A high level outline of the principles regarding the choice of procurement method or potential payment mechanisms is set out in Table 4.2 along with references to supporting documentation.

**Table 4.2: Service Area and Enabling Capability Procurement Strategies**

<b>Service Area / Enabling Capability Procurement Strategies</b>	
<b>Choice of procurement procedure</b>	The route to market will be determined jointly by the customer and the MPIP team. There are a large number of procurement options open to the Programme to enable the award of an appropriate commercial contract. The Programme procurement strategy lists these options and Annex 1 to the strategy sets out the advantages and disadvantages for each of the procurement procedures.
<b>Pricing Strategy</b>	The pricing strategy will be bespoke to each individual procurement. The strategy will consider how best to incentivise service providers to provide value for money whilst ensuring that commercial risks are identified, owned and managed. This will assist with making changes to services and operations in the future (should the need arise) and embed risk transfer and allocation within the charging mechanism for the Programme. The pricing strategy and underpinning payment mechanism will be considered in the following key phases of the service: <ul style="list-style-type: none"> <li>• The pre-delivery phase – up to the acceptable delivery of the service and commencement of the payment stream</li> <li>• The operational phase – following acceptable delivery of the service up to the close of the primary contractual period</li> <li>• The extension phase – post-primary contract period</li> </ul>
<b>Risk Apportionment</b>	When deciding how the Programme’s service risks in the design, build, funding and operational phases of programme and programme delivery may be apportioned between the public and private sectors, the following principles will be taken into account: <ul style="list-style-type: none"> <li>• The public sector should consider transferring risk to the private sector when the service provider is better able to influence the outcome than the procuring authority</li> <li>• The degree to which risks may be transferred depends on the specific proposal under consideration – hence the need to consider on a case-by-case basis</li> <li>• The successful negotiation of risk transfer requires a clear understanding by the contracting authority of the risks presented by a proposal; the broad impact that these risks may have on the service provider’s incentives and financing costs (cost drivers); and the degree to which risk</li> </ul>

## Service Area / Enabling Capability Procurement Strategies

	<p>transfer offers Value for Money – hence the need to identify and cost individual risks</p> <ul style="list-style-type: none"><li>• The private sector should be encouraged to take the risks it can manage more effectively than the public sector; particularly where it has clear ownership, responsibility and control</li><li>• The transfer of risks can generate incentives for the private sector to provide more timely, cost effective and innovative solutions</li></ul> <p>For each procurement, the potential risk allocation (public, private, shared) will be considered by risk category (design, transition, financing etc.) and documented in both the OBC &amp; FBC commercial case.</p>
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### 4.3 Service Streams and Required Outputs

Project-level procurement strategies set out the forecast launch dates for each of the devolved benefits. This programme-level picture of procurement requirements is constantly evolving as projects mature. The expected requirements and how they are managed is described below. MPIP keep a master record of procurements completed to date which is tracked by the Supplier Management and Assurance (SMA) team (see Section 4.4) and reported to the Finance Board (FB) (see *Section 6: Management Case*).

#### 4.3.1 Systems requirements

The Programme requires a plan of work to manage procurement activities. A procurement Wave plan first developed in March 2017 identified a list of systems that may be required and this list is updated as work progresses. Work is currently in progress to further define the Programme requirements.

#### 4.3.2 Property requirements

Scottish Procurement Property Division advises on property requirements for Social Security Scotland; there are three strands:

- Property Division has supported Social Security Scotland to appoint appropriately experienced external advisors for an initial contract and are managing the delivery of professional services for property acquisitions for Social Security Scotland.
- A number of interim office sites have been acquired in both Glasgow and Dundee and work to secure permanent office buildings is on-going. The original scope included one temporary site and one permanent site in each city. For a number of reasons, including Social Security Scotland growth and market conditions, this has since expanded to thirteen different work-streams covering the acquisition of properties for Social Security Scotland. The resourcing plan for future requirements and timelines is under further

development. Agency property proposals developed with Property Division are approved within Social Security Scotland before a submission is made for Ministerial approval to comply with requirements of the Scottish Public Finance Manual. All such proposals are subject to proportionate options appraisals carried out by appropriately qualified and experienced advisors to meet the requirements of the SPFM and HM Treasury Green Book. Property Division is supporting Social Security Scotland in working with property space planners to define requirements for the fitting-out and service provisions for permanent properties to ensure this meets corporate requirements.

- Managing the properties for Social Security Scotland. The professional management work in looking after the contractual arrangements to manage the leases or owned properties will be delivered by Property Division. Day-to-day facilities management will be carried out within the Corporate Services team in Social Security Scotland. Agreement has been reached with SG Facilities Services to provide access to the next SG framework maintenance contract for future property maintenance requirements. Interim arrangements do not currently require maintenance works.

### **4.3.3 Digital requirements**

The Procurement Strategy sets out 6 key areas to be included in the service pattern for social security and 58 capabilities (distinct components of a service). This list has evolved as findings identified by the project teams have become available and will continue to do so.

The Digital Directorate and Scottish Procurement and Property Directorate (SPPD) have set up a Digital Commercial Service to improve the way digital products and services are procured. Market engagement is a key function they perform to ensure that the market is warmed in advance of tender documentation being published. This increased market engagement will attract more volume and diversity in respondents and ideas. The MPIP team ensure that supplier engagement is done in line with this SG-wide approach.

## **4.4 Procurement and Commercial Support**

### **4.4.1 The Programme Procurement Service Structure**

The structure of the procurement function and how this supports programme-level procurement decisions and individual Service Area / Enabling Capability commercial case development is detailed in Table 4.3. CDO works within the Scottish Government's Technology Assurance Framework and to a set of operating principles which focus on the necessity of ensuring a safe and secure transition to Social Security Scotland.

**Table 4.3: Sources of Support for Social Security Scotland**

	Key partners involved in the end to end Procurement Journey			
	Programme Management & Delivery (PMD) Division	Chief Digital Office (CDO)	Social Security Policy Division	Social Security Scotland
<b>Procurement &amp; Commercial Lead</b>	MPIP Team			
<b>Governance &amp; Business Case support</b>	PMO – Governance team & Business case team			Executive Advisory Body
<b>Finance support</b>	Strategic and Programme Finance team			Finance team
<b>Supplier Management</b>	PMD Supplier Management & Assurance team	CDO Supplier Management Team	Policy Division Team	teams liaise directly with SG More Powers Procurement team
<b>Resource recruitment support</b>	Programme Resourcing team			

A description of the respective roles of each of these teams is set out below:

- **More Powers Implementation Team (MPIP)**

The More Powers Implementation Procurement (MPIP) Team within Scottish Procurement and Property Directorate (SPPD) has been established to support core Scottish Government directorates impacted by the Scotland Act 2016. Within the MPIP team 15 full-time equivalents (FTEs) provide support to the Social Security Programme and the level and resource profile of procurement support is regularly reviewed to ensure that Programme milestones with commercial dependencies are met. Management of commercial risks is overseen by the Director of Procurement who sits on the Programme Board and the Head of More Powers Implementation who sits on the Delivery Board and the Finance Board. Within SPPD, the Chief Surveyor provides commercial advice in relation to the acquisition of Property for Social Security Scotland.

The MPIP team works collaboratively with commercial colleagues in the DWP

commercial function to manage exit management, transition and capabilities provided to the Programme by third parties via DWP contractual agreements.

- **Supplier Management & Assurance Team (SMA)**

The Programme’s Supplier Management and Assurance Team (SMA) incorporates an existing Independent Assurance Team with a new function to provide a central capability for supplier management across the Social Security Programme Management & Delivery Division. The supplier management function provides support for contracts that:

- Are awarded by the MPIP team
- Are awarded for the SS Programme Management & Delivery Division
- Have a whole life cost >£50k (exclusive VAT)

The exception to the above list is contracts to secure interim resource. There is also an emerging hybrid arrangement between CDO and SMA for contracts that have a mix of technology and professional business services

- **Chief Digital Officer Division**

The Chief Digital Office (CDO) Supplier Management team has a clear remit and responsibility for Supplier Management on technology and technology resourcing contracts. They work alongside the Programme team to ensure that services are thoroughly tested for performance and quality, are robust and able to handle the expected load, and can be supported and maintained over the long term. Where these contracts also contain a significant professional business services element for Programme Management & Delivery, the SMA team works with the CDO team to manage these contracts.

#### 4.4.2 Roles & Responsibilities

Table 4.4 provides a broad outline of the key roles and responsibilities for MPIP, SMA and the SSD Programme Leads for individual Service Area and Enabling Capability procurements, aligned with the phases of activity within the Procurement Journey.

**Table 4.4: Programme and Project Procurement Responsibilities**

Procurement Journey (phases of activity)	MPIP	SMA Team	SSD Programme Lead for Individual Service Delivery
<b>Pre- Market engagement.</b>	<ul style="list-style-type: none"> <li>• This is carried out by MPIP for non-digital procurement</li> <li>• CDO and MPIP carry out early consultation with</li> </ul>	<ul style="list-style-type: none"> <li>• N/A</li> </ul>	<ul style="list-style-type: none"> <li>• N/A</li> </ul>

Procurement Journey (phases of activity)	MPIP	SMA Team	SSD Programme Lead for Individual Service Delivery
	<ul style="list-style-type: none"> <li>potential suppliers for technology procurement</li> </ul>		
<b>Develop Procurement Strategy &amp; Opportunity Assessment</b>	<ul style="list-style-type: none"> <li>Lead development of the procurement strategy including the proposed route to market</li> <li>Lead data gathering and profiling activities</li> <li>Direct data and market analysis to determine and evaluate strategic options</li> <li>Sustainable considerations</li> <li>Notify the market and engage with suppliers</li> </ul>	<ul style="list-style-type: none"> <li>Act as an intelligent client on behalf of the Programme to engage with subject matter experts to construct appropriate strategies</li> </ul>	<ul style="list-style-type: none"> <li>Provide data specific to their organisations and technical expertise</li> <li>Verify demand and supply data</li> <li>Participate in Strategy development and evaluate the suitability of proposed options</li> </ul>
<b>Develop Procurement Documents</b>	<ul style="list-style-type: none"> <li>Responsible for the development of procurement documentation including the procurement timetable, Invitation to Tender, award criteria, pricing strategy, management approach and terms and conditions</li> <li>Apply lessons learned</li> </ul>	<ul style="list-style-type: none"> <li>Support Programme workstreams in specification of services and with drafting and development of key artefacts</li> <li>Apply lessons learned</li> </ul>	<ul style="list-style-type: none"> <li>Responsible for collating data required for the development of the procurement documents, including provision of the specification</li> <li>Apply lessons learned</li> </ul>
<b>Contract Award</b>	<ul style="list-style-type: none"> <li>Responsible for leading the selection and evaluation</li> </ul>	<ul style="list-style-type: none"> <li>Co-ordinate mobilisation of new contracts</li> </ul>	<ul style="list-style-type: none"> <li>Participate on evaluation and selection e.g. evaluate tender</li> </ul>

Procurement Journey (phases of activity)	MPIP	SMA Team	SSD Programme Lead for Individual Service Delivery
	<ul style="list-style-type: none"> <li>Execute the end to end procurement</li> </ul>	<ul style="list-style-type: none"> <li>Retain detailed knowledge of commercial agreement awarded</li> </ul>	<ul style="list-style-type: none"> <li>responses, attend workshops</li> </ul>
<b>Implementation (predominately by end user)</b>	<ul style="list-style-type: none"> <li>Develop communications materials and work closely with supplier(s)</li> <li>Ensure implementation is compliant with the contract</li> </ul>	<ul style="list-style-type: none"> <li>Facilitate development of Statement of Works process and sign off following assurance from Service Delivery team &amp; MPIP</li> <li>Monitoring, controlling &amp; reporting the commercial progress of supplier agreements</li> <li>Independent scrutiny of contract invoices &amp; control over the flow of money</li> <li>Develop integrated assurance and approvals plan</li> <li>Provide guidance to service teams undertaking independent assurance</li> </ul>	<ul style="list-style-type: none"> <li>Own the Statement of Works collaborating with key partners e.g. CDO and other service delivery teams</li> <li>Promote deployment of new contract arrangements across the organisation</li> <li>Manage delivery with the supplier</li> </ul>
<b>Contract and Supplier Management</b>	<ul style="list-style-type: none"> <li>Strategic performance and contract management</li> <li>Provision of advice to the Programme on the contract scope</li> </ul>	<ul style="list-style-type: none"> <li>Support delivery workstreams via a series of quality &amp; governance controls that ensure detailed Statements of Work are</li> </ul>	<ul style="list-style-type: none"> <li>Operational performance and contract management</li> <li>Monitor performance and participate in annual reviews</li> </ul>

Procurement Journey (phases of activity)	MPIP	SMA Team	SSD Programme Lead for Individual Service Delivery
	and terms and conditions <ul style="list-style-type: none"> <li>• Capture lessons learned</li> </ul>	consistent with commercial objectives and financial & time constraints	

## 4.5 Governance Relating to Procurement & Commercial Activity

### 4.5.1 Commercial Governance

Delegated Purchasing Authority (DPA) is the authority to enter into a contract for goods, services and works and applies to all contracts placed by the Scottish Government. Delegated Purchasing Procedures must be followed for all procurement exercises:

- (i) Within SSD a small number of staff have delegated purchasing authority to award contracts up to the value of £50,000 ex VAT. Support and advice is provided by the MPIP Team where required.
- (j) All regulated procurement activity (i.e. contracts valued over £50,000 ex VAT), are managed by the MPIP Team. The Head of MPIP has a commercial delegation of £75,000,000 ex VAT and is ultimately responsible for the commercial due diligence of all contract awards up to this value.

The Programme governance process relating to Regulated Procurements is as follows:

- The MPIP team develop a Procurement Strategy for every procurement over £50,000 ex VAT. This is produced in collaboration with the Programme C3 Budget Holder/Project manager
- The MPIP team is responsible for writing the Commercial Case in the service/enabling capability OBC and FBC
- The Project level outline and full business cases are presented to the Delivery Board for endorsement and approval. The head of More Powers Implementation is a member of the Delivery Board and Financial Review Boards (FRB)

The Head of SMA attends the Delivery Board and Financial Reporting Board and reviews the commercial aspects at this stage. For further information on these boards and their responsibilities see *Section 6: Management Case*.

### 4.5.2 Design Governance

The Programme is working in a complex multi-supplier environment and is in the process of establishing both a Design Governance Agreement and a regular Design Governance Forum. The Design Governance Agreement will be a formal agreement

between suppliers to set the legal framework for sharing information. The Design Governance Forum will provide oversight and assurance in connection with the technical aspects and overall delivery of the Social Security Programme.

#### **4.5.3 Procurement Decision Making Framework**

An investment decision process for the Programme has been developed which aligns with the phases of the lifecycle (see *Section 6: Management Case*). This supports a staged funding approach as well as collaboration between policy, programme delivery and Social Security Scotland, where input and decision-making is executed jointly. For business cases under £10 million, procurement activity is signed off by the Delivery Board; for cases £10 million and above procurement is signed off by the Programme Board.

The business cases going to those Boards for approval will include detail and the rationale behind the procurement option selected including:

- Whether it is a short-term tactical solution or longer-term solution
- For shorter term tactical solutions:
  - Resource implications including skills in SG to implement, run and deliver service
  - Date for re-let and early preparation required
- For longer term strategic solutions:
  - Can it meet future needs of the SG in relation to services outside SS?
  - Is it future facing technology?
  - Are there the skills in SG to implement and run or is training/recruitment required?
  - Is there a local (UK) market for expertise/support when required?

A Technology Assurance Framework (TAF) Pre-Procurement Gate is also mandatory for major investments which meet the definition within the Scottish Public Finance Manual.<sup>42</sup>

See *Section 6: Management Case* for further detail on TAF.

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<sup>42</sup> <https://www.gov.scot/publications/scottish-public-finance-manual/major-investment-projects/major-investment-projects/>

## 5 Financial Case

### 5.1 Overview

The purpose of the Financial Case is to describe the investment and demonstrate the affordability and funding of the preferred options, as described earlier in the Socio-Economic Case. The Financial Case sets out the estimated costs of the investment in establishing the Scottish social security system. We consider implementation, transition, and operational costs, and the impact on public expenditure over a thirty-year timeframe to 2050. Forecasts of benefit expenditure are considered in the Financial Case in order to provide the link between the investment being made by the Scottish Government to the measurable improvements which the Social Security Programme delivers. Value for money is assessed in terms of comparing the forecast operating costs of Social Security Scotland with our understanding of the equivalent operating costs in DWP.

#### 5.1.1 Investing in creating the Scottish Social Security system

The Social Security Programme is developing and delivering the infrastructure, systems, and service design to enable Social Security Scotland to deliver over £4 billion of demand-led benefits each and every year safely and once it reaches steady state in 2024-25.

The Programme is investing significantly in the enabling capabilities to develop and deliver a uniquely Scottish system which delivers the priorities of Ministers to help some of the most vulnerable people in society. Table 5.6 sets out the current estimates of implementation costs which are in the region of £651 million to 2024-25 when it is anticipated the Programme will complete. The assets being developed by the Programme to enable Social Security Scotland to pay benefits are an investment in public services which will shape and support the delivery of social security for decades to come. It is appropriate therefore to consider the investment in terms of a thirty-year timeframe to 2050. To give a sense of scale, over this timeframe, the total value of Scottish benefits delivered by Social Security Scotland would be in the region of £150 billion once inflation is taken into account, and subject to fluctuations in inflation and demographics, and the nature of policy choices by the Scottish and UK Governments. The planned investment of £651 million to implement this new public service for Scotland represents less than 0.5% of the value of benefits which will be delivered over this timeframe.

We are building a different type of benefit service in Scotland; one where we make sure that we are responsive to our clients. As a result of the modern systems and service design that the Programme is developing for Social Security Scotland, we are working to ensure that Social Security Scotland's operating costs as a percentage of annual benefits expenditure each year will be in broadly in line with or lower than DWP once Social Security Scotland reaches steady state in 2024-25. Social Security Scotland offers clients the choice of different channels to communicate with the organisation, in line with client feedback, rather than mandating use of digital channels (known as "Digital by default"). This improved

service and accessibility demonstrates that, alongside comparable or lower operating costs, the value for money offered in the medium to long term is clear.

