The Committee will meet at 10.00 am in the David Livingstone Room (CR6).

1. **Decision on taking business in private:** The Committee will decide whether to take items 3 and 4 in private.

2. **Section 23 report - Social security: Implementing the devolved powers:**
   The Committee will take evidence from—
   
   Caroline Gardner, Auditor General for Scotland;

   Mark Taylor, Audit Director, Gemma Diamond, Senior Manager, and Kirsty Ridd, Senior Auditor, Audit Scotland.

3. **Section 23 report - Social security: Implementing the devolved powers:**
   The Committee will consider the evidence heard at agenda item 2 and take further evidence from—

   Caroline Gardner, Auditor General for Scotland;

   Mark Taylor, Audit Director, Gemma Diamond, Senior Manager, and Kirsty Ridd, Senior Auditor, Audit Scotland.

4. **Work programme:** The Committee will consider its future scrutiny of the joint report by the Auditor General for Scotland and the Accounts Commission on "Self-directed support - 2017 progress report". The Committee will also consider its approach to post-legislative scrutiny.
Lucy Scharbert
Clerk to the Public Audit and Post-legislative Scrutiny Committee
Room T3.60
The Scottish Parliament
Edinburgh
Tel: 0131 348 5390
Email: papls.committee@parliament.scot
The papers for this meeting are as follows—

**Agenda Item 2**

Note by the Clerk

PRIVATE PAPER

**Agenda Item 4**

PRIVATE PAPER
Public Audit and Post-legislative Scrutiny Committee
13th Meeting, 2019 (Session 5), Thursday 16 May 2019

Section 23 report – Social security: Implementing the devolved powers

Introduction

1. At its meeting today, the Public Audit and Post-legislative Scrutiny Committee will take evidence from the Auditor General for Scotland on her report entitled Social security – Implementing the devolved powers.

2. The Auditor General has prepared a briefing on the key messages from the report and this is attached in Annexe A.

3. The Cabinet Secretary for Social Security and Older People wrote to the Committee on 2 May 2019 in relation to the report and the letter is attached in Annexe B.

Clerks to the Committee
13 May 2019

2. Key messages and recommendations from the report are:

   • The Scottish Government has done well to establish a new agency and start making benefit payments. It has also undertaken important groundwork needed to deliver future benefits in line with its overall policy direction. But the high pace of delivery and the complexity of the social security system has been a significant challenge and meant that the Scottish Government found delivering on its initial commitments harder than expected.

   • Implementing the second wave of benefits is more difficult as the complexity and amount of work increases further. This means a significant change for the implementation programme. The processes and systems currently being used to plan and support implementation have worked well to date. But they will not be enough to support the delivery of the second wave.

   • The programme team is aware of these challenges and is doing the right things, revising arrangements to try to address them. Continuous short-term pressures mean that it is difficult for the team to pause and refocus activity, presenting risks to overall delivery. Many decisions about future benefits and how they will be delivered in the long term are still to be made. The current revision of the business case will be important to clarify priorities. We have recommended that the Scottish Government:

     o finalise, as a priority, revisions to the programme business case

     o develop aligned workforce and finance plans to support delivery timescales and intended outcomes.
The Scottish Government does not yet have a clear understanding of the key things needed to deliver all remaining benefits in the way it intends. This includes not monitoring and reporting on how much it will cost to fully implement all the benefits. It is currently developing financial and workforce plans to support its implementation timescales. It is critical that these are agreed and aligned to the intended outcomes for service users. We have recommended that the Scottish Government:

- fully develop the critical path of planned actions to support the timetable for the delivery of all future benefits
- include realistic and sustainable timelines for procurement, key decision points, and more short-term detail of the planned activity and timescales for wave two benefits
- complete the proposed finance review urgently to ensure that this results in a greater focus on managing total implementation costs alongside the timetable and the quality of outcomes.

3. The report covers a number of areas that have been of interest to the Committee. These include:

- Good progress has been made in implementing the digital arrangements needed for the first benefits. The approach being taken follows the principles of Scotland’s digital strategy and the programme has worked well to embed the agile approach

- The programme has found it difficult to recruit the range of skills and experience it needs. There have been particular challenges recruiting people with the required digital skills, particularly in areas such as cloud computing and cyber security

- The programme and agency will be reliant on the Department of Work and Pensions (DWP) for a number of years. Good operational relationships with the DWP have been maintained. Implementation of Best Start Grant required a manual workaround to be introduced because DWP had been unable to implement a planned interface between Scottish and UK systems in time.
Dear Convener,

Audit Scotland Report – Managing the implementation of the devolved social security powers

