OFFICIAL REPORT
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Social Justice and Social Security Committee

Thursday 22 January 2026

Session 6

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SOCIAL JUSTICE AND SOCIAL SECURITY COMMITTEE
3rd Meeting 2026, Session 6

CONVENER

*Collette Stevenson (East Kilbride) (SNP)

DEPUTY CONVENER

*Bob Doris (Glasgow Maryhill and Springburn) (SNP)

COMMITTEE MEMBERS

*Claire Baker (Mid Scotland and Fife) (Lab)
*Jeremy Balfour (Lothian) (Ind)
*Marie McNair (Clydebank and Milngavie) (SNP)
*Carol Mochan (South Scotland) (Lab)
*Alexander Stewart (Mid Scotland and Fife) (Con)
Elena Whitham (Carrick, Cumnock and Doon Valley) (SNP)

*attended

THE FOLLOWING ALSO PARTICIPATED:

Karyn Dunning (Social Security Scotland)
Gerry O'Donnell (Social Security Scotland)
David Wallace (Social Security Scotland)

CLERK TO THE COMMITTEE

Diane Barr

LOCATION

The Mary Fairfax Somerville Room (CR2)

Scottish Parliament

Social Justice and Social Security Committee

Thursday 22 January 2026

[The Convener opened the meeting at 09:00]

Decision on Taking Business in Private

The Convener (Collette Stevenson): Good morning, and welcome to the third meeting in 2026 of the Social Justice and Social Security Committee. We have received apologies from Elena Whitham.

Our first item of business is a decision on taking business in private. Does the committee agree to take items 3, 4 and 5 in private?

Members *indicated agreement*.

Social Security Scotland

09:00

The Convener: Our next item of business is an evidence-taking session with Social Security Scotland. I welcome to the meeting: David Wallace, chief executive; Karyn Dunning, interim chief operating officer; and Gerry O'Donnell, interim deputy director for finance and corporate services. Thank you very much for joining us today.

I invite David Wallace to make some brief opening remarks, and then we will head into questions.

David Wallace (Social Security Scotland): Thank you, convener and members of the committee, for the invitation to speak to you today.

I realise that the word "interim" was used a lot in your introductions of Karyn and Gerry, convener, so I just wanted to pause on that slightly. Karyn is a permanent member of our organisation, and she is filling the chief operating officer role while it gets filled. Gerry is filling in for maternity leave; he is an experienced finance director, most recently working with the Scottish Prison Service. I know that the word "interim" was used a few times, but I feel well supported today and in the organisation.

I will say a few words to start with. It has been about a year since I last came before the committee. We published our 2024-25 annual report and accounts in November 2025, and I am grateful for the opportunity today to update you on Social Security Scotland's performance over the past year.

We have continued to deliver benefits with dignity, fairness and respect. We expect by 2026 to have supported around 2 million people across Scotland with services that are designed around the needs of our clients. I am pleased to confirm that, in 2025, we processed more than 1 million payments, covering key benefits such as the disability payment and the carer support payment, with notable improvement in our processing times.

We completed the adult disability payment and carer support payment case transfer for more than 700,000 benefit awards, with no break in those payments; we achieved the full national roll-out of the pension-age disability payment; and we have successfully launched and delivered the pension-age winter heating payment. As far our administration costs are concerned, we remained under budget, delivering efficiencies in staffing and information technology, and we are continuing to enhance the client experience. We have also strengthened our operational capacity, with the introduction of robust fraud error controls and a recognition of the importance of public service

reform and the development of shared service opportunities in improving future efficiencies.

We are committed to transparency. We have published a wide range of official statistics, and we continue to work with key interested stakeholders to improve those statistics. We also published our first-ever environmental plan, which is designed to ensure that the organisation recognises the importance of achieving environmental aims.