### 5.1.2 Scope of the Financial Case

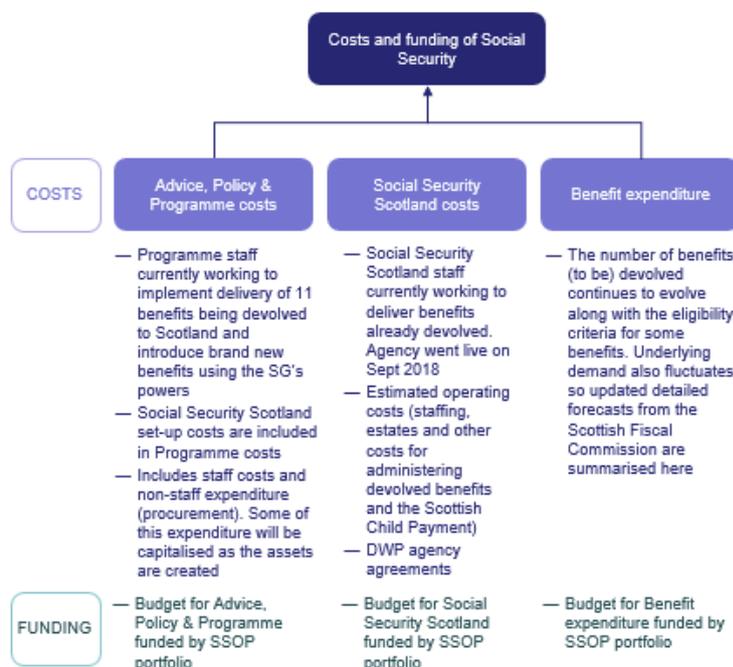
There are three elements to the costs of developing the Scottish social security system:

- The investment in setting up the infrastructure supporting the Scottish social security system; these are implementation and transition costs. The main components are broadly information technology, estates and staffing for the Social Security Programme and Directorate;
- The costs of running Social Security Scotland; and
- Expenditure on social security benefits.

This business case brings together these elements to show the financial implications over the timeframe under consideration, as shown in Figure 5.1 below. Funding for all three elements is secured through the Scottish Budget; Social Security is part of the Social Security and Older People (SSOP) Ministerial portfolio.

**Figure 5.1: Financial Case Scope**

The scope of the Financial Case follows from the scope of the Programme Business Case described earlier in this document. The Scottish Government is working to implement delivery of eleven benefits being devolved to Scotland and introduce brand new benefits using its powers.



### 5.1.3 Financial Case Timeframe

As an ‘umbrella’ business case covering the successful delivery of the whole Programme of social security devolution, it is necessary to cover a sufficient timeframe to allow for robust analysis of the whole-life costs for the system. HM Treasury Green Book guidance – “*Guide to Developing the Programme Business Case: Better Business Cases for Better Outcomes, 2018*” – states that the timeframe for analysis should be the useful life of the asset. In terms of the Social Security Programme, that would be the life of the underpinning capabilities supporting the services being developed. The guidance in the Green Book has been adopted by the Scottish Government and applies to all organisations to which the Scottish Public Finance Manual is directly applicable.

The assets delivered by the Programme are underpinning the development of the overall Scottish Social Security system, which has several different components integrated into the overall platform. Quantifying the lifespan of these assets clearly involves a degree of uncertainty but it is reasonable to consider a thirty-year timescale to 2050.

This Financial Case covers the actual costs already incurred from 2016-17 to 2018-19, and estimates are provided for future years. Estimates for the short term and medium term have a higher level of maturity than estimates further out, and these timeframes are summarised in the table below.

**Table 5.2: Timeframes considered**

	Timeframe	Current maturity of the information	Impact on the Financial Case
	<b>2016-17 to 2018-19</b>	Actual expenditure reported	<ul style="list-style-type: none"> <li>• Implementation investment and directorate costs to date</li> <li>• Social Security Scotland’s operating costs to date</li> <li>• Benefits expenditure to date</li> </ul>
	<b>2019-20* to 2024-25</b>	Detailed forecasts and estimates	<ul style="list-style-type: none"> <li>• Implementation investment and directorate costs (set out in terms of the Programme framework**)</li> <li>• Social Security Scotland’s operating costs</li> <li>• Benefit expenditure forecasts</li> </ul>
	<b>Beyond 2024-25</b>	High-level estimates of annual operating costs given benefits and delivery methods currently known	<ul style="list-style-type: none"> <li>• High-level estimates of Benefits expenditure and Social Security Scotland’s operating costs beyond 2024-25</li> </ul>

**Note:** \* the 2019-20 figure remains a forecast until the end of the financial year

**\*\* that is to say, grouped as benefits, service enablers, enabling capabilities or programme functions as per the Programme structure described earlier in this PBC.**

## 5.2 Summary of Benefits expenditure, Programme Investment and Social Security Scotland’s Operating costs

### 5.2.1 Expenditure to 2025-26

Table 5.3 below sets out the current forecasts for Social Security expenditure to 2025-26 across the different components described in this financial case. The final year in this table is 2025-26 in order to illustrate the closure of the Programme when delivery is planned to be complete in 2024-25. The Scottish Fiscal Commission has forecast benefits expenditure to 2024-25, and further information on the SFC forecasts is provided later in this financial case, in section 5.6. The forecast for the following year (2025-26) is a Scottish Government indicative estimate. Whole-life costs are discussed in the subsequent section, and further discussion on each line is provided in this financial case.

**Table 5.3: Total expenditure to 2025-26**

Investment and costs to 2025-26 are displayed to show the effect of the Programme being completed.

	£m	Table Ref	Actual	Forecast							Total
			to 2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	
1	Benefits expenditure	5.16	190	340	3,291	3,579	3,684	3,781	3,878	3,981	<b>22,723</b>
2	Scottish Child Payment benefits expenditure	-	-	-	21	65	94	157	162	167	<b>667</b>
3	Social Security Scotland’s operating costs	5.10	10	31	103	170	196	208	212	216	<b>1,147</b>
4	DWP agency agreements	5.10	3	7	82	84	83	70	41	19	<b>389</b>
5	Advice, Policy & Programme* Of which:		88	110	165	177	154	134	86	21	<b>937</b>
5 a	Programme implementation investment	5.6	55	82	125	131	114	96	48	-	<b>651</b>
5 b	Programme support	5.8	10	8	9	9	9	7	8	-	<b>60</b>
5 c	Directorate costs	5.9	14	10	18	20	20	20	21	21	<b>144</b>
5 d	DWP recharges (Programme)	-	9	11	13	17	11	11	11	-	<b>83</b>
	<b>Total expenditure</b>		<b>291</b>	<b>488</b>	<b>3,662</b>	<b>4,075</b>	<b>4,211</b>	<b>4,350</b>	<b>4,381</b>	<b>4,404</b>	<b>25,862</b>

**\* Advice, Policy & Programme is the Portfolio Budget line which includes implementation investment. These and Social Security Scotland costs to 2019-20 include current estimates of DWP recharges; benefits expenditure figures taken from the SFC forecasts and Scottish Government internal forecasts (see table 5.16). Figures may not sum due to rounding.**

The allocation of expenditure between Resource and Capital and the impact on the Statement of Financial Position (balance sheet), is determined in the course of the Programme’s financial planning process.

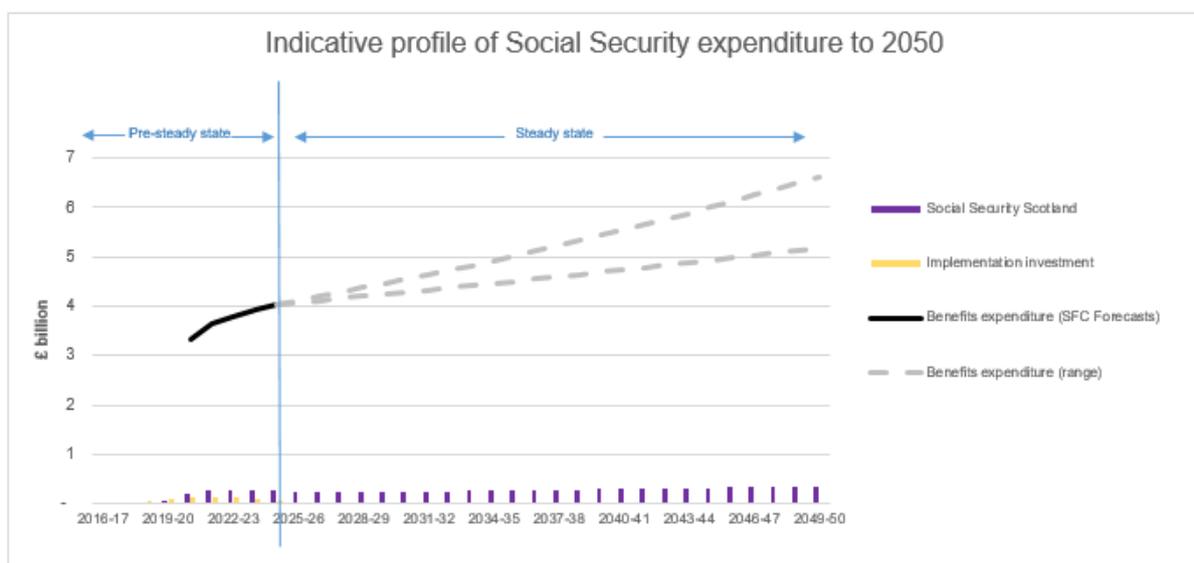
### 5.2.2 Whole life expenditure

The infrastructure and organisational capabilities which the Social Security Programme is delivering will underpin the Scottish Social Security system for many years to come. Therefore it is important to consider the costs of the system as a whole, to the extent that they are known, across a longer time horizon beyond the life of the implementation Programme.

The anticipated profiles of benefits expenditure, implementation investment and Social Security Scotland's operating costs over the thirty years to 2050 are summarised in the graph below.

**Figure 5.4: Profile of Social Security expenditure to 2050**

In the graph below, the dotted grey line shows the potential path of annual expenditure on benefits. The purple bars show the annual operating costs of Social Security Scotland, and the yellow bars shows the annual investment in implementation. Thus, the graph illustrates the relative size of the annual expenditure in these areas over the next thirty years. More detail is provided on each item later in this financial case.



**Source: benefits up to 2024-25 are SFC forecasts. After this point, it is an illustration of the scale of benefits expenditure based on inflationary impacts**

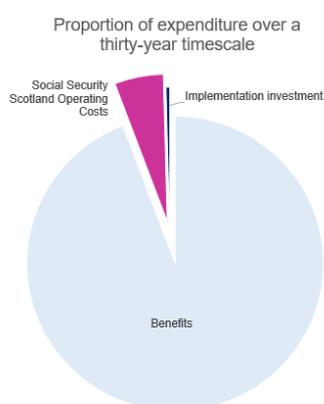
The Scottish Fiscal Commission has forecast benefit expenditure to 2024-25<sup>43</sup>. The graph below uses the SFC forecasts up to 2024-25; after which point it shows possible trajectories where benefits expenditure and Social Security expenditure increase with inflation (no policy or demographic changes are included). The figures beyond 2024-25 are not a formal forecast but provide an illustration of the scale of benefits expenditure compared to the investment in implementing the system and the costs of operating Social Security Scotland.

<sup>43</sup> For the new social security portfolio benefits for 2020-21, most of the SFC forecasts are based on current UK Government policy

The assumed range for the uplift of benefit expenditure range shown in the graph (Figure 5.8) is 1-2% for illustrative purposes. Uprating benefits is required by the Social Security (Scotland) Act.

The relative proportions of the expenditure on benefits, the operating costs of Social Security Scotland and the investment in the Programme over the thirty years is summarised in the chart below. The demand-led benefits expenditure is almost 95% of the total expenditure over the timescale; the key financial driver over the longer term would be the policy choices around how the Scottish benefits are configured, and related factors including demographics and take-up rates.

**Figure 5.5: Proportion of expenditure over a thirty-year timescale**



### 5.3 Programme Implementation Investment

This section provides an overview and breakdown of the current forecast of the investment in Programme implementation. These costs have been developed by the Social Security Directorate for the preferred options which were described in the Socio-Economic Case, and include implementation and transition costs with an assumed completion in 2024-25 as per current plans.

The Financial Memorandum supporting the Social Security (Scotland) Act 2018 set out estimated Programme implementation costs of £308 million for a four-year Programme. Since this estimate was published in 2017, several key decisions have been made and the scope of the Programme has evolved. Decisions will continue to be made as the Programme progresses, as would be expected in an Agile programme of delivery, and to that end we provide our current assessment of the anticipated implementation investment, based on the latest available evidence. These estimates were updated as a result of a significant financial planning exercise across the Programme in 2019 and these estimates form the basis of the baselined financial plan against which the Programme is managed. Further information on the Programme's governance and management arrangements is provided in the Management Case.

The infrastructure required for Scotland's new social security system is being developed; delivery requirements are more refined and will continue to develop as work progresses. These cost estimates will be updated periodically as decisions are made, and are scrutinised in accordance with the Programme's governance

arrangements.

As the Programme is an Agile programme of delivery, the service design will continue to evolve as decisions are taken; this may have further impacts on both the level of Programme implementation investment and Social Security Scotland's operating costs. The forecasts are as robust as they can be at this point in time but there remains a degree of uncertainty in the technology implementation and operating cost forecasts given the scale of development, the Agile methodology being used, and evolution of the available technology. In addition, policies of future governments could have a material bearing on costs. For example, future development and launch of new benefits would necessarily extend the Programme beyond the current planned timescale.

The table below shows the current forecast of implementation investment and shows costs coming down each year from 2021-22 onwards, as the Programme develops the systems and service design which it hands over to Social Security Scotland when complete.

**Table 5.6: Total Implementation Investment**

£m		Actual	Forecast						Total	
		To 2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25		2025-26
<b>Implementation Investment</b>										
Live running and Low income benefits	Staff and systems development for Low Income Benefits; support for live running	16	10	2	3	3	3	1	-	<b>38</b>
Disability, Carers and other benefits	Staff costs to support systems and process development for Disability, Carers and other benefits	3	3	3	3	2	2	1	-	<b>17</b>
	Case management system development	-	3	10	12	6	-	-	-	<b>30</b>
	Digital Portal system development	-	3	3	3	1	-	-	-	<b>9</b>
	Process and technology development	3	1	0	0	0	-	-	-	<b>4</b>
	Assessments	-	-	7	3	-	-	-	-	<b>10</b>
Chief Digital Office		17	24	32	34	33	33	17	-	<b>190</b>
Scottish Child Payment Implementation		-	6	6	7	8	3	2	-	<b>31</b>
Testing & Delivery Integration & other benefits	Staff costs for testing & QA	0	7	10	10	9	8	4	-	<b>49</b>
	Staff costs for delivery integration and case management system; Case transfers and Heating Assistance	-	-	3	4	3	3	1	-	<b>14</b>
	Case Transfers	-	-	5	0	3	0	0	-	<b>8</b>
	Child Winter Heating Assistance	-	-	1	1	-	-	-	-	<b>2</b>
	Winter Heating Assistance	-	-	2	2	1	1	1	-	<b>6</b>
	Cold Spell Heating Assistance	-	-	0	0	1	1	0	-	<b>3</b>
	Other (supporting programme functions)	1	-	0	1	0	0	0	-	<b>2</b>
Resourcing, Accommodation & Digital Transformation	Staff costs for Business Analysts	-	4	5	6	6	6	3	-	<b>31</b>
	Staff costs for user researchers and user-centred design	-	6	6	6	5	5	3	-	<b>31</b>
	Other staff costs including resourcing and accommodation	4	-	2	2	2	2	1	-	<b>14</b>
	Other resourcing, accommodation & digital transformation costs	2	2	1	1	1	1	0	-	<b>8</b>
Enabling capabilities		7	12	20	33	29	27	13	-	<b>141</b>
<b>Social Security Scotland Estates Implementation</b>		<b>3</b>	<b>1</b>	<b>7</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>11</b>
<b>Total</b>		<b>55</b>	<b>82</b>	<b>125</b>	<b>131</b>	<b>114</b>	<b>96</b>	<b>48</b>	<b>-</b>	<b>651</b>

Figures are shown to the nearest million pounds. Where a "0" is shown, this indicates the figures is less than half a million pounds. Figures may not sum due to rounding.

The current cost forecasts can be set out in terms of the initial categories described in the Financial Memorandum, as shown in the table below.

**Table 5.7: Total Implementation investment in the format shown in the Financial Memorandum**

	£m	Actual to 2018-19	Forecast 2019-20	Forecast 2020-21	Forecast 2021-22	Forecast 2022-23	Forecast 2023-24	Forecast 2024-25	Total
1	Staff	31	51	61	66	59	54	27	<b>350</b>
2	Estates	3	1	7	-	-	-	-	<b>11</b>
3	Technology	20	26	50	46	36	22	12	<b>212</b>
4	Other <sup>44</sup>	2	3	7	19	19	20	9	<b>78</b>
<b>5</b>	<b>Programme Implementation</b>	<b>55</b>	<b>82</b>	<b>125</b>	<b>131</b>	<b>114</b>	<b>96</b>	<b>48</b>	<b>651</b>

The Financial Memorandum was clear that the estimates were initial estimates which could change materially, and that firm estimates of cost would only become clear as the key decisions are taken. The comparative figures from the Financial Memorandum are: Programme Staffing £104 million; Estates £14 million; Technology £190 million for a four-year programme. The main changes from the Financial Memorandum estimates are discussed below.

The scope of the Programme has broadened since 2017 as a result of policy decisions around the configuration of Scottish benefits, and the decision to introduce the brand new Scottish Child Payment. The Programme uses an Agile programme delivery approach which allows new policies to be developed and delivered more quickly compared to traditional waterfall methods where, broadly, the system is designed once the policy is set.

It is important to note that the Scottish Government is doing more than simply delivering exactly what DWP does but with different staff: the Social Security Programme is delivering more than a comparative “lifting and shifting”. The Programme is fundamentally improving the social security offer for Scottish citizens and the work supporting these improvements, in tandem with delivering safely and securely, is the main driver for the Programme running to 2024-25. For example, following engagement with stakeholders, the original Sure Start Maternity Grant was significantly expanded to form an entirely new series of benefits which provides much more support to young families across the early years of a child’s life, instead of just a one-off payment. The Scottish Government has ensured that when we provide additional financial support of this kind there are no unintended consequences for the people receiving benefits, for example to their entitlement to Universal Credit or other UK level benefits. There are added complexities associated with delivering a partially rather than fully devolved social security system in Scotland and this is reflected in the updated estimates of the investment required to deliver safely and securely.