I am writing in relation to the report published today by Audit Scotland on the Scottish Government’s approach to implementing the devolved social security powers. The report can be found at:

http://www.audit-scotland.gov.uk/report/search

I welcome the report and Audit Scotland’s finding that “the Scottish Government has done well to establish a new agency and start making benefit payments”. It notes that we have “undertaken important groundwork needed to deliver future benefits”, and affords us an opportunity to reflect on what we have delivered to date, as well as the extent of the challenge inherent in delivery of the post-2020 benefits, and how we approach that challenge. The Scottish Government is reassured that the report contains a number of positive reflections on the Social Security Programme, particularly on its progress to date in delivering on its commitments. I am pleased that Audit Scotland recognises the following key achievements:

- The Programme has ‘done well’ to deliver at a fast pace and despite the significant challenges we face in terms of the high pace of delivery and the complexity of the social security system.
- We have successfully established our new agency, Scottish Security Scotland
- We have developed and published a Social Security Charter to guide the experience of people who apply for and receive social security, co-designed with people who have lived experience of the current system.
- We have set up the Scottish Commission on Social Security, a new independent scrutiny body which will hold Scotland’s social security system to account.
- We successfully launched the Carer’s Allowance Supplement in September 2018, paying an additional £33 million to around 77,500 carers in our communities.
- We launched the first element of the Best Start Grant, the Pregnancy and Baby Payment, in December 2018, and to date, have paid £3.5 million in assistance to 9,700 families – (for context, in the first two months of Best Start Grant we paid out £2.7 million – outstripping the £2 million the DWP paid in a whole year before).
- We have embedded new ways of working, including multidisciplinary teams which bring together the relevant staff from agency and across programme functions - such as policy, digital and user research staff - to support the phased delivery of the benefits and to reflect the principles of dignity, fairness, and respect.
- The programme continues to show a commitment to reflecting on its progress and learning lessons.

We remain committed to ongoing stakeholder engagement, and the report specifically references our undertaking to continue actively involving those with an interest in the social security system. This includes acknowledgement of the Scottish Government’s good use of our Experience Panels to inform the design and development of agency operations, complaints handling, redetermination and appeals, and benefits rules, and points to where stakeholder feedback has led to changes in proposed regulations: evidence of our commitment to co-designing our services with users and acting on their feedback.

We have always been clear that delivery of next stage of benefits, including the more complex disability and carer benefits, will involve a higher degree of complexity and challenge – all the more so because, in order to deliver as quickly as possible, we are necessarily refining our policy in parallel to the design of our new services.

Learning from each benefit we have delivered is important. We are aware of the challenges, which the report notes we have responded to well hitherto, and we recognise there is a considerable amount of work still needed to deliver all the devolved benefits in a way that meets the needs of the people of Scotland.

That is why we have already started to address the points for improvement identified in the report. Specifically we have:

- put in place reviews of our systems and processes, which stood us in good stead for the first wave of benefits, to ensure that they are ready to support us into the next.
- put long-term plans in place for future benefits and have already made significant progress in delivering them. This includes completing “discovery” phases for all the disability benefits to understand the current experience of service users under the current system and prioritise which aspects most need improvement (a key feature of our Agile ways of working). We have also awarded a contract for the Disability Benefits Digital Portal (the online access point for people applying for these
benefits), and are about to award a contract for the major computer platform that will underpin future benefits.

- continued our commitment to consult with users. Our consultation on Disability Assistance is ongoing (closing on 28 May). Policy has been informed by the Disability and Carers Benefits Expert Advisory Group, our innovative Experience Panels and stakeholders, ensuring we have a system built with people.

- put a dedicated Programme Resourcing Team in place, and established a new Workforce Planning Group in February to support in planning and baselining the resources we will require to deliver the post-2020 benefits. For digital skills, the Chief Digital Officer is working with SG HR to explore solutions like making use of starting salary flexibility and introducing flexibility on the payment of the Digital, Data and Technology (DDaT) pay supplement. We also have new arrangements in place with Digital colleagues to grow and train our own specialist base, linked to the development of the Scottish Government’s Digital Academy.

- commissioned an independent review of our finances, which is expected to report this month, and put in place a new senior finance team who are already working to enhance our financial management arrangements.

- already carried out lessons learned activities for the benefits launched to date, and identified a number of immediate, medium and longer-term lessons which will inform delivery of the remaining benefits. This week, we published a position paper this week on the lessons we have learned to inform our delivery of the devolved benefits, drawn from a range of sources including from other government change programmes and from people who have lived experience of the current benefits system.

As Audit Scotland draws out in this report, and we have always been clear about, delivering the next phase of devolved benefits will involve a higher degree of challenge and complexity. Equally it brings opportunity to build a better social security system for the people of Scotland. I am committed to a safe and secure approach to delivering the devolved benefits, to ensure people and payments are protected, and people receive the support they are due.

The Scottish Government has put in a large amount of work already to ensure that we will be ready to rise to that challenge. The improvements that we are already introducing, in line with Audit Scotland’s recommendations, will strengthen our capacity to deliver on the most complicated feat of devolution since the Scottish Parliament was reconvened.

I hope you find this note useful and I would be interested to hear your views on the report the next time we meet.
Best Wishes,

SHIRLEY-ANNE SOMERVILLE