We are, as we will no doubt discuss, at a pivotal point, as we come up to the closure of the social security programme in March 2026 and the transfer of those capabilities so that we can continue to deliver for our clients. As we enter that new phase, we remain committed to ensuring client-focused delivery, underpinned by financial discipline, strong governance and value for money. This spring, we will launch two new benefits to support carers—the Scottish carer supplement and the carer additional person payment.

We were pleased that some members visited our office in High Street in December, and at that meeting, we highlighted some areas that we will continue to pay attention to, including data sharing, integration, clarity in client communications, proportionate fraud controls, cross-border residency and debt recovery processes. I believe that we have good tangible progress to show on all those fronts, and I look forward to discussing them.

I am really proud of the progress that we have made, but I recognise that there is much more that we will need to do. I thank the committee once again for the opportunity to answer questions.

The Convener: Thank you for those opening remarks, David. I now invite Claire Baker to ask some questions.

Claire Baker (Mid Scotland and Fife) (Lab): You mentioned the changes that are coming in March, and which were part of the Scottish budget that we had the other week. I have some questions about the increase in staff as a result of the closure of the social security programme. You have talked about budget changes and efficiencies and driving down costs , but we are going to see quite a big increase in the organisation in the next financial year. I just want to get an understanding of why those staff have to be transferred and what function they will have when they are transferred to Social Security Scotland.

David Wallace: To provide context and as I said in my opening statement—this is probably understood by the committee—I emphasise that the closure of the programme is a key significant milestone in the devolution of social security. It will be the first time in Scotland since we have had a social security system that there has not been a social security programme in the Scottish Government; the programme has been in place for as long as we have been delivering benefits in Scotland. Another key point to emphasise is that there has also been a Department for Work and Pensions programme alongside that. For the first time, we will enter an environment where we do not have a programme in the Scottish Government and we do not have a dedicated programme in the DWP. I cannot overplay the significance of that.

It is important to recognise that the programme has been working on our live services for all those years. Previously, we had a conversation with the committee about our systems. As we have developed, we have had one system that is both the agency's live service system and the system that has been developing all the new benefits. There are areas of expertise within the programme. Specifically, all the expertise for release—how we develop and design a system, release it, test it and make it go live—has deliberately been within the programme. Those are the types of skills and capabilities that need to come into the organisation, which is what we are currently working on.

Claire Baker: Our briefing papers note that

"the function of developing new benefits passes from the Scottish Government to the agency. Policy remains with the Scottish Government."

Although the additional child benefit has been announced, I do not think that it is anticipated that there will be significant new benefits, but there seems to be quite a big increase in staff and budget. I want to understand what the function will be. The functions that were being performed in the Scottish Government seems different to the functions that will be performed by Social Security Scotland.

David Wallace: They will be. It is worth noting that the staffing numbers will be a significant decrease from the programme at its height. Although there will be an addition to the organisation's headcount at the point of transfer, there has been a significant reduction in capability and capacity from the peak of the programme, which was around 2022-23. As I have said, I am not responsible for the programme, as that responsibility sits elsewhere, but I think that there were more than 800 people in the programme alone. It also drew quite heavily on contracted resource, so that was not the full capacity, as it were.

The capacity that is coming across to Social Security Scotland is much reduced, and the skills will focus on the areas that support the live operation as well as the change capability, whether that is the introduction of brand new

benefits or changes in relation to lots of other things that I suspect that we will discuss today, such as improving fraud prevention, data or the client experience. I would describe it as a change and transformation capability. We will continue to drive public service reform efficiencies across the organisation. Those wide capabilities will come across from the programme.

Although you are absolutely right about policy, we also want to be in a position that, whatever Administration there may be in future, when demands are made to continue to refine or change policy, from current policy through to brand new potential benefits, we are in a position where we are not having to create all the capability from a standing start. The capacity has been significantly reduced from the height of the programme, but I recognise that there will be a big transfer of people.

Claire Baker: Looking at what is anticipated to happen over the next few years, it appears that there will be a bulge in the next financial year and that social security administration spending plans then start to reduce. There will be a bulge in 2026-27, after which it is anticipated that there will be reductions—in three years' time, spending will reduce to £384.4 million. How do you plan to achieve that? I think that that is in the spending review. Is that right?