<sup>44</sup> This is a new line; it includes additional investment in enabling capabilities which were not known when the Financial Memorandum was written in 2017

Examples of the Scottish Government doing more than “lifting and shifting” include benefits already being delivered by Social Security Scotland:

- Carer’s Allowance Supplement, a Scotland-only addition
- The Sure Start Maternity Grant has been replaced by Best Start Grant – Pregnancy and Baby payment in Scotland
- The Best Start Grant – Early Learning Payment is a new Scottish benefit
- The Best Start Grant – School Age Payment is a new Scottish benefit
- Healthy Start vouchers have been replaced by Best Start Foods
- The Funeral Expense Payment has been replaced by the Funeral Support Payment
- The Young Carer Grant is a new Scottish benefit

Examples of new Scottish benefits in the delivery schedule include:

- Job Start Payment
- Scottish Child Payment
- Winter Heating Assistance for those in receipt of the highest component of Disability Assistance for Children and Young People
- Additional payments to carers who look after more than one disabled child

These examples demonstrate a significant amount of development in the policy and delivery space since 2017, and these developments have been made possible as a result of the Programme’s Agile approach to development.

The complexity of DWP’s infrastructure and the need to integrate into DWP systems is an important factor in the duration of the Programme (e.g. bi-directional data flows and data sharing).

As delivery plans have evolved, the costs of common components such as telephony and document management and other elements such as the digital portal have evolved. Changes are scrutinised and governed through the Programme’s governance processes, as described in the Management Case.

DWP recharges were not included in original estimates and the full scale of these costs were unknowable at that time. It was understood that under the terms of the Fiscal Framework, the Scottish Government would be required to meet DWP costs, however, the forecasts and costs included here were developed as the delivery options were explored and changes impacted by DWP. The full scope of costs were included in the design decisions, as outlined in the paragraphs above, were made. The cost of making changes to DWP’s legacy systems continues to be difficult to quantify and we may see these costs continue to change over the life of the Programme.

The Financial Memorandum stated, in paragraph 67, that work required by DWP as part of the Scottish Government’s Social Security Programme will be costed and agreed as necessary.

## 5.4 Other Costs

The investment which the Scottish Government is making in social security includes an investment in developing organisational capability, in addition to the one-off implementation and transition costs described above.

### *Programme support*

Programme Support includes costs associated with running the Programme Management Office (PMO) (see section 6.6 of the Management Case), our Supplier Management & Assurance function (see section 4.4.1 of the Commercial Case) and the Programme Business Management Unit (BMU) which provides administrative support to the Programme, manages internal communications, leads on Learning and Development strategy, co-ordinates responses to corporate commissions and ensures Programme responds to Freedom Of Information requests.

The Scottish Government is investing in its capability to deliver Agile programmes at scale and this investment strongly supports the Scottish Government's ability to execute large complex programmes, beyond the current Social Security Programme. Programme support costs would not be incurred after the Programme is formally closed down, and permanent staff would be redeployed in the normal way.

**Table 5.8: Programme Support**

£m	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	Total
Programme Management Office	5	4	4	5	5	4	4	-	<b>30</b>
Supplier Management & Assurance	2	1	2	1	1	1	1	-	<b>9</b>
Programme Business Management Unit	3	2	3	3	3	3	3	-	<b>21</b>
Total	10	7	9	9	9	7	7	-	<b>59</b>

*Figures may not sum due to rounding.*

### *Directorate costs*

In addition to the Programme implementation investment and Programme support, the Directorate incurs other costs to support the ongoing development and management of the Scottish social security system as a whole (e.g. policy, analysis and stakeholder engagement functions, etc). These costs are part of the Scottish Government's operating costs, as with other Directorates across the organisation. These costs are included in this Financial Case to support an understanding of the different components of the costs forming the Advice, Policy and Programme line in the Social Security and Older People Portfolio budget.

**Table 5.9: Other Directorate Costs**

£m	Actual to 2018-19	Forecast 2019-20	Forecast 2020-21	Forecast 2021-22	Forecast 2022-23	Forecast 2023-24	Forecast 2024-25
Directorate	14	10	18	20	20	20	21

### **5.4.1 Assurance over the cost estimates**

The cost estimates presented are a result of a significant financial planning exercise undertaken across the Programme during summer 2019. The estimates cover both ongoing and planned activity across the Programme, and, as would be expected on an Agile programme of delivery which is in progress, the component estimates across the Programme have reached different levels of maturity; therefore these are reviewed and updated continuously as part of the Programme's financial management processes. The estimates include the relevant allowances for uncertainty or optimism bias as appropriate.

## **5.5 Social Security Scotland's Operating Costs**

This section discusses the forecast of social security operating costs, and shows that even after taking into account the changes in the Programme since the Financial Memorandum was written in 2017, it is anticipated that the operating costs expressed as a proportion of the expenditure on benefits is in line with the Financial Memorandum.

We expect Social Security Scotland to be in a steady state by 2024-25. The Financial Memorandum estimated that the Executive Agency would cost £144 million to £156 million per year in a steady state, in 2016-17 prices. The exact timescale for reaching steady state was not known when the Financial Memorandum was written. The journey to steady state was dependent on a number of decisions which had yet to be taken both to the Programme of benefits being devolved to Scotland and the introduction of new benefits – the Job Grant, Young Carer Grant and the Scottish Child Payment. Updating the Financial Memorandum costs into 2024-25 prices at an estimated 2.5%<sup>45</sup> per year, gives a figure of £175 million to £190 million per year. This calculation is based on current assumptions around service design and technology which are subject to change as decisions are taken.

The way it has been possible to developed policy for the Scottish Child Payment demonstrates the value of the Agile approach, which is allowing a major new Programme element to be incorporated and delivered far more quickly than other Programme delivery methods (e.g. waterfall). By 2024-25, the Scottish Child Payment is estimated to cost an additional £18 million per year over and above the operating costs described in the 2017 Financial Memorandum. Therefore, the updated figure for any comparison to the Financial Memorandum, taking into account the Scottish Child Payment and inflation would range between £193 million to £208 million per year in 2024-25. The current forecast is higher than the Financial Memorandum as a result of the inclusion of the SCP in the scope of the Programme and the cost of the agency agreements discussed below.

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<sup>45</sup> This percentage is an indicative planning assumption

**Table 5.10: Social Security Scotland’s Operating Costs**

£m	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30
Social Security Scotland’s operating costs	10	31	103	170	196	208	212	216	221	225	230	234
Agency agreements	3	7	82	84	83	70	41	19	5	3	3	-
Total	13	38	185	254	279	278	253	235	225	228	232	234

*Figures may not sum due to rounding.*

Agency agreements are necessary to ensure a safe and secure transition while Social Security Scotland is being established; these costs reflect DWP’s costs of delivery and are not directly controllable by Social Security Scotland. The actual agency agreement costs that the Scottish Government accepts from DWP are subject to negotiation, and these are scrutinised in detail. It is important to note that costs presented beyond 2020-21 are indicative and have been estimated to show how costs may reduce over time. We expect that there will continue to be costs even in steady state as there will be elements of reliance on DWP systems and data.

Value for money can be assessed by expressing the operating costs as a percentage of the benefits delivered, taking into account the service that Social Security Scotland will provide, and comparing this with our understanding of the equivalent figure for the DWP’s delivery of benefits in Scotland as explained in the Financial Memorandum; paragraph 62 stated that, *‘from Scottish Government scrutiny of the DWP Annual Report and Accounts the Scottish Government estimates that the DWP cost of administration of non-pensioner benefits is in the region of 6.3% of the amount being administered. The estimate of the steady state running costs of the agency for Social Security in Scotland is 5% of the value of benefits being administered.’*

The table below shows that when Social Security Scotland reaches steady state in 2024-25 its operating costs as a percentage of benefit expenditure is forecast to be 5.9% and falls further in subsequent years and shows how each year’s figure compares against the 6.3% DWP comparator figure from the Financial Memorandum.

**Table 5.11: Social Security Scotland’s Operating Costs as a percentage of Benefits expenditure**

£m	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30
Social Security Scotland %	5.3%	9.1%	3.1%	4.7%	5.2%	5.3%	5.3%	5.2%	5.2%	5.2%	5.2%	5.2%
DWP agency agreements %	1.6%	2.1%	2.5%	2.3%	2.2%	1.8%	1.0%	0.5%	0.1%	0.1%	0.1%	0.0%
<b>Total Expenditure %</b>	<b>6.8%</b>	<b>11.2%</b>	<b>5.6%</b>	<b>7.0%</b>	<b>7.4%</b>	<b>7.1%</b>	<b>6.3%</b>	<b>5.7%</b>	<b>5.3%</b>	<b>5.3%</b>	<b>5.3%</b>	<b>5.2%</b>
<b>DWP comparator %</b>	<b>6.3%</b>	<b>6.3%</b>	<b>6.3%</b>	<b>6.3%</b>	<b>6.3%</b>	<b>6.3%</b>	<b>6.3%</b>	<b>6.3%</b>	<b>6.3%</b>	<b>6.3%</b>	<b>6.3%</b>	<b>6.3%</b>

As can be seen from the table above, once in a steady state, it is anticipated that Social Security Scotland’s operating costs will be in the region of estimates for administration as a proportion of benefit expenditure set out in the 2017 Financial Memorandum.

The Financial Memorandum was clear that the final costs of the Executive Agency would be dependent on decisions on policy, delivery and operations that were yet to be taken. These decisions are being taken and economy, efficiency and effectiveness is being considered. Value for money processes will not always result in the lowest cost processes, rather they will result in the most efficient and effective processes available for the most proportionate cost. This is absolutely an appropriate approach to ensure in social security we design, build and operate a new public service delivering dignity, fairness and respect and meeting the needs of the people of Scotland.

Social Security Scotland offers clients the choice of different channels to communicate with it, in line with client feedback, rather than mandating use of digital channels (known as “Digital by default”), which is an improvement in service and accessibility compared to DWP.

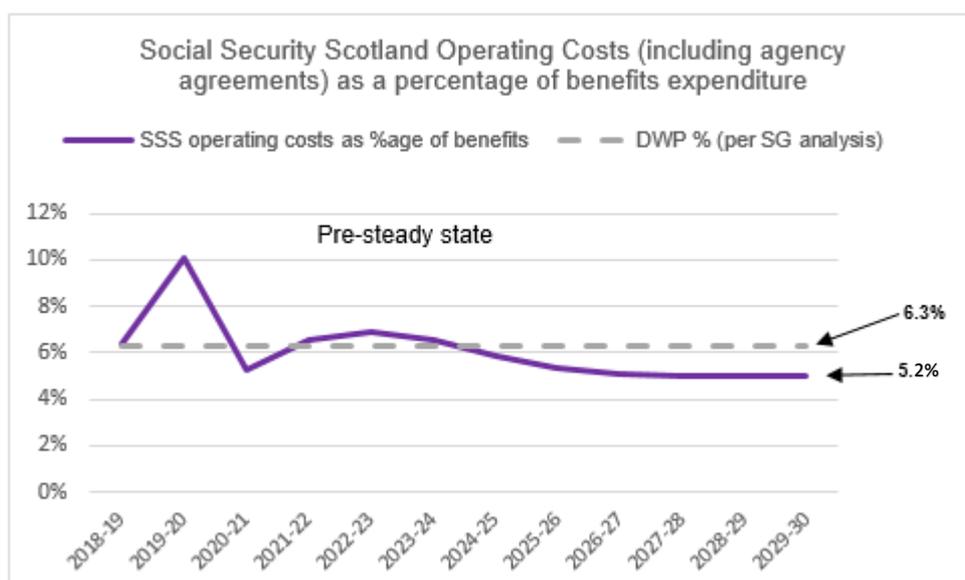
The following table compares the current forecast of Social Security Scotland’s operating costs against the DWP comparator in the Financial Memorandum of 6.3%. This shows that as Social Security Scotland grows and reaches steady state in 2024-25, its operating costs as a percentage of benefits administered are projected to fall below the comparative figure for the DWP, given the assumptions stated earlier.

**Table 5.12: Comparison of Social Security Scotland’s Operating Costs (including agency agreements)**

£m	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30
Benefits expenditure <sup>46</sup>	190	340	3,312	3,644	3,778	3,938	4,040	4,148	4,231	4,316	4,402	4,490
5% estimate	10	17	166	182	189	197	202	207	211	216	220	224
6.3% comparator	12	21	209	230	238	248	255	261	266	272	277	283
Current forecast	13	38	186	254	279	278	253	235	225	228	232	234

Once in a steady state Social Security Scotland expects to be in the region of estimates for administration as a proportion of benefit expenditure as set out in the financial memorandum. On the basis of current assumptions, Social Security Scotland expects its operating costs in 2024-25 to be significantly below the estimate of comparable DWP expenditure (6.3% or £255 million in 2024-25) and this trend is illustrated in the graph below.

**Figure 5.13: Social Security Scotland’s Operating Costs as a percentage of Benefits expenditure**



The high point in the early years reflects where Social Security Scotland will recruit and train new staff in advance of the benefit payments being delivered.

### 5.5.1 DWP agency agreements

We have been clear from the start that the devolution of benefits to Scotland must be safe and secure, and the Scottish Parliament has endorsed this approach on a number of occasions. It is imperative nobody is ever at risk of missing out on the support they need and are entitled to as a result of the way this transition is managed. The Strategic and Socio-economic cases describe the approach that the Scottish Government is taking, and central to the safe and secure approach is the

<sup>46</sup> SFC forecasts provided to 2024-25, thereafter internal SG indicative forecasts are used

decision to have a staged transition rather than a 'big bang' transfer of everything switching from DWP to Scottish administration on a single day. As a result of the staged transition, there will be a period of time during which the DWP will be delivering the benefits on behalf of the Scottish Government through agency agreements. The cost of agency agreements reflect the costs to DWP of administering some benefits on behalf of the Scottish Government in accordance with our policy. These costs will reduce as case transfer is completed. This is expected to lower the overall cost of administration and bring spending into line with the estimates of costs set out in the Financial Memorandum.

The forecast cost for the delivery of benefits by DWP under agency agreements is expected to be £82 million in 2020-21. Work is continuing to refine the agreements and the actual costs may change.

The costs of the agency agreements is based on DWP's actual delivery costs. Costs will be reviewed at least annually to ensure they reflect actual delivery mechanisms. For example, the case transfer strategy would be a factor potentially affecting delivery costs and therefore future year costs are subject to change.

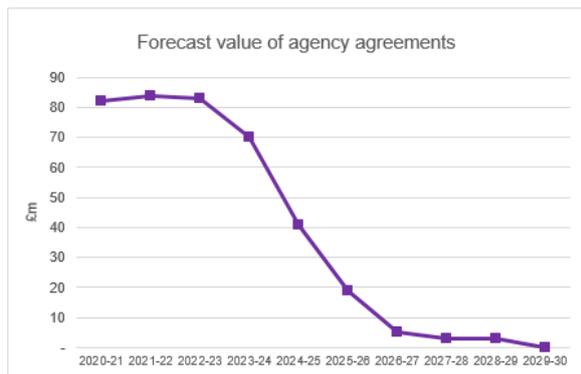
It should be noted that the costs which Social Security Scotland bears under agency agreements reflect the DWP's costs of delivery: these costs are not controllable by Social Security Scotland.

To provide indicative costs for delivery under agency agreements beyond 2020-21, we have modelled a scenario below based on a steady transfer of cases to Social Security Scotland, with some fixed costs remaining consistent during the lifetime of the agreements. In this scenario, the costs for agency agreements reduce to £19 million for financial year 2025-26. Actual costs beyond 2020-21 will be agreed annually with DWP and may be materially different to those set out in the scenario below.

That forecasts have been provided on the agency agreements line beyond the closure of the Programme is not because agency agreements are being extended but is rather an allowance for any tail-off costs which could arise or residual costs arising from previous years. There is also an allowance for Severe Disablement Allowance to be delivered by Agency Agreement and Service Level Agreements, where Social Security Scotland needs to link to DWP systems to check eligibility.

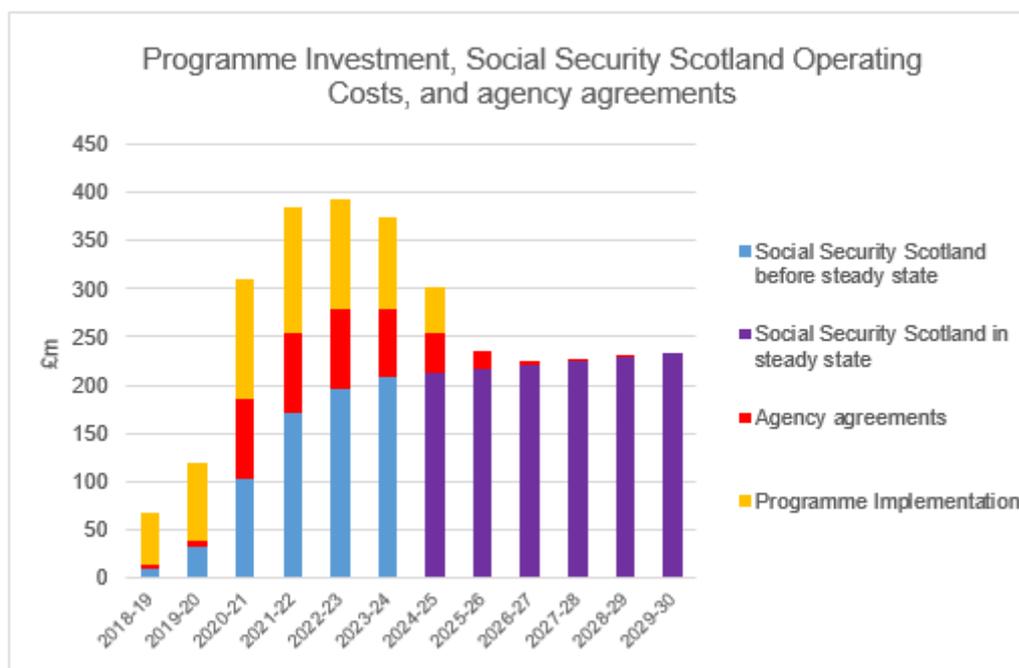
The graph and table below shows how the value of agency agreements may reduce over time as the agency reaches steady state.

**Figure 5.14: Forecast value of agency agreements**



The need for agency agreements reduces when the Programme develops and hands over systems and functionality to Social Security Scotland. The graph below shows how the profile of Programme investment, Social Security Scotland’s operating costs and agency agreements evolve over time.

**Figure 5.15: Profile of Programme investment, Social Security Scotland’s operating costs and agency agreements**



*Costs transferred from the Programme to Social Security Scotland*

Current estimates for Social Security Scotland’s operating costs are set out in Table 5.10 above; however there are functions currently being delivered by the Programme such as information technology, including support, which will move over to Social Security Scotland. At this point, cost estimates are likely to increase for these services as assets are developed including the relevant maintenance and replacement strategies. Essentially this will be visible as a switch from costs borne by the Programme to costs borne by Social Security Scotland: any increase in Social Security Scotland’s operating costs would be offset by a corresponding reduction in

the Programme's costs.

