



T: 0300 244 4000  
E: scottish.ministers@gov.scot

Clare Adamson MSP  
Convener  
Social Security Committee  
M4.10  
The Scottish Parliament  
Edinburgh  
EH99 1SP

SocialSecurityCommittee@parliament.scot

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*Jeane Clare*

### **Audit Scotland Report – Managing the Implementation of the Scotland Acts**

I am writing in relation to the social security elements of the report published today by Audit Scotland on the Scottish Government's approach to implementing the Scotland Act powers.

The report has been informed by many months of interaction between Audit Scotland and my Social Security officials. We provided Audit Scotland with full access to the information they requested and we supplemented that through a series of meetings and workshops.

The Scottish Government is reassured that the report contains a number of positive messages about the Social Security Programme, particularly that good early progress has been made. I am particularly pleased that Audit Scotland recognises the following key points.

- The Programme has made good early progress and is now at an important point as it moves to deliver its first wave of devolved benefits.
- Parliamentary consideration of the Social Security Bill is progressing to the planned timetable.
- Universal Credit Scottish Choices were delivered on time in October 2017.
- The devolution of the first wave of benefits is on track.
- Risk management arrangements are well established.
- Preparations are on track for establishing the agency.
- There has been good ongoing engagement with stakeholders.

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- The Programme has demonstrated good practice by revising its governance arrangements to reflect the needs of the Programme. The current arrangements will need to be kept under review to ensure they are well understood by staff and remain effective.
- The Programme is learning lessons from previous public sector programmes. For example, it has invested in Agile training for staff at all levels of the Programme. This is something Audit Scotland have previously highlighted as important.
- The Scottish Government has demonstrated good practice by establishing multi-disciplinary teams in line with Agile delivery - this structure gives delivery level staff responsibility to progress the Programme, allows quicker decision making, and makes it easier to adapt and learn from day to day experience.

The report is also a useful reminder of some of the areas where we need to retain focus as we continue to progress. In particular these include the following points.

- The Programme's reliance on effective working with others such as the Department for Work and Pensions (DWP), and the development and integration of a number of IT systems.
- The work that is required during 2018 to meet planned timescales.
- The importance of ensuring plans fully reflect interdependencies, assurance activities, contingency arrangements and key decision points.
- The necessity to build on our current approach to financial monitoring and reporting.
- The requirement for the development and refinement of more detailed estimates of costs as decisions are made about service design and long-term IT solutions.

There is one important area where I believe the report does not accurately describe the situation correctly, and that is in relation to the IT solution. At Exhibit 9 the report states that there is a risk that the initial design of the Customer Management System (CMS) being developed by IBM may make it difficult for other suppliers to further develop it to deliver post Wave One benefits. It indicates the potential impact of this is that the CMS may only be able to process Wave One benefits and that the Scottish Government may need another system to deliver the remaining benefits which might, in turn, delay their launch. These statements are factually inaccurate. The CMS will be able to support both Wave One benefits and the benefits to be devolved thereafter. We deliberately procured a multi-benefit system capable of handling all the devolved benefits and which, additionally, has a number of interfaces for other suppliers to connect components to. My officials discussed the detail of the CMS with Audit Scotland on a number of occasions and requested these inaccuracies be corrected prior to publication of the report. Unfortunately they were not.

It is important that the report makes abundantly clear that the Scottish Government cannot deliver devolution of social security powers in isolation given the reliance on DWP for the safe and secure transition of the benefits. They are required both to provide Scottish Government with relevant, robust data and to make significant changes to their systems and processes to ensure an overall joined up experience for citizens who will continue to deal with both the Scottish Government and DWP. We require, and are seeking, assurance from DWP that they have a parallel plan in place which prioritises relevant workstreams for DWP to ensure they are on track with the extensive work they need to undertake.

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We do of course recognise that there is a significant body of work still to be done in this year, and in future years, to ensure successful delivery of devolved social security powers. The priorities that Audit Scotland has highlighted for the Social Security Programme are areas we had already identified and were working on prior to receipt of the report and I am grateful to them for their support in this and for the extensive work they have undertaken in this most recent exercise.

I would be happy to provide the Committee with further detail on progress in these areas if it would be helpful.

Kind regards



**JEANE FREEMAN**

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St Andrew's House, Regent Road, Edinburgh EH1 3DG  
[www.gov.scot](http://www.gov.scot)