David Wallace: Yes. I might turn to Gerry O'Donnell on some of the budgeting aspects. We will have assets on the books that will be included in the depreciation figures.

We will have assets on the books that will be included in the depreciation figures. I am not sure exactly which figure you are referring to, but there will be some depreciation and lots of capital in there as well.

In terms of the year after, you are absolutely right to point out the peak or the bulge, as it were, of activity. As I said in my opening statement, when the programme closes at the end of March, we will have just delivered those two final benefits from the programme, the organisation will have just reached the peak of its operational requirements and it will be the first time that we have done all of the live benefits that we need to be doing. We have always had the challenge of measuring a moving target as it goes up, as well.

However, what we have been able to demonstrate—Karyn Dunning might want to come in on this as well—is that, once we get stability and some experience of those benefits, we can bring the headcount and staffing downwards.

The scale of the reduction that you are referring to, in terms of reaching a peak and going downwards, requires and relies on that investment to ensure that we are delivering efficiencies inside the organisation in order to deliver those levels of expenditure.

Claire Baker: A journalist recently did some work on comparisons with the DWP in relation to the amount of staff that we have in Social Security Scotland and found that the number is significantly higher in Social Security Scotland. Do you want to set out the reasons why that is the case?

David Wallace: Yes. I may not refer to those particular figures. That article reflected the information that we gave in response to a freedom of information request. We would always say that what we are giving out is raw data in response to a particular set of questions that have been asked, and that always comes with caveats. Although I am not challenging the maths or the arithmetic, we would not have used those figures in that particular way to get to those calculations.

I come back to the overall value of efficiency and, again, Gerry O'Donnell might want to come in on this as well. When we set out the financial memorandum accompanying the Social Security (Scotland) Bill in 2018, Scottish Government analysts worked closely with the DWP on the benefits that were transferring to Scotland. The analysis was that about 6.3 per cent of benefit expenditure was needed for the administration of that. Our latest figure for that comparator is 4.6 per cent, so we are significantly lower than the financial memorandum said the administrative costs of the organisation would look like.

I genuinely have not seen the calculations behind those figures, so I cannot comment, but I would keep coming back to those original figures. We had teams of analysts in the Scottish Government and DWP working to get to those figures. I accept that it for the overall administration of all those benefits, but, for me, it illustrates that we are operating within a value-for-money envelope.

I do not want to comment too much on the figures. I do not know the calculations behind them. Reflecting on that, and we might come on to this later, I would add that when Audit Scotland looked at the adult disability payment, its recommendations were that we should be able to do a bit more on that comparator. However, it spent three or four months looking at that and did not come up with a direct set of comparators, because the information and context were not there to do it. Audit Scotland's recommendation was that we should do a bit more work so that we can be in that position, rather than saying that those are the comparators at the moment.

Claire Baker: Is there time for one more question, convener?

The Convener: I believe that Jeremy Balfour wants to come in.

Claire Baker: I just have a brief final question. Is that okay?

The Convener: Okay, and then I will allow Jeremy to come in.

Claire Baker: You mentioned Audit Scotland. I have questioned the increasing budget. Audit Scotland has raised the point that there is limited evidence that the necessary resources will be in place, so it is concerned about there being too little budget. It is a bit like the three bears—is it too much, is it too little or is it just right? What would you say in relation to the comments in Audit Scotland's report?

David Wallace: You are absolutely right that we have had this from both perspectives—that the budget is either too little or too much. The Audit Scotland report that is being referred to there is Audit Scotland's report on our annual report and accounts, rather than the ADP review, which was done as a separate bit of work by Audit Scotland.

Audit Scotland comes in every year to do that annual audit, which happens at a particular point in time. It worked closely with Gerry O'Donnell's team, probably over the summer months, when the budget process was still going on. At that point, Audit Scotland was highlighting the work that was being done on the closure of the programme and the transition, and it reflected things at that point.