### *Changes since the Financial Memorandum*

As mentioned earlier within this business case, Social Security Scotland's Outline Business Case (OBC) included estimates of running costs in steady state of around £150 million per year in 2016-17 prices and this was similarly reflected in the Financial Memorandum. These costs included an allowance for operations, maintenance and replacement costs for systems.

The OBC was based on DWP's current activity-based model and since this estimate was published, several key decisions have been made and the scope of Social Security Scotland has evolved. Future steady state operating costs cannot therefore be directly compared to the OBC. The main reasons are:

- This is a start-up therefore it will take time before Social Security Scotland achieves comparable economies of scale
- Introduction of new benefits such as the Scottish Child Payment (SCP) and changes in policies and service design processes, for example local delivery, which cannot be compared to DWP as they do not have an equivalent
- Inflationary and cost increases (pension costs increased significantly in 2019-20) and
- There will be a different operating model adopted for the assessment service

As the Programme Business Case is a living document, the financial and operational impacts of decisions which will be made in the future will be included in future updates.

## **5.6 Social Security Benefits Forecast**

The Scottish Fiscal Commission Report published in February 2020, "Scotland's Economic and Fiscal Forecasts", sets out the forecasts for Social Security benefit expenditure. This report states that for the new benefits for 2020-21, most of the SFC's forecasts are based on current UK Government policy. The SFC's forecasts do not include the effect of changes arising from the transfer of responsibility for the delivery of the benefits transfers to Social Security Scotland from the current system administered by DWP, therefore presenting the risk that expenditure at this point is underestimated. Future years' expenditure will be subject to pre and post budget scrutiny in the normal way.

**Table 5.16: Social Security benefit expenditure**

The Scottish Fiscal Commission's forecasts of benefit expenditure up to 2024-25 and the Scottish Government's estimates for 2025-26 are shown below. The table below only shows the benefits within the scope of the Social Security Programme, and therefore does not include the Scottish Welfare Fund and Discretionary Housing Payments.

£m	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26**
Carers Allowance	152	276	292	311	336	355	375	396**
Carers Allowance Supplement	35	37	39	41	45	47	50	53**
Personal Independence Payment	-	-	1,583	1,650	1,714	1,776	1,841	1,909**
Attendance Allowance	-	-	532	546	562	582	601	621**
Disability Living Allowance*	-	-	719	720	715	705	692	680**
Industrial Injuries Benefits	-	-	80	79	78	78	77	76**
Severe Disablement Allowance	-	-	7	7	6	6	5	5**
Best Start Grant	4	20	18	17	17	17	18	18**
Funeral Support Payment	-	4	9	10	10	11	11	12**
Job Start Payment**	-	-	2	2	2	2	2	2**
Young Carer Grant**	-	-	1	1	1	1	1	1**
Cold Weather Payments	-	-	-	16	16	16	16	16**
Winter Fuel Payment	-	-	-	171	174	177	180	184**
Scottish Child Payment***	-	-	21	65	94	157	162	167**
Best Start Foods***	-	3	9	8	8	8	8	8**
<b>Total benefit expenditure</b>	<b>190</b>	<b>340</b>	<b>3,312</b>	<b>3,644</b>	<b>3,778</b>	<b>3,938</b>	<b>4,041</b>	<b>4,148**</b>

*Source: Scottish Fiscal Commission February 2020 report 'Scotland's Economic and Fiscal Forecasts' and Scottish Government internal forecast (indicative) for 2025-26. Figures may not sum due to rounding. Forecasts for Cold Weather Payments and Winter Fuel Payments are indicative as they have not yet been devolved*

\* this is DLA Adult, DLA Child and DACYP combined

\*\* not forecast by SFC

\*\*\* allocated to another Portfolio budget outside SSOP Portfolio

## 5.7 Value for money

The Scottish Government is making a significant investment in implementing the Scottish social security system, and current plans indicate implementation expenditure of £651 million to 2024-25. This expenditure will deliver a new public service for Scotland, which will be fully distributing the devolved benefits and the new benefits as described earlier in this business case. The Programme is not simply replicating DWP systems, so we are ensuring this is carried out in a safe and secure manner.

### 5.7.1 The relationship between Programme implementation investment and Social Security Scotland's operating costs

These implementation costs represent a significant investment in the capability to deliver social security for decades to come. The investment that the Scottish

Government is making in terms of one-off implementation costs is less than 0.5% of the benefits expenditure over the next thirty years.

The purpose of the implementation Programme is to develop and implement the system and service design to enable Social Security Scotland to deliver benefits safely and securely. Social Security Scotland's operating costs are a result of the systems and functionality that the Programme delivers to it. Table 5.10 sets out the updated estimates of Social Security Scotland's operating costs when it reaches steady state in 2024-25, and shows that Social Security Scotland's operating costs as a percentage of the benefits delivered are lower than the DWP's figure.

### **5.7.2 Building capacity for the Scottish system to deliver on future ministerial priorities**

The Scottish Government's investment in social security is an investment in the people of Scotland and this investment can be broadly be articulated in terms of the costs of building the infrastructure to support the caseload, and then maintaining the caseload.

The Financial Memorandum set out an estimated caseload volume of around 2.2 million per year, across the benefits being delivered, up to 2021-22. The equivalent figure for 2024-25, including the Scottish Child Payment is around 2.8 million. The Scottish Government is using its new ability to create benefits, using the new social security infrastructure it is developing to offer the Scottish Child Payment and this new benefit will add a further 287,000 new cases into the agency<sup>47</sup>. The direct costs of implementing the Scottish Child Payment are forecast to be in the region of £30 million but there are also indirect costs across other areas of the Programme as these also accommodate the change – for example in appeals.

The Programme is building the capacity to hold Scottish benefits on a single platform, rather than holding each benefit on a separate platform. This means that the cost of implementing the Scottish Child Payment is lower than it would have been if a new platform had needed to have been developed. The approach is already lowering implementation costs for new benefits and we would expect this to remain the case for future new benefits. Utilising the common platform demonstrably offers better value for money in the longer term than the alternative, one benefit per platform, approach.

## **5.8 Affordability and funding**

The Scottish Budget for 2020-21 was published on 6 February 2020 and confirms the funding allocated to Social Security in the coming financial year. The Scottish Government remains committed to funding social security so as to ensure the system can deliver a service based on dignity and respect, is an investment in the people of Scotland and provides clear value for money for the public purse. The financial implications of social security are taken into consideration in the Scottish Government's financial planning process. Future year funding will be secured through the normal budget setting process, alongside wider Scottish Government

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<sup>47</sup> <https://www.fiscalcommission.scot/forecast/scotlands-economic-and-fiscal-forecasts-february-2020/>

priorities. Further information on the Scottish Government's budget and longer term Fiscal Strategy are available in the Scottish Budget.<sup>48</sup>

From April 2020 the Scottish Government will become responsible for the payments for all the benefits being devolved. It is recognised that demand-led social security spending is harder to control than other areas of expenditure. Expenditure on demand-led benefits is driven by the number of people who have a claim, based on rates and eligibility criteria set in legislation, rather than an amount allocated in a budget. Budgets for demand-led spending are set based on the Scottish Fiscal Commission's forecasts and there will be forecast variation in-year.

### **5.8.1 Funding**

This Financial Case describes how the Scottish Government is incurring implementation costs in establishing the Scottish social security system, in addition to the costs incurred in administering the system each year. The Fiscal Framework provides a baselined £66 million per year for administration costs and a one-off amount of £200 million for implementation for all the newly-devolved powers.

These sums do not however represent the full costs of implementation or administration and represent a share, rather than the totality, of implementation and ongoing delivery. Any additional sums required will be funded from the existing Scottish budget envelope and will be allocated as part of the normal Scottish Government budget process.

Under the Fiscal Framework, the annual block grant to the Scottish Government will be adjusted to reflect the transfer of responsibility for social security.

The arrangements for the funding transfers is set out in the Fiscal Framework agreement. Funding for existing benefits will be transferred through the Fiscal Framework but increases in demand-led spending and new policy choices which give rise to additional spending will require new budget cover, funded from the existing Scottish budget envelope and determined through the normal Scottish Government budget process, alongside other Government priorities.

## **5.9 Financial Risk**

The main financial risk to Programme delivery is failing to secure sufficient financial resources to deliver the new social security powers. This would mean that the Programme delivery could be compromised, being unable to meet expectations regarding quality, scope or timescales. There is a level of uncertainty in the forecasts of implementation and running costs described in this Financial Case and this introduces uncertainty into the financial planning. The forecasts have been made in the context of an Agile programme of delivery and will remain subject to change as decisions are made on policy and delivery, but they are as robust as they can be at this point in time. Similarly, there is a degree of uncertainty around the value of the DWP recharges, which remain subject to ongoing discussion. This risk is actively managed through the arrangements in place to undertake financial management

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<sup>48</sup> <https://www.gov.scot/budget/>

across the Programme, and the Management Case sets out the governance arrangements which support the management of risk across the Programme.

Demand-led social security of this scale represents a risk for the Scottish Government's budget because it introduces a new level of volatility into the public finances, for example:

- the funding that Scotland receives will not be related to the actual level of social security expenditure in Scotland, or on anticipated spending needs in Scotland
- by their nature, the cost of demand-led benefits will fluctuate both up and down relative to the level of funding provided through the block grant adjustment in that year, and expenditure may not match the block grant adjustment
- the forecasting of potentially volatile demand-led social security expenditure increases the risks around financial management because forecasts are estimates of future events based only on information that is known at the point when the forecasts were made

The Programme and Social Security Scotland have arrangements in place to mitigate and manage the risks associated with managing demand-led spending on this scale, including:

- Working closely with the Scottish Fiscal Commission to ensure they have accurate information and data, where available, to support robust forecasting
- Monitoring actual spend against forecast in-year to ensure robust financial management and planning
- Working closely with Scottish Government central finance to report forecast variations in year and ensure that appropriate funding is available to manage forecast variation
- Continually reviewing forecasting and financial management processes and procedures as delivery of benefits beds in to ensure that they are fit for purpose

The costs forecast for Social Security Scotland are based on a number of assumptions which are understood to be reasonable and correct at this point in time. As with all public bodies, the future operating costs of Social Security Scotland will be subject to wider decisions around pay policy, for example, which could significantly change these forecasts. As this Programme Business Case is a living document, any changes would be visible in future versions, and subject to Budget scrutiny each year in the usual way.

## 6 Management Case

### 6.1 Introduction to the Management Case

The Management Case sets out the management and governance arrangements for the Programme to develop the capability required for the social security system in Scotland. As described in *Section 2: Strategic Case*, the Programme is being delivered by the Social Security Directorate (SSD) and is responsible for developing the operational capability and systems required for the administration of all of the devolved benefits.

SSD have engaged with stakeholders to develop the approach for the management and governance of the Programme focused on delivery of the strategic objectives set out in the Strategic Case:

- Delivers a system focused on client needs
- Delivers modern, efficient and secure systems
- Safely and securely launches new claims and transitions existing claims
- Establishes effective working relationships
- Delivers value for money
- Develops flexibility and capability for the future

The Programme preferred methodology is Agile supported by the Managing Successful Programmes (MSP®) framework<sup>49</sup> which sets out good practice in coordinating, directing and overseeing large-scale change initiatives. Project management and delivery is being undertaken using appropriate frameworks, for example, but not limited to, PRINCE2®, PRINCE2 Agile®, and Scrum.

The sections below set out how this is being applied to the implementation and transition phase of the Programme including the approach to investment decision-making, planning, monitoring and reporting, risk management, stakeholder engagement and communications. The strategies and frameworks described are living documents which will be maintained and updated regularly throughout the life of the Programme. The latest versions are held in the Scottish Government's Electronic Records and Document Management system (ERDM).

### 6.2 Programme Structure

The Programme has developed a programme structure that reflects the SSD's delivery strategy and focuses the Programme team on the Programme objectives. This structure is set out in Figure 2.4 and re-produced below in Figure 6.1 for ease of reference. The Programme is comprised of the devolved benefits (shown in green) that will be delivered in two waves (shown in purple), plus a third wave for case transfers. The Programme is structured in accordance with the following delivery priorities:

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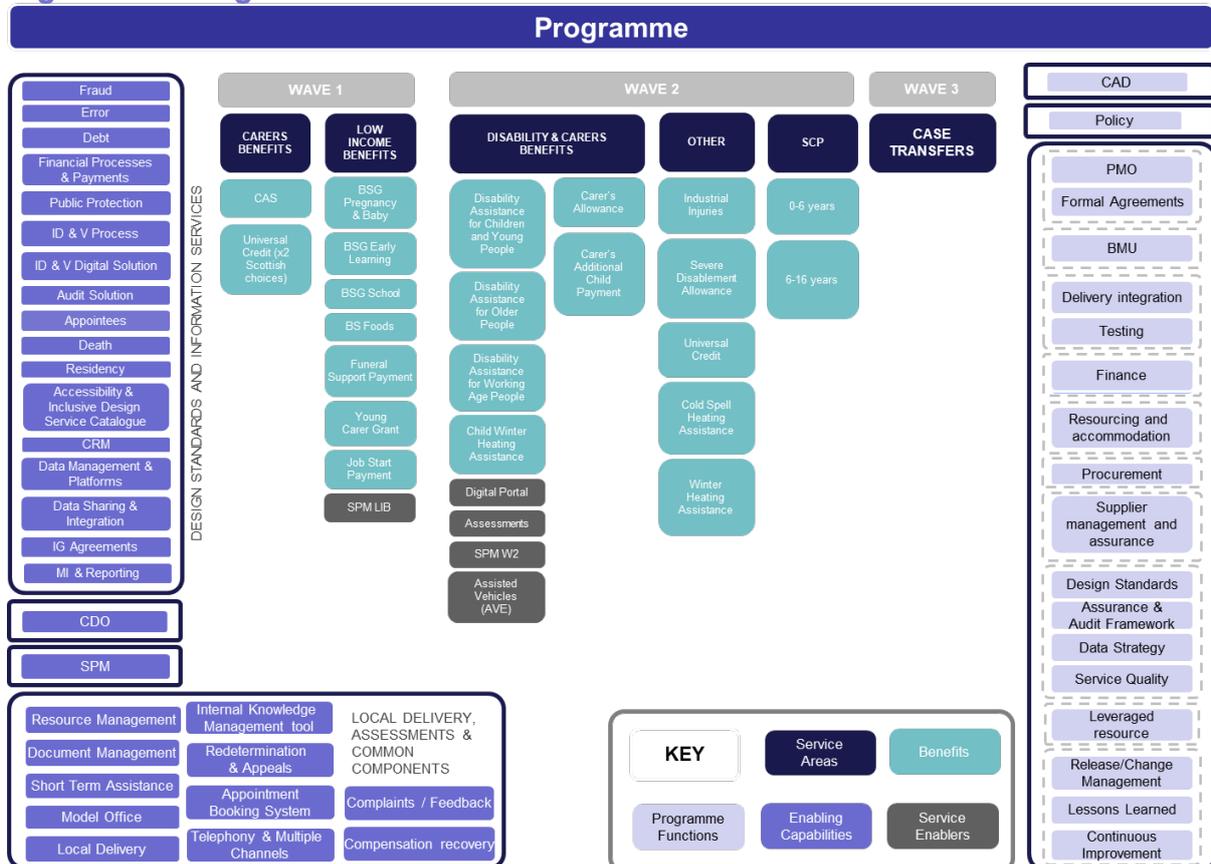
<sup>49</sup> <https://www.axelos.com/best-practice-solutions/msp>

- Wave 1 – Including carers benefits and low income benefits;
- Wave 2 – Disability, carers benefits, Scottish Child Payment and others; then
- Wave 3 – Case transfers.

The Programme is supported by Programme Functions (shown in light blue), as well as Enabling Capabilities (shown in blue) and Service Enablers (shown in grey). The definition of these is:

- **Service Areas:** these are broad categories of benefits that denote the intended recipient of the public assistance
- **Benefits:** these include the programme of work required to deliver each specific benefit
- **Programme Functions:** these are the functions that support the overall programme delivery including Finance, Resourcing and the Programme Management Office (PMO) which supports overall programme delivery
- **Enabling Capabilities:** these are the capabilities that are required to support the ongoing delivery and administration of the social security system such as telephony services and fraud, error and debt capabilities; these capabilities need to be in place for the successful administration of the devolved benefits and to ensure that the social security system in Scotland can deliver payments and address ongoing client outreach
- **Service Enablers:** these include capabilities that support the delivery of individual projects across service areas, benefits and waves.

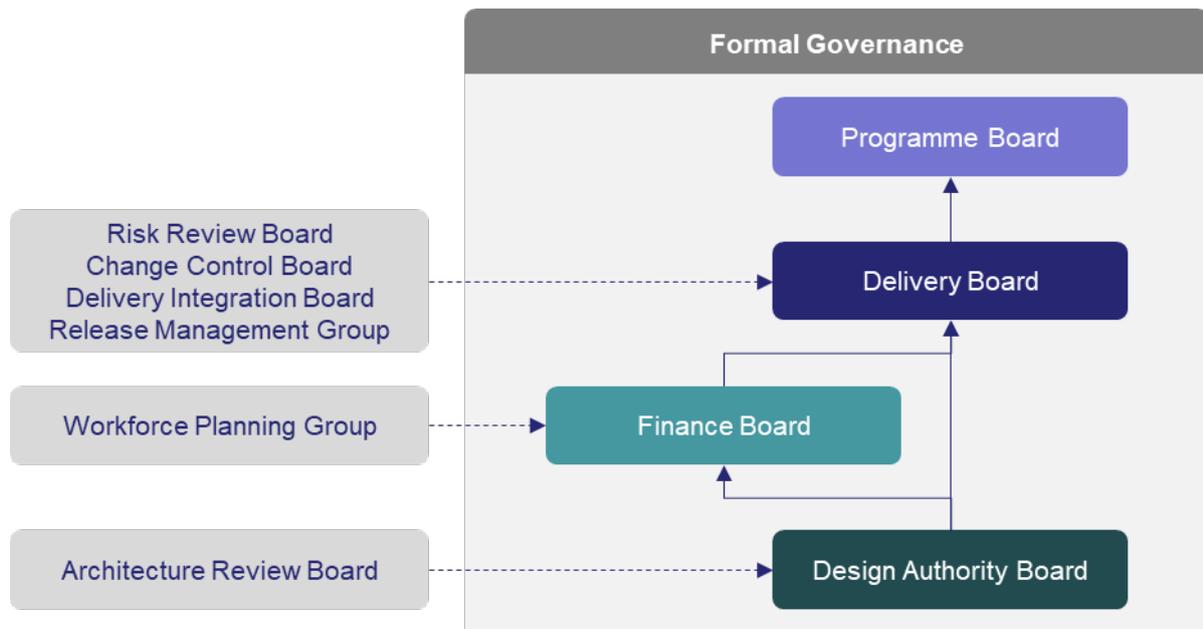
Figure 6.1: Programme Structure



### 6.3 Programme Governance

The Programme has established a governance structure to support programme delivery and enable timely decision-making at an appropriate level of authority. This includes a Programme Board, Delivery Board, Finance Board and Design Authority Board as well as supporting boards and working groups. The Programme governance structure is shown in Figure 6.2.

Figure 6.2: Programme Governance



A summary of the purpose of each Board is described in Table 6.3 and the detailed Terms of Reference are held by the PMO and available in the PMO Handbook.

Table 6.3: Programme Boards

Board	Purpose
<b>Programme Board</b>	<ul style="list-style-type: none"> <li>Focused on the long-term Programme goals and the overall strategic direction of the Programme.</li> </ul>
<b>Delivery Board</b>	<ul style="list-style-type: none"> <li>Provides management direction and prioritisation to the Social Security Programme.</li> <li>Acts as a decision-making forum for high risk, high profile and significant decisions which cannot be made at lower levels.</li> <li>Ensures that the Programme is on track to deliver on time in line with Ministerial and policy intent, while remaining within design principles and financial tolerances.</li> <li>Focuses on Delivery Confidence, deliverability (including key Risks &amp; Issues) and progress of agreed plans with attention on upcoming and/or missed milestones.</li> </ul>

Board	Purpose
<b>Finance Board</b>	<ul style="list-style-type: none"> <li>• Provides quality assurance, reviews and makes decisions on funding vehicles (funding requests, business cases and strategies) in line with delegated authority thresholds.</li> <li>• Reports monthly on forecast, budget and actual expenditure across historical years, current year, and future years.</li> <li>• Reviews budgets quarterly, and advises on actions to amend budget holders' delegations.</li> </ul>
<b>Design Authority Board</b>	<ul style="list-style-type: none"> <li>• Acts as the Design Authority for the Programme and reviews design-specific options covering both technical and non-technical elements.</li> <li>• Ensures that designs are consistent with relevant strategies and design principles / directives / constraints and that the overall high-level design is free from omission, error, contradiction and duplication, whilst being capable of delivering on policy intent.</li> <li>• Key aspects of design will have been reviewed by the Architecture Review Board (ARB) ahead of Design Authority Board decision.</li> </ul>

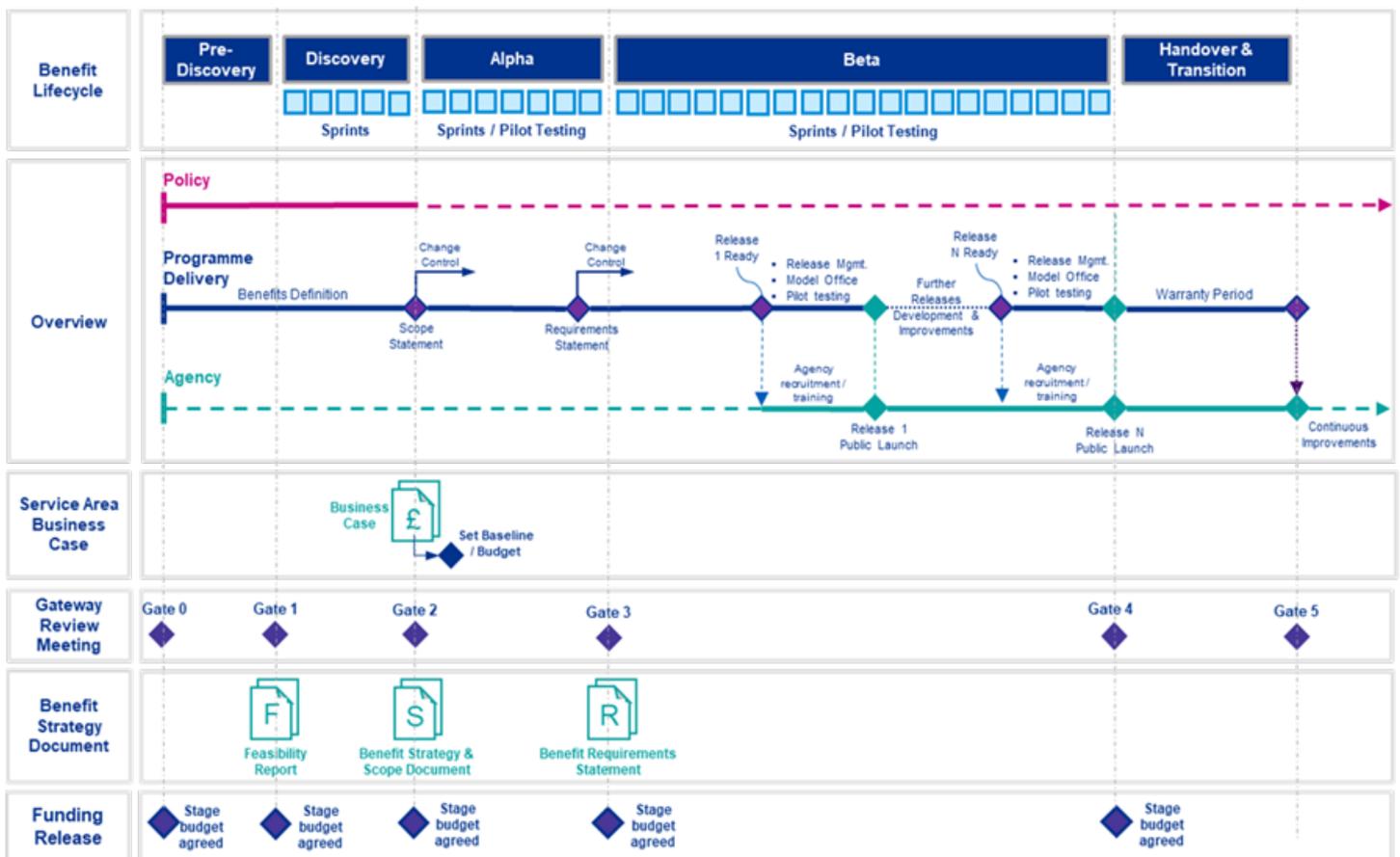
The formal Governance Boards are supported in their activity by a range of Programme-level boards and working groups that provide the necessary control and assurance. These boards and working groups present an opportunity for escalation whilst also providing direction to service area teams. The service areas are further supported with their own working groups where necessary.

### 6.3.1 Benefit Lifecycle Approach

The Programme is adopting an Agile approach through the lifecycle of the benefit delivery. The lifecycle is broken down into five stages with a gateway check-point at the end of every stage. The lifecycle is designed to support collaboration between the policy, programme delivery and Social Security Scotland, where input and decision-making is executed jointly. The lifecycle approach enables a consistent approach to planning, baseline, schedule integration and progress reporting.

The business case / funding envelope process is aligned with the benefit delivery lifecycle as shown in Figure 6.4, supporting a stage funding approach and a robust baseline created for control and monitoring purposes. The lifecycle is also designed to support Social Security Scotland with continuous improvement using a Change Management Framework once a benefit goes live either with a minimum viable product and / or a full strategic release.

Figure 6.4: Benefit Lifecycle Approach



The lifecycle also determines the flow of investment decisions through the governance structure based on a set of agreed parameters:

- The Delivery Board will focus on all investment decisions up to a value of £10m
- The Programme Board will focus on all investment decisions valued at £10m and above

The Programme Board has the option to delegate decision-making to the Investment Steering Group, which includes three Programme Board members.

### 6.3.2 Business Case Management

A Business Case Management Strategy has been developed for the Programme which includes the benefit lifecycle process. This sets out how investment decisions are controlled through the approval of business cases which articulate the requirement and rationale for funding. Each Service Area will have a business case underpinned by a series of strategies. The business case approach aligns with the programme structure shown in Figure 6.4 in the following ways:

- Each benefit service area has an individual business case, with each benefit covered by a strategy document.

- Enabling Capabilities – (a) design standards and information services and (b) local delivery, assessments and common components, each will produce an ‘overview document’ – and includes scope that requires substantial investment and / or 3rd party support (such as Telephony, Appointment booking system, etc.)
- Each enabling capability will be covered in a strategy document with an agreed delegated budget.
- The Programme Functions will produce separate overview documents, based on team group (PMO, finance, resourcing etc.), each with an agreed delegated budget.

#### **6.4 Live Running Service Delivery**

The Social Security Programme’s approach to Live Running Service Delivery is set out in the Live Running Service Delivery Framework and Toolkit. The Live Running Service is made up of three functions:

1. **Change Management:** Change Management is the process, tools and controls of getting people ready, willing, and able to move from the current state to a future state.
2. **Release Management:** Release Management is an assurance function within the Social Security Programme – providing confidence that all benefits, products, services and systems being deployed into Social Security Scotland are transitioned safely and securely.
3. **Lessons Learned & Continuous Improvement:** The primary aim of Lessons Learned is to integrate Continuous Improvement into our everyday business processes.

The framework articulates specific theory and psychology around “Change” and its principles. It presents the roles and responsibilities of people within the change network and it defines the mechanisms and tools required to ensure the safe implementation of benefits, from a design state to its transition into Social Security Scotland. The approach, frameworks, processes, and tools for each of the three functions is embedded within the document.

Ownership of the framework belongs to the Head of Live Running and Wave 1 Implementation and is facilitated by the Live Running Service Delivery Manager and Team. Governance arrangements are a combination of different boards and forums across the Programme and Social Security Scotland, with the core governance channel being the Release Management Group (RMG).

#### **6.5 Resource Management**

To deliver its outcomes and measurable improvements, the Programme requires significant people resources, capacity and skills. The Programme will have varying people resource needs as it moves through the different stages of delivery. The staff capability and capacity to meet those needs must be identified and obtained or

developed, to ensure the Programme is best placed to deliver its proposed outcomes.

Where possible, the Programme will develop and upskill its Scottish Government employed resources to increase internal capability. This provides opportunities for staff to gain new skills that can be used in future roles, thus increasing the skills base in the wider Scottish Government over time. The Programme has required to date, and will continue to require, specialist resources that are not currently available in the Scottish Government, and where external skills are in short supply across the UK, for example digital, technical and architecture skills. The Programme has also required a significant amount of external recruitment into the Scottish Government, including the use of contractors and temporary staff.

The Programme uses a combination of permanent and contractor staff to ensure the levels of resourcing and skills required for delivery are in place. As the Programme continues through delivery, it will identify the roles that may be transitioned into the live operation in Social Security Scotland, assisting in the retention of the skills and knowledge in the business operation. This also includes ensuring that the appropriate conversations with staff and unions take place.

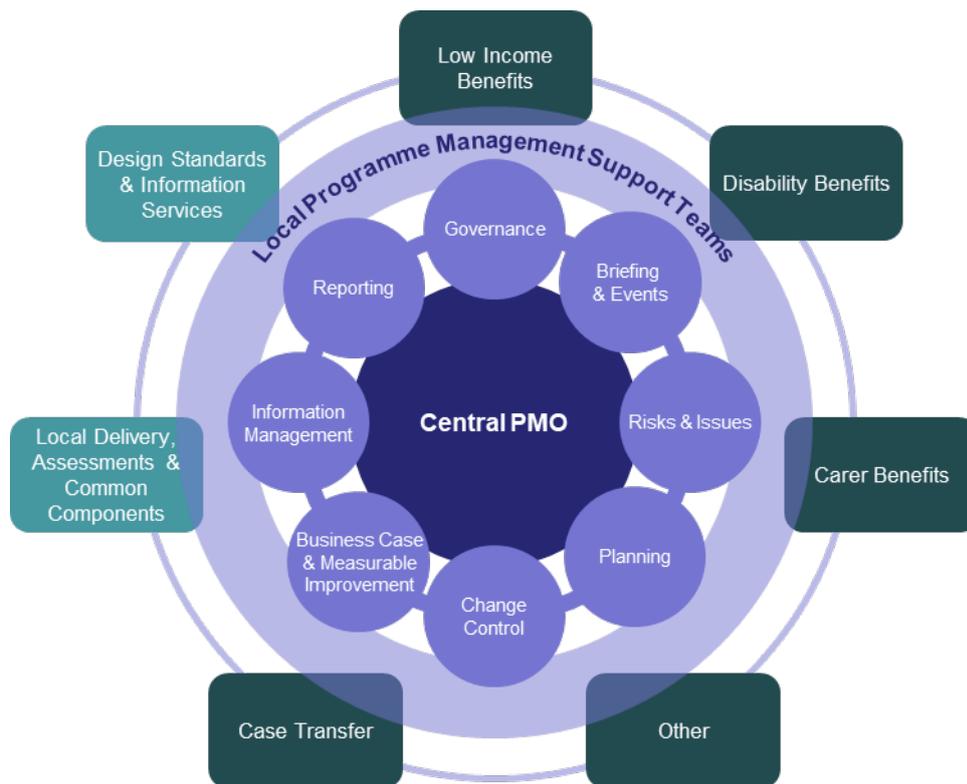
The Programme is developing a cadre of professionals, who have skills and knowledge not previously held in the Scottish Government. This will provide opportunities to consider how this skillset is best used to the benefit of the organisation. The Programme has adopted a resource pool approach for specific skillsets, for example business analysts and user researchers that can be utilised on more than one service area or project.

A dedicated Programme Resourcing Team is in place to deliver the resources required for the Programme, working closely with colleagues in the Chief Digital Office and Digital Directorate on securing technical skills. The team work closely with Programme senior managers, recruiting managers, Scottish Government Digital Directorate and HR to ensure the Programme has the right people, in the right place, at the right time to support a safe and secure transition of benefits.

## **6.6 Programme Management Office (PMO)**

As shown in Figure 6.4, the Programme is supported by Programme Functions including a Programme Management Office (PMO) that provides support, coordination and control across the Programme. The PMO consists of a central team as well as local programme management support teams (LPMSTs) embedded within the Service Areas. The Central PMO model is shown in Figure 6.5.

**Figure 6.5: PMO Structure**



The central PMO team is responsible for Programme-wide governance, reporting, information management, business cases, measurable improvements, change control, planning, risks and issues, briefing and events. It delivers consistency across the Programme by developing and maintaining a set of PMO strategies which set the standards for all programme management functions. All PMO strategies, processes, PMO owned programme artefacts and templates are living documents and are regularly maintained and updated. The latest versions are held within a Central PMO Handbook accessible on ERDM (the Scottish Governments Electronic Records and Document Management system); this will also be available through the Saltire (the Scottish Governments internal website) PMO team site.

The local programme management support teams are deployed on a demand-led basis to support the delivery of individual Service Areas, working to the standards and approaches set by the central PMO. This approach drives quality and consistency and enables a programme-level view of progress, risks and issues that informs decision-making.

### **6.6.1 Governance**

The purpose of the Programme Governance Team is to provide support and ensure the smooth progress of service design and broader directorate projects through the different governance boards, working with teams across the whole of Social Security Directorate so that the process of Board consideration is as effective and efficient as possible. The team will offer advice and direction, providing guidance on the

appropriate 'decision pathway' for Programme artefacts

- Design Authority Board (DAB)
- Finance Board (FB)
- Delivery Board (DB)
- Programme Board (PB)

The team provides a central function for information management across the Programme, ensuring all documentation is maintained to quality standard and is in line with the Scottish Government's record management guidance. They are responsible for the Configuration Management Strategy for the Programme; ensuring all configuration items are identified, managed and readily available in line with Programme requirements and Scottish Government guidance.

### 6.6.2 Planning

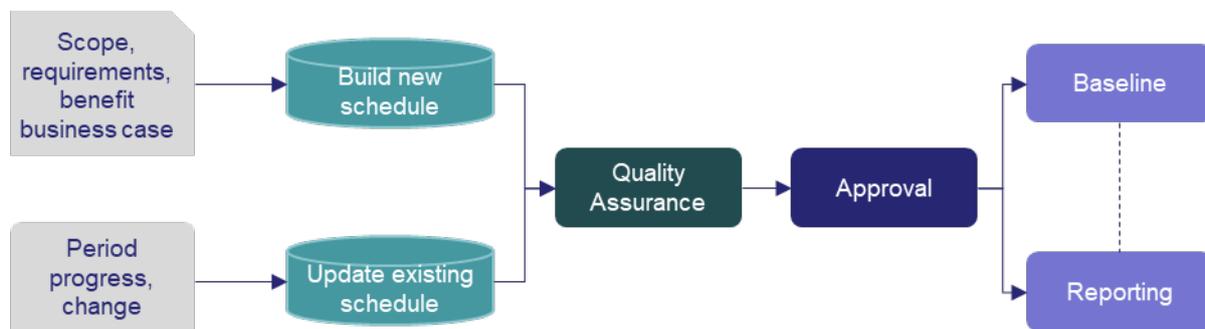
The Social Security Programme has developed planning and scheduling standards to drive consistency and enable roll-up of individual plans to give a programme-level view. The Planning and Dependency Management Strategy outlines the planning and schedule quality standards expected across the Programme and the documentation to be produced to support schedules (schedule assumptions, top Programme risks, critical dependencies, resource and Programme constraints and schedule terminologies etc.).

The Planning and Dependency Management Strategy is supported by a set of process flowcharts to provide guidance to SSD planners and project teams on how to develop and maintain logic-linked schedules including:

- Developing a schedule for a new benefit project
- Updating an existing schedule for a benefit project
- Baselining a schedule
- Updating a baselined schedule
- Presentation of a schedule for period reporting.

This is illustrated in Figure 6.6.

**Figure 6.6: Planning Processes**



To ensure consistency in the scheduling approach across the Programme, standardised schedule templates have been developed using a 'rolling-wave' approach that involves progressive planning at each stage of the benefit lifecycle with a detailed plan for each known sprint and gradually reducing detail for medium term and long term horizons.

The Planning and Dependency Management Strategy also sets out the quality review process and integrity checks as part of the schedule development / maintenance process. Each schedule has three levels of approval as part of the quality assurance process before finalising the schedule for baseline and / or reporting:

- The Central PMO will approve schedules for quality standards and schedule integrity
- The relevant delivery team will approve schedules on technical content and schedule robustness
- The Delivery Board will approve schedules on achievability of scope and key dates.

### **6.6.3 Dependency Management**

There are a number of key dependencies between the Social Security Programme and other Scottish Government and wider stakeholder activities. These have been considered in the development of the Programme and include:

- External dependencies – wider factors that need to be considered which may affect the ability of the Programme to deliver its objectives and anticipated benefits
- Dependencies between the Social Security Programme and DWP
- Dependencies between the Social Security Programme and Social Security Scotland
- Dependencies between individual social security project benefits / enabling capabilities
- Other internal dependencies that need to be considered to ensure the Programme can be delivered.