09:15

That report is about a point in time, rather than being reflective of where we are now. The budget settlement, which you referred to, fully recognises that we need to transfer people across from the programme. It also fully recognises that the capital expenditure that sat in the programme will come into the organisation. It is a good, strong settlement that allows us to deliver the benefits and, importantly, drive improvements. The Audit Scotland report that you refer to was the one on our annual report and accounts.

Claire Baker: Thank you. Does anybody else want to add anything?

Gerry O'Donnell (Social Security Scotland): I have a couple of points. On the size of the budget, one reason for the increasing budget is that the transfer of the asset from the programme to Social Security Scotland involves quite a large annual depreciation amount. I do not have the exact figure, but the depreciation cost is circa £50 million to £60 million a year, and that is transferring into the social security budget.

David Wallace is right that Audit Scotland was commenting on an internal audit report from earlier in the year on our preparedness for the transfer. One of the key messages in the Audit Scotland report was that we recognised that there were significant risks and had been working closely with the Scottish Government to agree and manage the transition with resources and funding. That has happened with the budget and in the preparation that we put in place for March.

Claire Baker: Thank you.

Jeremy Balfour (Lothian) (Ind): Good morning. I will wrap two questions into one, for the sake of time. To go back to Claire Baker's question about the transfer, did you go to the Scottish Government and say, "We need these people," or did the Scottish Government say to you, "We have these people—can you take them on board?" Whose choice was it to take those individuals on board?

Previously, when I have asked you about why you could not tell us how long things would take, you have told the committee that it was because the system was not designed in that way. Do you have confidence that the people who are being transferred across and who have designed the initial system are capable of delivering a system that will be up for 21st century analysis? One of the problems that the committee and the public have is that we cannot get a lot of information because you cannot provide it. That is because of the system, yet the same people who designed the system are now being taken on board.

David Wallace: There is quite a lot wrapped up in that. As an overarching point at the top, I put on record the sheer scale and complexity of the achievement and the dedication of those programme people in doing something that I do not think has been done previously in a Scottish context. At the start, we looked around Europe and the rest of the world for examples of devolving a system while the system was on-going, and we genuinely could not find any. In relation to the creation of the programme in the Scottish Government, I absolutely want to put on record and recognise the sheer quality of the people who have come through that.

On your point about who came to who, I would say that it was probably more of an emerging approach. We always knew that we needed capabilities. A really good example is that the programme has in effect been developing our live system. We have spoken before about what that means. We have to bring down all of our systems for one benefit. If we uprate a carers benefit, the whole system comes down, and our programme colleagues need to test it, release it and stand it back up again. Working on that has been incredibly complex. There was probably more of an emerging issue about how to transfer and close

a programme of that scale when it is also dealing with something live.

We always knew that we would need certain capabilities within the organisation, and it has become obvious that those capabilities are currently sitting in the programme. To go back to Ms Baker's question, we have not just put our arms around it and said, ''That's fine. We'll take all of that." There has been a detailed and careful project on what skills and capabilities we need and how to match them from across the organisation. The people in the programme, that is, those within the Scottish Government, are going a number of ways: some will come to us, and many will go off and do other projects within the Scottish Government—that has already started to happen, with the number of people going from its peak of around 800 down to below 200. There has been a matching of skills and capabilities.

On the third element of your question, which was about whether that brings us the skills to do some of the things that you have talked about, it absolutely does. However, I think that what is important is where you point those skills. Unapologetically, the programme has been pointed at making sure that applicants can come to the organisation and get the money that they are due. We have spoken before about that being done through a minimum viable product. Some of our work on benefits has been built up over seven years, and there are elements of it that we would like to do much more on. That is why we are bringing some of that capability across. I am sure that we will touch on fraud, data, error and debt recovery—those are the elements that we want to look at in more depth.

From my personal perspective, people have been making a choice, following detailed matching, to move from the programme to the agency. They are not coming to the agency because it is their only avenue to be released. We believe that the programme has created a highly skilled set of civil servants who might not have had that impact before and who are now working across our Government. Things have been done in the areas that that expertise has been pointed at, with the milestones and priorities to make sure that we get what we need.

Jeremy Balfour: I might come back in later.

Alexander Stewart (Mid Scotland and Fife) (Con): Mr Wallace, you indicated in your opening statement that progress was being made on tackling fraud and error. I want to tease out answers from you on a number of questions.

Audit Scotland prepared a report that made some recommendations about this whole area. One of the recommendations was to

"work at pace to ensure that the necessary resources and systems are in place to carry out fraud and error estimation exercises".

It would be good to hear where Social Security Scotland is now in relation to that recommendation and how you are managing that process effectively.

David Wallace: I will say something on that, and I might bring in Gerry O'Donnell to say more about the progress that has been made.

I want to give assurance up front that, whenever Audit Scotland talks about the estimation of fraud, it is talking about the estimation of fraud, which is not to be confused with our ability to tackle it, highlight it and prosecute all the elements of it. It is about whether we can estimate fraud in the caseload.

As the committee will be well aware, legislation needs to be passed before my organisation has the ability to compel clients to come and have a conversation with us, which would allow us to have the evidence to estimate fraud.

We have looked around for the best methodology for the estimation of fraud, and we have ended up with a proposal that looks very similar to the methodology that the DWP uses. We did not automatically home in on that; we looked at what methodology would be best to use. The methodology is about the estimation element of fraud, rather than about tackling it in its widest sense. There has sometimes been confusion around that among our stakeholders.

In terms of expertise, we are building up those teams**.** I think that the cabinet secretary has made a commitment to a consultation on the required legislation, which I do not have an up-to-date timetable for. However, from the organisation's perspective, we are preparing and building the teams in the background that are required for that.

Gerry O'Donnel, do you want to say anything?

Gerry O'Donnell: In the annual audit report, Audit Scotland says that we have

"adequate arrangements in place to prevent and detect fraud or other irregularities"

and that

"Given resource restrictions,"

we

"should continue to prioritise … work … on risk and value."

That is about that estimation. Supporting legislation is going through that will allow us to do test sampling and give us robust estimates. A consultation process is going on, and my understanding is that that legislation will be in place before this parliamentary session ends.

While that is going on, we are identifying resources for the development of the processes, the technology and the guidance for our staff, so that we are ready to implement the regulations when they come into effect. That is for fraud and client-induced error.

In the meantime, we still work on our own estimates for error. We have carried out work on best start foods payments and the Scottish child payment. This year, we have also been working on estimates on the adult disability payment, on which we will hopefully have a report on 26 May. A lot of work is going on, and the delivery of those estimates is a focus for the organisation.

Alexander Stewart: From that, can we talk about what you are doing with regard to enforced deductions and civil recovery? If you are setting up the processes and getting things in shape, how is that aspect being implemented and progressed? Does your management of deductions and civil recoveries have a knock-on effect?

Gerry O'Donnell: At the moment, our capability is only for voluntary deductions. Work is on-going to establish processes around challenge rights in relation to enforced deductions, which are complex. We are hoping to have that matter resolved by later this year—I think that it will be in quarter 3 in 2026-27.

In the committee meeting that we had in December, we outlined a pilot of the use of the civil recovery route. We had a pilot of around 80 cases that were a bit old. At the beginning of January, we engaged with a legal partner and sent out letters with action for the clients to engage with. Before we even started that process, we wrote to all the clients to explain that we were going down that route, and nine clients immediately came back to discuss voluntary repayment plans. On 5 January, letters went out to the remaining cohort. The feedback is that a further six clients have entered into voluntary arrangements. That pilot is therefore already showing a more than 17 per cent success rate. It is early days, but it shows the value of engaging with people.