Dependencies are managed in line with the Planning and Dependency Management Strategy that sets out the approach to coordinating and managing internal and external dependencies. These dependencies are managed by the Delivery Integration Board who meet fortnightly to track and resolve dependency issues. Attendees include all service areas in the Programme, CDO, Social Security Scotland, DWP, and Policy. There are currently some 1,000 dependencies being tracked by the Programme. Progress in dependency management is reported to the Delivery Board every fortnight.

#### **6.6.4 Control, Monitoring and Reporting**

The Programme reporting framework has been designed to provide accurate and timely reporting against the baselined Programme scope, budget and timescales. Key performance indicators (KPIs) will inform and challenge progress and performance covering:

- Schedule
- Cost (actual expenditure and forecast)
- Risks and issues
- Dependencies (performance and look-ahead)
- Delivery outputs
- Supply chain performance

The PMO creates a monthly report in the form of a dashboard. The dashboard provides visibility to the Programme boards and leadership on overall cost, schedule, delivery and supply chain performance to enable informed decision-making.

#### **6.6.5 Charter Measurement Framework and Measurable Improvements**

To monitor and evaluate realisation of outcomes and impacts, a Charter Measurement Framework and Measurable Improvements Strategy has been developed. This sets out a process / delivery-focused approach to evaluation of the social security system, Charter and capabilities that the Programme is aiming to deliver.

The Charter Measurement Framework<sup>50</sup> developed to date has been specifically developed in relation to measuring progress against delivery of the Charter. It will track key qualitative and quantitative indicators under the following areas:

1. A people's service
  - Whether clients are experiencing dignity and respect when interacting with Social Security Scotland
  - How well Social Security Scotland staff are delivering the Charter commitments
2. Processes that work
  - Whether processes work
  - How accessible services and places are
  - Whether the face-to-face assessment process for benefits for disabled people (and people with health conditions) is working for clients
3. A learning system
  - The extent to which Social Security Scotland is a learning organisation
  - How Social Security Scotland is involving clients

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<sup>50</sup> Social Security Scotland has developed a Charter Measurement Framework in order to capture the intended outputs, outcomes and impacts associated with Social Security Scotland. This is available at <https://www.gov.scot/publications/measuring-charter-social-security-scotland-scottish-government-delivering-charter-promised/pages/5/>

#### 4. A better future

- Whether policy making processes were effective
- Whether the Government promoted Social Security positively
- Whether benefits made a difference

The Measurable Improvements Strategy details the rationale for measurable improvements in the context of achieving the strategic Programme objectives and its associated major activity clusters in the short and long term along with key responsibilities. It describes the measurable improvements management cycle which is a continuous, four-step, iterative cycle for managing measurable improvements and dis-benefits. The steps are: Identify, Plan, Deliver and Review. The cycle is supported by continuing activities to optimise and identify further measurable improvements and dis-benefits as work on the Programme progresses.

The Social Security Operations and Delivery Analysis (SSODA) unit within CAD will support the identification, planning, delivery and reviewing of the measurable improvements and dis-benefits associated with process / delivery-focused outcomes. It will also conduct strategic evaluation to measure competence to achieve the policy commitments that were approved at the inception of Social Security Scotland.

#### **6.6.6 Stakeholder Management & Communication**

The Programme draws on stakeholder insights capacity across the wider Directorate, as well as having access and input to the strategic communications planning led by Social Security Scotland communications. The Programme Briefing, Events & Parliamentary Business team engages regularly with communications, relationship management and stakeholder engagement functions across the Directorate to drive forward Programme priorities.

Stakeholder engagement also includes taking a people-centric approach to the design and development of Scotland's social security system. The Scottish Government is committed to delivering a social security system that puts dignity, respect and fairness at its heart, and is designed with the people of Scotland. To do this, and to ensure that people with direct, personal experience have a voice, an extensive consultation was undertaken in summer 2016, with subsequent consultations since on particular benefits or aspects of the design of Scotland's social security service.

Co-design is an integral part of social security in Scotland, enabled, in part, by the Social Security Experience Panels, a group of over 2,400 volunteers with direct lived experience of the current benefits systems, who will work with the Government over the life of the Programme. The Experience Panels:

- Help fulfil the Scottish Government's commitment to design, build and refine the social security system with those who will use it
- Track opinions and views through the transition to the new social security system over the life of the Programme

- Contribute to our organisational commitment which takes a distinctly Scottish approach to tackling economic, environmental and social issues in Scotland

Experience Panels, in conjunction with people-centric ways of building the new system (e.g. the use of Agile, which emphasises the importance of putting the client at the heart of service design), will draw on insights and observations from people who have applied for the devolved benefits, their families, and the organisations that support and represent them. This approach will help ensure the Programme creates services that meet people's needs, while at the same time building support and confidence among people who will potentially be managing and using the service.

In addition to involving people with direct lived experience of the benefits system, the Programme draws on the knowledge and experience of the very many expert individuals and organisations who have knowledge and experience of the current social security system, including those who have responded to our consultations. A number of reference groups have been established in order to help channel expert advice and recommendations into the Directorate. These groups comprise representatives from organisations with knowledge and expertise of the current system, either directly through supporting individual applicants or through a wider understanding or responsibility for related services in the health, local government and third sectors. The Programme (working in partnership with stakeholder engagement functions across the Directorate) shall consider opportunities for creating new groups where any gaps are identified or where additional expert advice is needed. Each of these groups will play a significant role in supporting the Scottish Government to consider in detail and respond to the findings of the consultation.

The Programme Briefing, Events and Parliamentary Business Team within the PMO takes responsibility for facilitating Programme-specific stakeholder events, including acting as a point of contact with other relevant teams across the Directorate. It also acts as a resource for the Programme's ministerial and parliamentary engagement, offering support on briefing, submissions, ministerial meetings and parliamentary business such as statements and Committee hearings, where these are Programme-led.

A Directorate-wide strategic communications and engagement forward planner is in place to ensure that developments are tracked and aligned with wider communications goals for the Programme. The Programme also works with Scottish Government Communications and with Social Security Scotland Communications, including their News and Marketing teams, to identify the high profile Programme milestones that will provide headline news angles for Ministers and their priorities. Communications activity is evaluated and adjusted as necessary.

The Programme has access to Directorate stakeholder networks, which provide intelligence from formal and informal engagement and activity, and associated supporting material on the wider landscape. The Programme actively contributes to Directorate-wide updates to provide updates for the Cabinet Secretary on key activity. Acknowledging the need for close working with the DWP, Social Security Policy Division facilitate quarterly Joint Ministerial Working Groups on Welfare (JMWGW) with the relevant ministers and Joint Senior Officials Groups at senior

official level which set the JMWGW agenda. The Formal Agreements team within the Programme leads on the establishment of formal agreements and agency agreements with DWP to enable a smooth transition of benefits to Social Security Scotland as powers transfer. The Programme Director and Deputy Director also engage regularly with their counterparts at DWP.

#### **6.6.7. Risk and Issue Management**

The Programme's approach to risk management is outlined in the Social Security Risk Management Strategy. This document defines and articulates the risk management principles, concepts, structures, processes, tools and associated roles and responsibilities implemented to ensure that risks to Programme objectives are effectively managed. The key principles and concepts outlined in this strategy are drawn from OGC Management of Risk literature and The Scottish Government Risk Management Guide. These principles and concepts have been appropriately tailored to the requirements of the Programme.

The Risk Management Strategy is owned by the Programme Management Office (PMO) Risk and Issue Management Function and stored in their area in ERDM (Scottish Governments Electronic Records and Document Management system – see section 6.5.6: *Information Management*). Strategic Social Security Programme-level risks are recorded on the Social Security Programme Risk Register which is also stored within the PMO, Risk and Issue Management Function area on ERDM. The Programme Manager is the owner of the Programme Risk Register and the Programme Risk and Issue Function is responsible for its maintenance.

Management of the Programme-Level Risk Profile has been delegated by the Social Security Programme Board to the Social Security Programme Risk Review Board. A separate Programme Risk Review Board Terms of Reference has been developed to confirm their specific roles and responsibilities and the Board's operating arrangements. The Programme Manager is the owner of this document and the Programme Risk and Issue Function is responsible for its maintenance.

Issues occur at differing levels within the Programme and are managed according to their impact. Strategic issues are issues that impact the ability of the Programme to deliver, leading to an impact on the social security system as a whole.

Programme-level issues are issues that could affect the delivery of the Programme, Programme objectives and/or the associated measurable improvements. These issues can be raised and/or escalated from multiple sources including, but not limited to:

- Programme Board and the Programme Management Team
- Delivery Integration Board identifying a dependency between projects / service teams / product that is not deliverable
- Risk Review Board reporting a Programme-level risk that has occurred
- Programme-level assumptions that were proven untrue

- Project / Service Managers escalating project / service team / product level issues.

Service Area / Product level issues impact the delivery of outputs (specialist products). These are specific situations that impact the Project / Service Teams' ability to deliver their outcomes within the budget and timescales agreed with the Programme. These issues might also arise from multiple sources, including Project / Service Team Boards, service team / project / product level risks occurring, dependencies and / or assumptions not being delivered or proving untrue.

The approach to management of issues is set out in the Issue Management Strategy. This describes the processes for proactive identification, assessment and control of issues, both known and unexpected. It sets out the criteria for categorising issues by priority and severity to ensure that issues are managed at the appropriate level (Strategic / Programme / Service Area). It also sets out the approach to tracking and monitoring issues through to resolution.

Issues are captured in the Programme Issue Register which is held by the PMO. The issue management process is a responsibility of the Delivery Board. The Risk & Issues Manager and PMO provide support and advice for the process.

#### **6.6.8 Constraints**

Where risks and issues cannot be resolved within the agreed constraints or where changes are proposed from external or internal sources, a Change Control process is used to ensure that no changes are made without the proper authorisation which includes appropriate decision making and thorough consideration of the impact (within and outwith the Programme).

The guiding principles for Change Control in the Programme are outlined in the Programme's Change Control Management Strategy which sets out the process and governance for approving change.

#### **6.6.9 Information Management**

The Programme uses the Scottish Government's Information Asset Register (IAR) to record and list information assets that are critical and provide value. The IAR helps the Programme team to make official information as widely and easily available as possible and to facilitate and encourage the re-use of public sector information.

The PMO is responsible for the maintenance of the IAR in order to ensure that the directorate and programme comply with the regulatory framework and for each information asset. The IAR records the type, format and value to the organisation of the information asset alongside who uses it. The majority of programme, service area and project level information assets are stored on ERDM (the Scottish Government's Electronic Records and Document Management system).

In addition, the Programme Information Strategy sets out the approach to ensuring that the Programme operates measures, systems and techniques to maintain and control Programme information, and that each area within and across the Programme implements the requirements and recommendations which it contains.

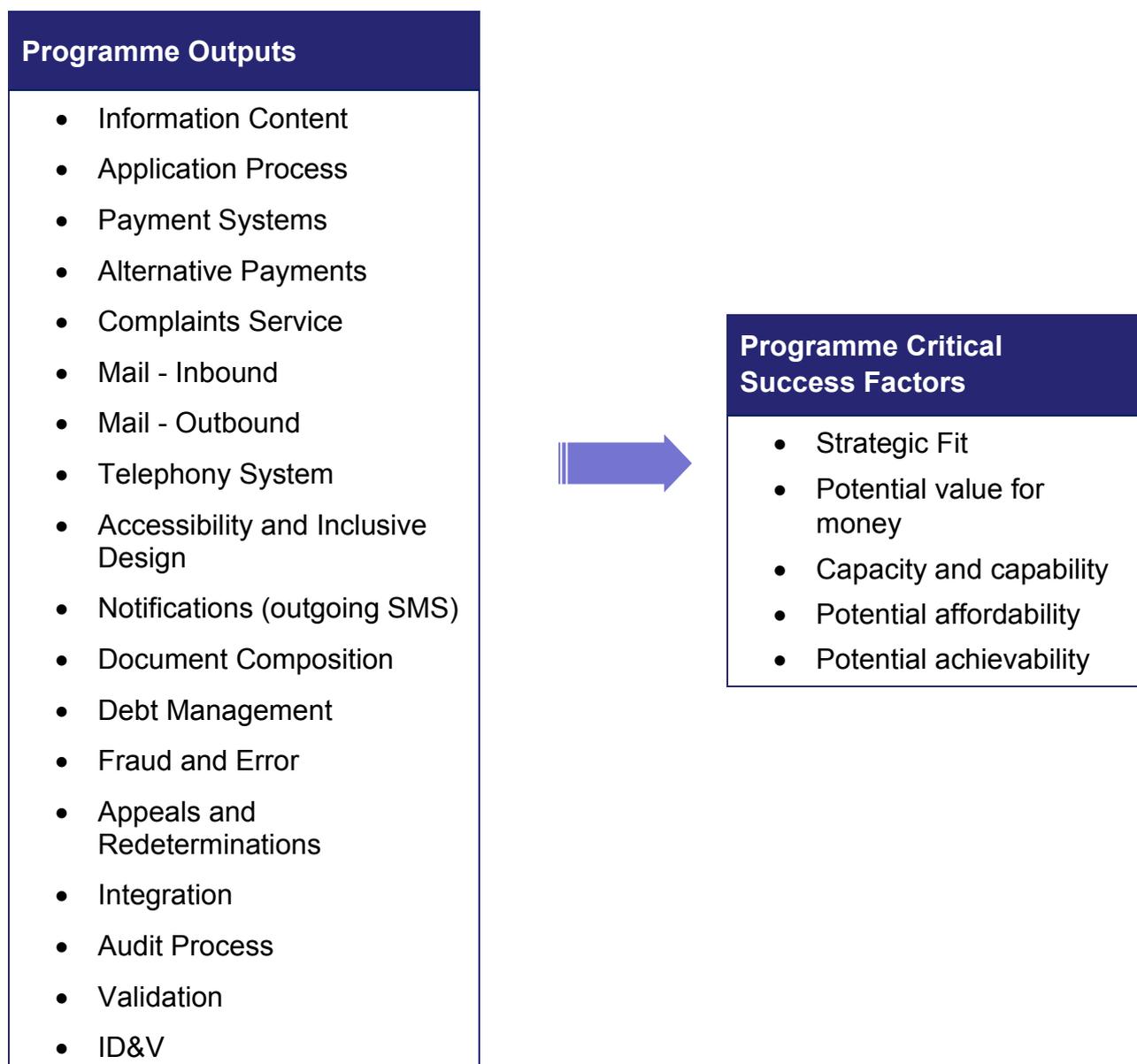
The information to be managed includes Programme documentation, service/project artefacts, and internal and external stakeholder communications. The strategy provides a framework by which the Programme can manage its information assets. The aim is to make sure that the information is:

- Useable - information must be up to date and fit for purpose
- Stored in the correct organised location, following naming conventions and available consistently
- Appropriately security marked, where relevant, with sufficient safeguards in place to protect the information
- Shared in a way that is consistent with Scottish Government policies
- Aligned with the five critical success factors in PRINCE2 and Managing Successful Programmes: Compliance, Integrity, Availability, Confidentiality, and Currency.

#### **6.6.10 Measurable Improvements**

The Social Security Programme will measure quantitative and qualitative measurable improvements delivered by Programme outputs. The measurable improvement realisation process will demonstrate how each output and subsequent outcome has contributed to the Programme's Critical Success Factors as indicated below.

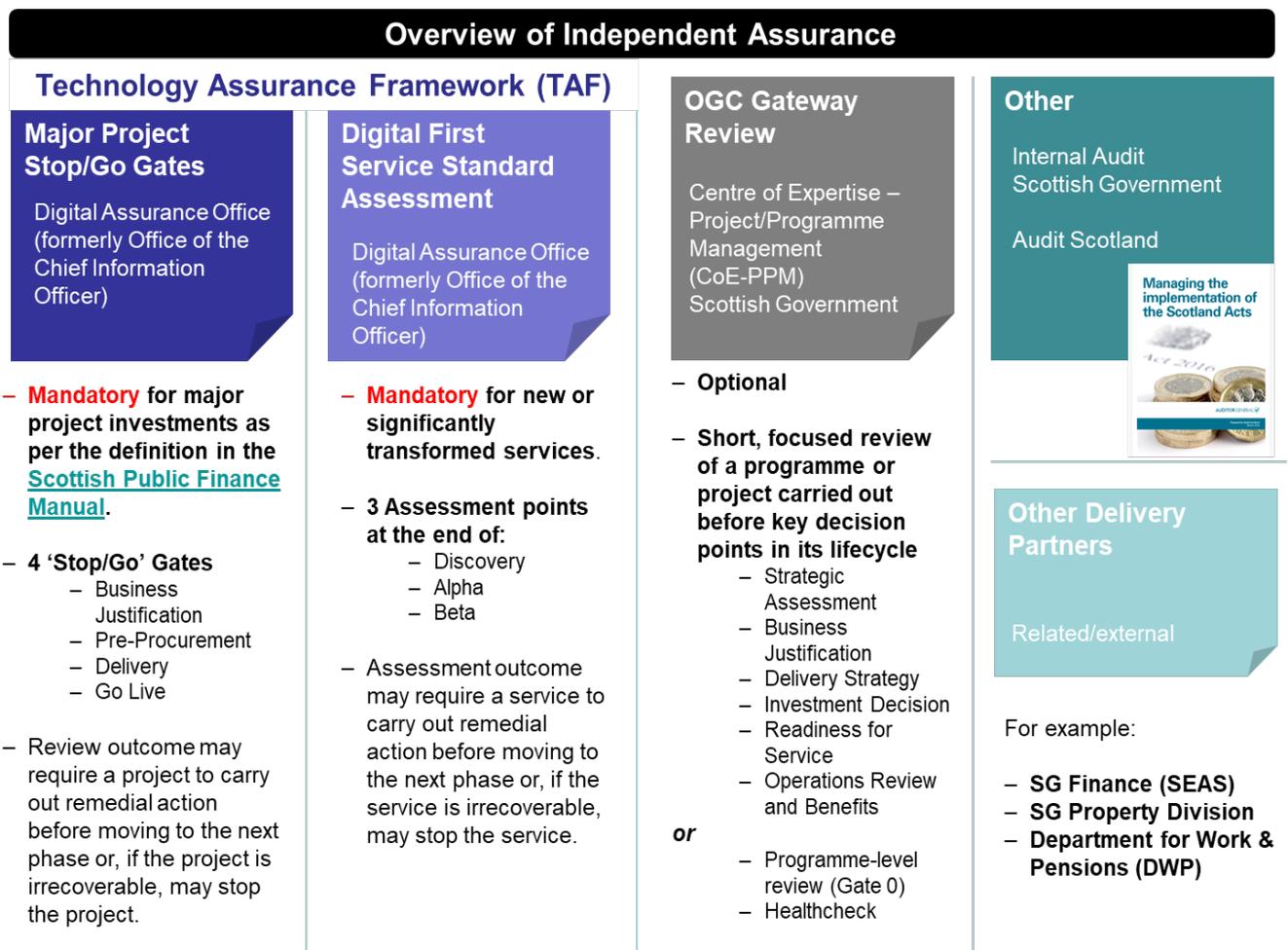
**Figure 6.7 Programme Outputs and Critical Success Factors**



### **6.7 Technology Assurance Framework (TAF)**

The Digital Assurance Office (formerly Office of the Chief Information Officer - OCIO) administers the Technology Assurance Framework (TAF) for Central Government organisations (excluding NHS bodies) in Scotland. The approach is designed to minimise the projects with challenges and flush out issues early so remedial action can be taken in good time. The arrangements include mandatory stop/go gates for major projects and assessment for compliance with the Digital First Service Standard for new or significantly transformed services.

Figure 6.8: Technology Assurance Framework (TAF)



## Annex A – Table of Abbreviations

ALARP	As Low As Reasonably Practicable
AME	Annually Managed Expenditure
ARB	Architecture Review Board
ARC	Audit and Risk Committee
BSG	Best Start Grant
CAD	Scottish Government's Communities Analysis Division
CDO	Chief Digital Office
COSLA	Convention of Scottish Local Authorities
CSFs	Critical Success Factors
DAB	Design Authority Board
DB	Delivery Board
DEL	Departmental Expenditure Limit
DHPs	Discretionary Housing Payments
DLA	Disability Living Allowance
DPA	Delegated Purchasing Authority
DWP	Department for Work and Pensions
EMAs	Education Maintenance Allowances
ET	Executive Team
EWG	Expert Working Group on Welfare
FBC	Full Business Case
FRB	Financial Reporting Board
FTEs	Full Time Equivalents
HMRC	Her Majesty's Revenue and Customs
HMT	HM Treasury
IAR	Information Asset Register
ICT	Information and Communication Technology
ILF	UK Independent Living Fund
iTECS	Information and Technology Services
JSOG	Joint Senior Officials Group (SSD, DWP, HMRC)
JMWGW	Joint Ministerial Working Group on Welfare
KPIs	Key Performance Indicators
MPIP	More Powers Implementation Procurement

MTFS	Medium-Term Financial Strategy
NAO	National Audit Office
OBC	Outline Business Case
OCIO	Office of the Chief Information Officer
OGC	Office of Government Commerce
OMR	Operating, Maintenance and Replacement
ONS	Office of National Statistics
PB	Programme Board
PBC	Programme Business Case
PIP	Personal Independence Payment
PMO	Social Security Programme - Programme Management Office
PM&D	Programme Management & Delivery
PQRs	Price:Quality Ratios
RRB	Risk Review Board
RMG	Release Management Group
RPA	Risk Potential Assessment
SFC	Scottish Fiscal Commission
SG	Scottish Government
SG2020	Scottish Government 2020 Vision
SLA	Service Level Agreement
SMA	Supplier Management & Assurance
SOC	Strategic Outline Case
SPPD	Scottish Procurement and Property Directorate
SPFM	Scottish Public Finance Manual
SPM	Social Programme Management
SRO	Senior Responsible Owner
SSD	Social Security Directorate
SSODA	Social Security Operations and Delivery Analysis
SSS	Social Security Scotland
TAF	Technology Assurance Framework
UC	Universal Credit
UKG	United Kingdom Government
VAT	Value Added Tax

VfM	Value for Money
WBS	Work Breakdown Structure

## **Annex B – Scottish Government’s Existing Public Assistance Activities**

**The Scottish Welfare Fund:** Since April 2013, the Scottish Welfare Fund has provided a safety net for those most in need, helping almost 178,000 vulnerable households. It is a national grant scheme, delivered by all 32 Local Authorities. Developed in partnership with the Convention of Scottish Local Authorities (COSLA), and in consultation with the third sector, the Fund is made possible by the Welfare Funds (Scotland) Act 2015. This is the first substantive example of social security-related legislation to pass through the Scottish Parliament. At the core of the Fund is a requirement that local authorities ensure applicants are treated with respect and dignity. This is important not only to the day-to-day operation of the scheme, but also in setting a precedent for the type of social security this Government seeks to create - one which is centred on the individual.

**The Bedroom Tax:** Scottish Government has been vocal in its opposition to the spare room subsidy reduction, or bedroom tax as it is commonly known. This impacts around 72,000 households in Scotland. We have taken steps to mitigate the effect of this on the people of Scotland by providing additional funding for Discretionary Housing Payments (DHPs). Since 2013, the Scottish Government has given £90 million to local authorities to allow them to top up DHPs to meet the estimated £44.8 million required each year to fully mitigate the cost of the bedroom tax.

**Advice and Advocacy Service:** Since April 2013 the Scottish Government has committed over £23 million for a range of projects to provide advice, advocacy and support for people affected by welfare reform and to tackle poverty. To date, the advice and advocacy projects we have funded have collectively supported over 300,000 people to navigate the welfare system, maximise their income, transition on to new benefits or manage debt.

**Food Poverty:** The Scottish Government’s Emergency Food Action Plan is providing £1 million over 2014/15 and 2015/16 to help combat food poverty in Scotland. It is designated to help food aid providers support even more people and make sure those using food banks as a result of the UK Government’s welfare reforms are able to access appropriate advice and support. Examples of what this funding supports includes 26 emergency food aid projects in 17 local authority areas and the FareShare initiative that tackles food waste and food poverty across Scotland. FareShare takes good quality surplus food from the food industry and makes it available to charities and community groups, providing vital support for the most vulnerable in Scotland who are suffering from food poverty.

**Independent Living Fund:** Scotland has a range of progressive approaches and systems for people that require support from the state which are increasingly characterised by principles of choice, flexibility, control and empowerment. This creates a strong platform upon which to build. The UK Government closed and disbanded the UK Independent Living Fund (ILF) on 30 June 2015 and responsibility for the Fund was devolved to Scotland. Scottish Ministers committed to a new national Scottish ILF, to safeguard the rights of society’s most severely disabled people to live independent lives and to ensure the fund’s long-term future. In setting

up ILF in Scotland, the Scottish Government undertook a truly collaborative approach, developing the work with strong engagement with people with disabilities through representative organisations. The new scheme went live on 1 July 2015, with the establishment of ILF Scotland, and all 2800 Scottish clients transferred on this date. On top of the £47.2 million per year transferred from UK Government for existing clients, the Scottish Government is providing new funding of £5 million to open up the scheme to new clients, for the first time since the UK scheme was closed to new applicants in 2010.

**Passported Benefits:** The Scottish Government controls a number of disability related and income based passported benefits which people can qualify for if they receive one or more UK social security benefits. The Scottish Government believes that the passported benefits, such as exemptions from optical and dental charges are valued by citizens and we will continue to support these, including where the passporting benefit remains reserved to the UK Government.

## **Annex C – Supporting Material for Developing CSFs**

To facilitate the selection of appropriate and relevant CSFs for each individual project/ outcome-specific business case, included below are the following tables:

- Table C.1 provides the set of criteria used in Social Security Scotland OBC to compare the delivery options. Social Security Scotland OBC criteria were largely based on the Creating a Fairer Scotland paper and were adapted to facilitate the evaluation of the delivery system options. As a result, some of the outcomes stated in the priorities of the Fairer Scotland paper that only related to policy were not considered.
- Table C.2 denotes the outcomes associated with each of the criteria grouping as set by Social Security Scotland OBC, which forms the basis of the evaluation criteria.
- Table C.3 contains a summary of the Social Security Scotland Our Charter, which applies the principles in the Social Security (Scotland) Act 2018. It identifies what the principles will translate to in practice and details what the people in Scotland can expect from the Scottish Government and Social Security Scotland.
- Table C.4 integrates the set of criteria used in Social Security Scotland OBC, the practices/ expectations described in the Charter and the principles noted in the Social Security (Scotland) Act 2018 to identify the collective aims of the Social Security Programme that will ultimately form the basis for formulating the CSFs for each project/ outcome-specific business case.

**Table C.1: Framework of Criteria from the Social Security Scotland OBC**

<b>Dignity and Respect</b>					
<b>1. Flexibility, choice and communication</b>	<b>2. Simplicity and support alignment</b>	<b>3. Assessments</b>	<b>4. Governance and accountability</b>	<b>5. Organisational culture</b>	<b>6. Public perception of claimants</b>
This criterion looks at the users' experience of interaction with the social security system and how well each option would allow the system to be tailored to each individual client. This includes the availability of information about entitlement that is clear and consistent, application channels that are suited to users' preferences and needs at different stages of the process, including pre-claim, processing and post-award stages.	This criterion measures the extent to which the new Scottish social security system can help people understand their entitlement to devolved benefits and how this fits into their existing interaction with the reserved social security provision and public services.	This options appraisal assumes that the assessments policy (the process by which eligibility for each of the benefits is determined) is the same under all options.	This criterion refers to the extent to which the governance of the social security system is made inclusive, accountable and responsive to change. This refers to the ease with which groups affected by the payments administered by the system could be involved in its decision-making processes, including the ease of ensuring that these groups are represented in the governance structures. It also refers to the ease and speed with which any system failures could be traced back through the system's processes and the time it takes to change these processes in response.	This refers to the ease and the likelihood of success of incorporating a specific type of culture into the system of delivery for social security in Scotland. Although this refers to the process of establishing any culture, the desired culture is currently assumed to be in line with the principles set out in Creating a Fairer Scotland, A New Future for Social Security in Scotland. More specifically these are: Principle 1: Social security is an investment in the people of Scotland and Principle 2: Respect for the dignity of individuals is at the heart of everything we do	This criterion assess how well the options perform on changing public attitudes toward social security payment recipients.
<b>Equality and Poverty</b>					
<b>7. Interaction with various groups</b>	<b>8. Take-up</b>	<b>9. Income and poverty</b>		<b>10. Consistency and fairness</b>	
This criterion looks at how well the social security system under each option would interact with groups who have specific needs as well as equality groups.	This criterion looks at the ability of each option to increase the take up of devolved benefits, as set out in the outcomes for social security in Creating a Fairer Scotland. Take up of benefits is influenced by a number of factors, including stigma, ease of claiming, awareness of entitlement and the level of benefit. It is important to note that since this analysis is about the delivery of social security, the criterion is measuring how the take up would be influenced by the system itself, assuming that policy, such as the level of benefit paid, is the same under all options.	Although the majority of the caseload and expenditure on the devolved benefits is on non-means tested benefits, there are several reasons why different ways in which the benefits are delivered could have an impact on those on low incomes and in poverty. Each are discussed in this criterion in turn.		This criterion measures the extent to which each option can ensure that people in the same situation can achieve the same outcomes. This includes consistency of advice, support, decision making and ability to challenge decisions made.	
<b>Efficiency and Alignment</b>					
<b>11. System efficiency and flexibility</b>	<b>12. Alignment with reserved benefit system</b>	<b>13. Alignment with local &amp; devolved public services</b>	<b>14. Control</b>	<b>15. Transparency</b>	
This criterion comprises several components, which define the efficiency and flexibility of the social security system. These include; the speed and simplicity of processing a claim, the effectiveness of identity checking, the error and fraud prevention processes and the ability of the system to respond quickly to	This criterion looks at how easy it would be to achieve alignment with the reserved benefit system currently delivered by DWP and HMRC. Means-tested benefits, such as Jobseekers Allowance, Employment and Support Allowance and Income Support will continue to be the responsibility of DWP. Working Tax Credit and Child Tax Credits remain the	This criterion considers several different dimensions in terms of alignment – with respect to assessments, Local Authority services and employability services devolved in the Scotland Act 2016.	This criterion refers to the level of Ministerial control over the social security system, facilitating the ability to implement policy changes quickly. Regardless of the exact set-up of the agency structure, Ministers will play a role in setting out the remit for the agency and it is expected that this	This criterion evaluates each option in terms of how easy systems of monitoring, evaluation, reporting and parliamentary / independent scrutiny can be delivered alongside the main functions of the social security system.	

challenges and changes in priorities and direction.	responsibility of HMRC. Housing Benefit policy is the responsibility of DWP but the administration of payments sits with Local Authorities. With the rollout of Universal Credit, these six main means-tested benefits, will be rolled into a single benefit and become the sole responsibility of DWP.		will be an ongoing process where the remit is subject to change in response to evolving priorities. It is expected that any changes in administration could lead to changes in remit.
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**Implementability and Risk**

16. Scale of change and timescales	17. IT system risks	18. Assessment system risk	19. Public perception
This criterion is related to the complexity of each option and the relative extent of change that its implementation would entail in terms of new systems and infrastructure.	This criterion is related to the likely timescales required to implement each option. The ranking of the options under this criterion aligns with the scale of change criterion 16, however there are some key differences.	This criterion refers to the likelihood that agency systems, such as IT, assessments and administrative systems, will fail or not deliver to specification. Failures under any option would cause significant disruption to users and reputational damage to the Scottish government.	Whilst Criterion 6 assessed which option was best placed to shift public perceptions of social security users, this criterion assesses public perceptions of the Scottish Government's delivery of a social security system. Specifically, this criterion will assess each option against the likelihood that the public view of the delivery system and its efficiency positively or otherwise, across the six options.

**Economy, Society and Environment**

20. Employee job satisfaction - assessments	21. Employee job satisfaction – non assessments	22. Regeneration	23. Business development	24. Third sector organisations	25. Public sector organisations	26. Resource consumption	27. Travel and transportation
The 'employee – assessments' criteria refers to the level of job satisfaction amongst employees carrying out face-to-face assessments under each option. This includes aspects such as responsibilities, caseload per employee, quality of premises, morale and engagement.	This criteria refers to the level of job satisfaction of social security system employees, excluding those that carry out face-to-face assessments as discussed in criterion 20.	This criterion refers to the potential regeneration impact under each option. Regeneration refers to the holistic process of reversing the economic, physical and social decline of places where market forces alone won't suffice. The Scottish Government's vision, as set out in the Regeneration Strategy 31, is of a Scotland where Scotland's most disadvantaged communities are supported and where all places are sustainable and promote well-being. In a strategic context, regeneration also supports sustainable economic growth through promoting cohesion (reducing the disparity between regions of Scotland) and solidarity (reducing the inequalities across all individuals).	This criterion measures the impact on employment and business activity in wider economy under each option.	This criterion refers to the extent to which demand on third sector organisations in areas such as advice, information provision and application assistance, can be mitigated under each option. Broadly, options which have the potential to reduce demand on the third sector are ranked highly.	As reflected in the consultation, there are benefits to delivering social security through existing public sector services and organisations from clients' perspectives and social security delivery. However, these benefits are captured under other criteria. Under the Public Sector Organisations criterion the impact on organisations such as the NHS, schools, colleges and local authorities of alignment with the social security system under each option is considered. Therefore, this criteria will rank each option on the best outcome from the perspective of existing public sector organisations, which implies minimising change and disruption to existing organisations.	This criterion examines the extent to which the Scottish Government will have to procure new resources to deliver social security in terms of new capital requirements such as new premises (office space), specialist equipment, human resources and other resources required to run the social security system. Therefore, options which score strongly will require less in terms of procuring these resources.	This criteria assesses the number of travel hours (for staff and clients) and associated costs of travelling (such as carbon emissions) associated with each option at a high level. At this stage, we are using staff numbers as a proxy for the number of journeys required under each option.

**Table C.2: Outcomes and their alignment with the Social Security Scotland OBC criteria**

Criteria Grouping	Outcomes	Criteria from the Social Security Scotland OBC
<b>Dignity and respect</b>	<p>People applying for or in receipt of Scottish benefits are:</p> <ul style="list-style-type: none"> <li>– treated with dignity and respect</li> <li>– can access help and advice to claim the benefits they are entitled to</li> <li>– supported throughout the application assessment process</li> <li>– given a reasonable choice about how their benefits are administered</li> <li>– have positive experience of the Scottish social security system</li> </ul> <p>People resident in Scotland:</p> <ul style="list-style-type: none"> <li>– have an awareness of benefits and who and what they are for</li> <li>– view the benefit and those who receive them positively</li> </ul>	<ol style="list-style-type: none"> <li>1) Flexibility, choice and communication</li> <li>2) Simplicity and support alignment</li> <li>3) Assessments</li> <li>4) Governance and accountability</li> <li>5) Organisational culture</li> <li>6) Public perception of claimants</li> </ol>
<b>Equality and poverty</b>	<p>Scottish benefits:</p> <ul style="list-style-type: none"> <li>– target the right people and seek to impact on poverty and inequality</li> <li>– make a positive difference to recipients</li> <li>– are paid to as many of those who are entitled to them as possible whilst minimising fraud and errors</li> </ul> <p>People in receipt of Scottish benefits and their families are enabled to have:</p> <ul style="list-style-type: none"> <li>– an increased sense of control and empowerment over their lives</li> <li>– an increased sense of confidence and security</li> </ul>	<ol style="list-style-type: none"> <li>7) Interaction with various groups</li> <li>8) Take-up</li> <li>9) Income and Poverty</li> <li>10) Consistency and fairness</li> </ol>
<b>Efficiency and alignment</b>	<p>The Scottish social security system is:</p> <ul style="list-style-type: none"> <li>– administered in a swift and streamlined manner which meets the needs of recipients</li> <li>– accessible, user friendly and simple to access</li> <li>– aligned as effectively as possible with the reserved benefit system</li> <li>– aligned as effectively as possible with other services to help ensure recipients get the support they need</li> </ul> <p>Scottish benefits:</p> <ul style="list-style-type: none"> <li>– target the right people and seek to impact on poverty and inequality</li> </ul>	<ol style="list-style-type: none"> <li>11) System efficiency and flexibility</li> <li>12) Alignment with reserved benefit system</li> <li>13) Alignment with local and devolved public services</li> <li>14) Control</li> <li>15) Transparency</li> </ol>

	<ul style="list-style-type: none"> <li>– are paid to as many of those who are entitled to them as possible whilst minimising fraud and errors</li> </ul> <p>People resident in Scotland:</p> <ul style="list-style-type: none"> <li>– see Scottish benefits as providing value for money</li> </ul>	
<b>Implement ability and risk</b>	<p>STAG Guidance</p> <ul style="list-style-type: none"> <li>– Feasibility – a preliminary assessment of the feasibility of construction or implementation and operation (if relevant) of an option as well as any cost, timescale or deliverability risks associated</li> <li>– Affordability – the scale of the financing burden on the promoting authority and other possible funding organisations and the risks associated with these should be considered together with the level of risk associated with an option’s on-going operating or maintenance costs</li> <li>– Public Acceptability – the likely public response is of importance at this initial appraisal phase and reference to supporting evidence, for example results from a consultation exercise must be provided where appropriate</li> </ul>	<p>16)Scale of change and timescales  17)IT system risks  18)Assessment system risk  19)Public perception</p>
<b>Economy, Society and Environment</b>	<p>People resident in Scotland:</p> <ul style="list-style-type: none"> <li>– see Scottish benefits as providing value for money</li> </ul> <p>Other public and third sector services:</p> <ul style="list-style-type: none"> <li>– function better and experience less pressure due to the changes to social security in Scotland</li> </ul> <p>Communities, local assets and housing</p> <ul style="list-style-type: none"> <li>– We are acting to catalyse local level investment including regeneration in our most disadvantaged communities, bringing empty town centre properties</li> </ul> <p>Business Investment</p> <ul style="list-style-type: none"> <li>– Infrastructure investment attracts business investment, stimulates economic activity and deepens access to the labour market</li> </ul>	<p>20)Employee job satisfaction – assessments  21)Employee job satisfaction – non assessments  22)Regeneration  23)Business development  24)Third sector organisations  25)Public sector organisations  26)Resource consumption  27)Travel and transportation</p>

**Table C.3: Summary of the Social Security Scotland Our Charter**

*Note that the Charter’s overall practices are aligned with the Social Security Scotland OBC’s criteria grouping as designated by the colour. For example, the Charter’s “A people’s service” is grouped with the Social Security Scotland OBC’s “Dignity and respect” criteria grouping.*

<b>A people’s service</b>	<b>Processes that work</b>
We are here to help you get everything you’re entitled to.	We will design services with the people who use them.
<ol style="list-style-type: none"> <li>1) be patient, kind and consider how you might feel</li> <li>2) listen to you, trust you and treat you as an individual</li> <li>3) treat everyone equally, fairly and without discrimination</li> <li>4) support you through your application, keeping you updated and explaining what will happen and why</li> <li>5) ensure staff are knowledgeable about social security to help you get what you’re entitled to</li> <li>6) refer you to independent advice and support if you want extra help with your application or appeal. You are also entitled to ask someone that you know to support you.</li> <li>7) make decisions in a way that is consistent and accurate – and aim to get them right first time</li> <li>8) be honest, provide clear reasons for decisions and explain what to do if you disagree</li> <li>9) pay you on time in the right amount</li> <li>10) refer you to other organisations, services or forms of help where they could help improve your wellbeing or financial circumstances</li> <li>11) tell you if we think you might be entitled to benefits not delivered by Social Security Scotland</li> <li>12) recruit people who care about delivering a service based on equality, respect, dignity and human rights</li> <li>13) involve people with diverse lived experiences of social security and the organisations that represent them in training staff.</li> </ol>	<ol style="list-style-type: none"> <li>1) make communications, processes and systems as simple and clear as possible by testing them with the people who will use them</li> <li>2) recognise that your time is precious and handle your application and enquiries as quickly as we can</li> <li>3) adapt processes and ways of communicating as much as we reasonably can to meet your needs and preferences, for example by providing interpreters</li> <li>4) support your wellbeing and make your contact with us as positive and stress-free as possible</li> <li>5) ensure that disabled people who need help with the application process can get independent advocacy</li> <li>6) deliver face-to-face services in local communities in places that are convenient and accessible. This includes home visits if appropriate</li> <li>7) look at your application again if you disagree with a decision. This is called a re-determination. When we do this someone different will look at it as if it was a completely new application</li> <li>8) explain how you can appeal if you still don’t think the right decision has been made after a re-determination</li> <li>9) continue to pay you at the same level if you challenge a decision to reduce or stop your benefit</li> <li>10) only carry out a face-to-face assessment for disability benefits when we are not able to make a decision with information that is already available</li> <li>11) ensure face-to-face assessments are carried out in a way that puts your wellbeing first</li> </ol>

- 12) make sure that face-to-face assessments are carried out by qualified staff who understand your condition and the impact it is having on you.

A learning system	A better future
<p>We will encourage feedback and empower people to deliver the best service possible</p>	<p>We will invest in the people of Scotland—making a positive difference to all our lives.</p>
<ul style="list-style-type: none"> <li>4) listen, learn and improve by owning up to mistakes and valuing feedback, complaints and appeal decisions</li> <li>5) encourage you to provide feedback, explain how you can complain and do everything we can to make things right</li> <li>6) involve people using the service in measuring how well it works - including the commitments in Our Charter</li> <li>7) make sure staff are well trained, supported and well equipped to do their jobs</li> <li>8) ensure staff understand the needs of different people and the barriers they face - so that no-one experiences discrimination because of who they are</li> <li>9) encourage staff to speak up when they feel we could provide a better service</li> <li>10) build a workforce that reflects the diversity of the people of Scotland</li> <li>11) create a culture of trust by being open and transparent</li> <li>12) work with other organisations to ensure services and policy are joined up to provide the best possible help and support</li> <li>13) encourage other organisations working in social security to adopt the approach described in Our Charter</li> <li>14) base services in places that are accessible and welcoming for everyone.</li> </ul>	<ul style="list-style-type: none"> <li>1) embed the social security principles and Our Charter in the policymaking process</li> <li>2) involve people with diverse lived experiences of social security in developing policy</li> <li>3) develop policy that seeks to advance equality, non-discrimination and the human right to social security as defined in laws, treaties and guidance</li> <li>4) use social security powers to help ensure people can play a full and active part in society</li> <li>5) promote a positive view of social security, explaining it is a public service to be proud of – a human right there for all of us who need it</li> <li>6) publicly challenge the myths and stereotypes about social security to help reduce stigma and negativity</li> <li>7) change the language on social security - introducing more positive words to describe the service and the people who use it</li> <li>8) look for ways to make eligibility rules fairer and consider creating new benefits to meet people’s changing needs</li> <li>9) review the payment levels of Scottish benefits every year</li> <li>10) increase the value of disability, employment-injury, carers and funeral expense benefits every year in line with inflation</li> <li>11) work to improve take-up, ensuring as many people as possible get what they are entitled to, making a particular effort to reach people who are most likely to be excluded</li> </ul>

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- 12) use social security powers to contribute towards tackling poverty
  - 13) work with other public services to support delivery of the National Outcomes. These define the Scottish Government's vision for a fairer, more prosperous Scotland
  - 14) allocate resources fairly and efficiently, delivering value for money in a way that puts people first
  - 15) develop ways of measuring how we are doing against the commitments in Our Charter.
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Table C.4: Integrated Criteria of the Social Security Scotland OBC with the Charter and Social Security (Scotland) Act 2018 Principles

Social Security (Scotland) Act 2018 – Eight Principles									
		One: social security is an investment in the people of Scotland	Two: social security is itself a human right and essential to the realisation of other human rights	Three: the delivery of social security is a public service	Four: respect for the dignity of individuals is to be at the heart of the Scottish social security system	Five: the Scottish social security system is to contribute to reducing poverty in Scotland	Six: the Scottish social security system is to be designed with the people of Scotland on the basis of evidence	Seven: opportunities are to be sought to continuously improve the	Eight: the Scottish social security system is to be efficient and deliver value for
Social Security Scotland Our Charter	<b>A people's service:</b> We are here to help you get everything you're entitled to.	(2) Simplicity and support alignment	(10) Consistency and fairness	(5) Organisational culture	(5) Organisational culture				
	<b>Processes that work:</b> We will design services with the people who use them.			(3) Assessments			(1) Flexibility, choice and communication  (11) System efficiency and flexibility  16) Scale of change and timescales  (17) IT system risks  (18) Assessment system risk  (19) Public perception	(7) Interaction with various groups	

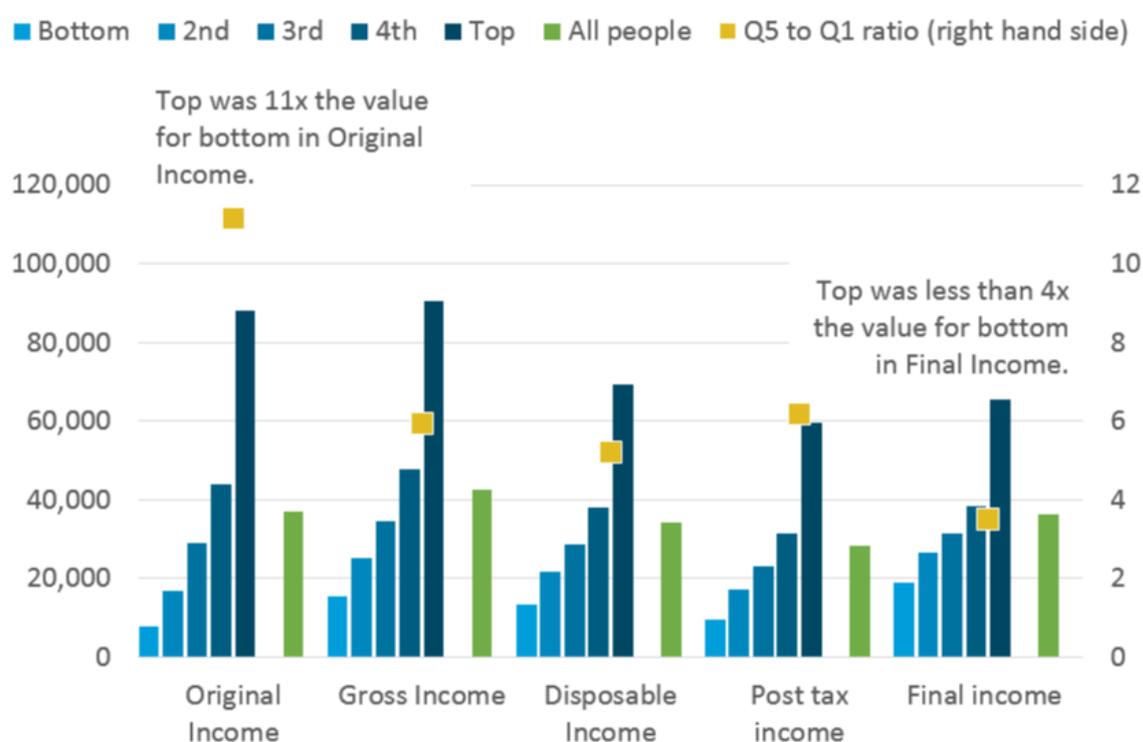
	<p><b>A learning system:</b> We will encourage feedback and empower people to deliver the best service possible</p>	<p>(20) Employee job satisfaction – assessments</p> <p>(21) Employee job satisfaction – non assessments</p>		<p>(4) Governance and accountability</p>			<p>(4) Governance and accountability</p>		<p>(12) Alignment with reserved benefit system</p> <p>(13) Alignment with local and devolved public services</p> <p>(24) Third sector organisations</p> <p>(25) Public sector organisations</p>
		<p>(22) Regeneration</p> <p>(23) Business development</p>	<p>(8) Take-up</p>	<p>(8) Take-up</p> <p>(14) Control</p>	<p>(6) Public perception of claimants</p>	<p>(9) Income and poverty</p>	<p>(14) Control</p>		<p>(12) Alignment with reserved benefit system</p> <p>(13) Alignment with local and devolved public services</p> <p>(15) Transparency</p> <p>(24) Third sector organisations</p> <p>(25) Public sector organisations</p> <p>(26) Resource consumption</p> <p>(27) Travel and transportation</p>

## Annex D – ONS Analysis on the Effects of Taxes and Benefits on UK Household Income: Financial Year Ending 2018

The Office of National Statistics (ONS) conducts yearly estimates of the distributional effect of taxation and of government spending, including social security benefits. The analysis set out below demonstrates at a high level the overarching Socio-Economic Case for social security provision, and some of the impacts that its provision has in terms of reducing inequalities.

In 2018, the ONS found that the receipt of cash benefits (including welfare benefits) reduces income inequality between the poorest and the richest 20% of people<sup>51</sup>. This means that overall, social security programmes (along with taxes and other public assistance) leads to household income being shared more equally between populations (see Figure D.1).

Figure D.1: Taxes and Benefits by Household Income in the UK (2018, £)<sup>52</sup>



Source: ONS (2019)

The figure above illustrates the original income and final income received from households in the UK by various income groups (e.g. bottom and top earners in the UK). The final income takes into account the receipt of public assistance and payments, which increases the final income of the lower income groups (i.e. bottom, 2<sup>nd</sup> and 3<sup>rd</sup> income percentile groups) providing evidence that public assistance, like social security, has a positive effect on income redistribution.

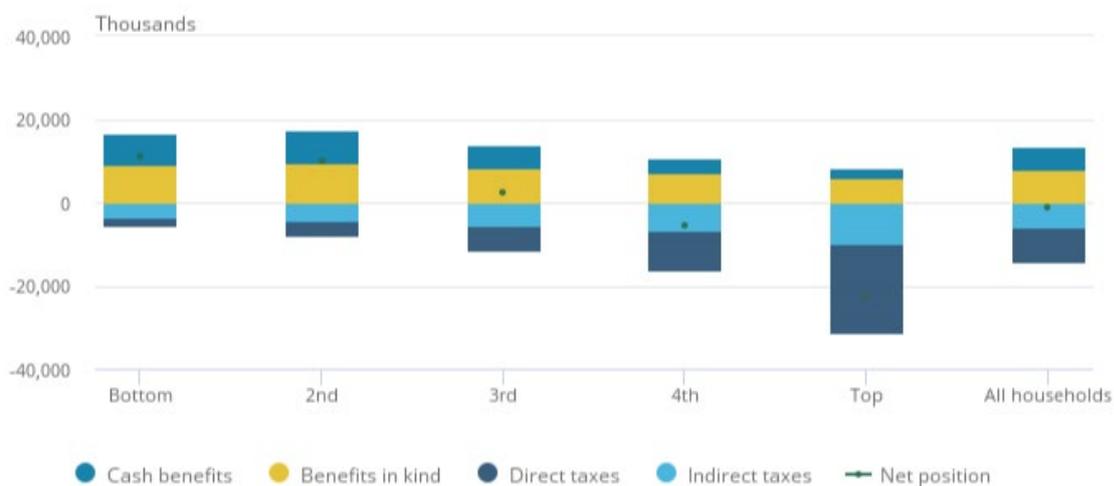
<sup>51</sup> Office of National Statistics (2019). Effects of taxes and benefits on UK household income: financial year ending 2018. <<https://www.ons.gov.uk/peoplepopulationandcommunity/personalandhouseholdfinances/incomeandwealth/bulletins/theeffectsofaxesandbenefitsonhouseholdincome/financialyearending2018>>.

<sup>52</sup> Office of National Statistics (2019).

## Typical Outcomes Associated with Public Assistance Programmes

Figure D.2 further illustrates how taxes and public assistance reduces the income gap between high and low income groups. The figure displays the net positions, in terms of benefits received and taxes paid by households, of each income quintile group. It shows that the lowest income group (i.e. poorest households) receive large amounts of cash benefits compared to other income groups and were net recipients (i.e. public assistance received minus taxes paid was positive). The figure also indicates that the richest income group received less public assistance and paid more in taxes, thus being considered a net contributor.

**Figure D.2: Effects of Taxes and Benefits by Equivalised Household Disposable Income Quintile Groups in the UK (2018, £) <sup>53</sup>**



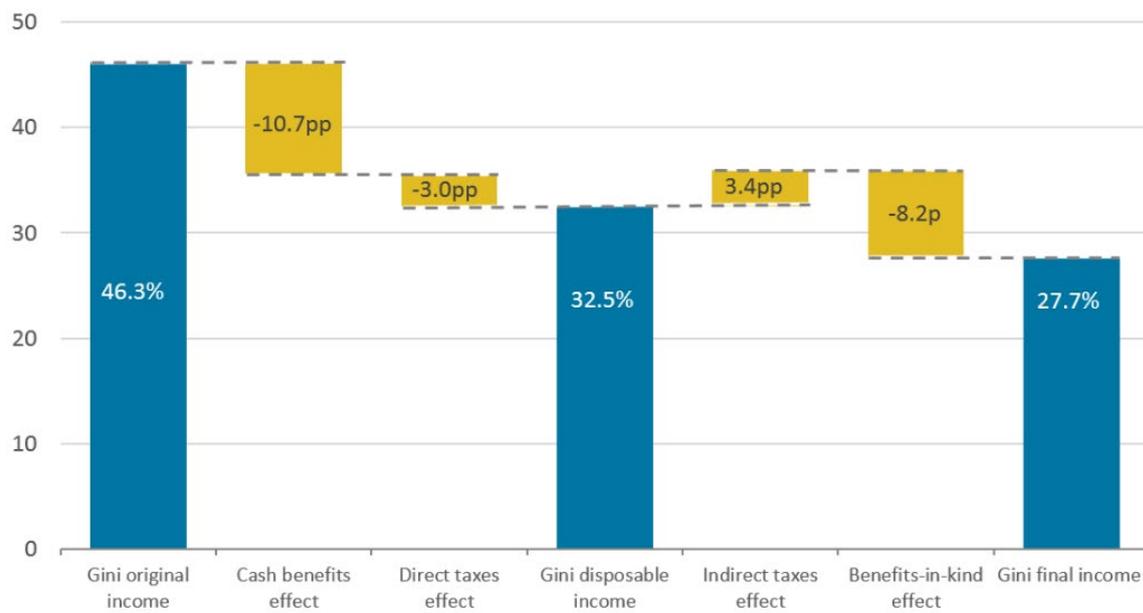
Source: ONS (2019)

In terms of measuring the impacts of government provided benefits on the household incomes of various income groups, the figures above demonstrate that public assistance can make a difference by increasing the income of lower income groups through cash benefits and benefits in kind. The Scottish Social Security Programme aims to create a fairer Scotland by reducing poverty and increasing overall equality. The Programme will use the devolved benefits as a form of public assistance to increase the overall income of lower income and disadvantaged groups of society. Another way to capture the impacts of public assistance is to calculate the Gini Coefficient<sup>54</sup>, which can be a value between 0% and 100%, with lower values indicating a more equally distributed household income across the population. Figure E.3 indicates that in the UK the provision of cash benefits had the largest impact on reducing income inequality, reducing the Gini Coefficient from 46% to 35%.

<sup>53</sup> Office of National Statistics (2019).

<sup>54</sup> The Gini Coefficient is a way to compare how the distribution of income in a country compares to a hypothetical scenario where everyone in the country earned the exact same income. Inequality is calculated between 0% where everyone is earning the same amount and 100%, where all the country's income is earned by a single individual.

Figure D.3: Impact of Taxes and Benefits on Gini Coefficient (2018) <sup>55</sup>



Source: ONS (2019)

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<sup>55</sup> Office of National Statistics (2019).