Alexander Stewart: How are the pilots, systems and processes that you put together to engage with service users designed to minimise the potential for fraud in Social Security Scotland? There might well be a track record of something, or you might have been given advice from the Department for Work and Pensions to have a look at a certain area, to do some sampling or whatever. How do you choose and specify what is required, and how do you ensure that you have the resource, manpower and processes to capture that information?

09:30

David Wallace: We have spoken previously about some of the elements around fraud. For obvious reasons, we are always slightly careful in talking about what capabilities we have and what we do in counter-fraud. I assure the committee today, as I have done in the past, that we have built up an incredibly talented and expert counter-fraud team. We have drawn from some of the areas that you mentioned.

As with all of this, that was done from a standing start. We have drawn people who are highly experienced in counter-fraud from other Government departments, Police Scotland and so on. We always do a fraud assessment whenever we are doing something new in systems, and the teams is involved in learning and identifying issues.

I will give two practical examples, and then let Karyn Dunning say a little more about one of them. We have dedicated specialists working as counter-fraud professionals. Part of what they do involves ensuring that everybody who looks at applications and indeed all of our staff are fraud aware and trained. Internally, that activity is probably one of the biggest sources of referrals to the team. Staff do that training as a matter of course, and I think that it is refreshed. Is that correct, Karyn?

Karyn Dunning (Social Security Scotland): Yes—

Alexander Stewart: It will be good to hear what you are going to say, Karyn, but can we also hear about what risk assessments are being put in place to support individuals and staff? How do you risk assess the process?

Karyn Dunning: I will say a little about what we offer our front-line staff specifically. As Gerry O'Donnell set out, we have a number of people in expert roles, and that bleeds out into the whole agency. Through our fraud champions network, people work with our front-line staff to offer immediate advice, whether that is about identifying where there could be a capability or system gap or offering advice on a one-to-one basis when a caseworker or client adviser has identified something that they want to discuss further.

Everybody who joins the organisation gets mandatory training to start with, which is also subject to an annual refresh. Throughout the year, in learning at work weeks and other things, we have a heavy focus on the issue. Although we always come from a position of trust in the client, we constantly balance that with enabling people to identify and pick up issues, and then refer to the specialist teams to do some of that work. As I say, we have floor walkers, the champions network and specialist teams, all of whom support that work.

Obviously, at the front end of our process, we have a robust data and identity verification process that all individuals must go through when they submit an application or get in contact with us. That process can vary slightly depending on what information we hold and, obviously, what we need to verify at the time.

All of those aspects are fundamental to our fraud prevention measures.

Alexander Stewart: Thank you.

Carol Mochan (South Scotland) (Lab): I want to ask a wee bit about some of the reports that have been produced. You mentioned the reports on ADP—I think that there were two in 2025—and then there was the report by the Scottish Commission on Social Security on communication needs. From those reports by Audit Scotland, Edel Harris and the Scottish Commission on Social Security, have you identified any common themes that you can work on in the next year?

David Wallace: I will say a little on that, although I caution that the independent review was commissioned by the Scottish Government and is being considered by it.

Just to broaden out the point slightly, one of the absolute privileges about being involved in social security in Scotland is the level of stakeholder interest and engagement. Although the three reports that you mention are incredibly important, others come our way with views on operational issues and so on. For example, the Scottish Veterans Commissioner has produced a report, as has the Resolution Foundation. A huge swell of information and suggestions for improvement come our way through a variety of things.

That is on top of the work that we do with a similar set of stakeholders. Indeed, Karyn Dunning chairs what we call our operational reference group, which includes some of those same key stakeholders.

I do not want to say too much, in case I pre-empt what Government might look at, but perhaps I can draw out some of the issues that I mentioned in my opening statement. Client communication is one issue that is consistently raised by our stakeholders, whether in these reports or elsewhere, and there are improvements that we would like to make there. We have had a conversation with the committee about that matter before, and we have done some really good work with programme colleagues to do more communications by, say, text. However, we are aware of the desire and the push for a more self-service or portal approach to these matters, too. A number of common themes, as it were, emerged about the communications process.

The timeliness of decision making has been another issue that has come through strongly, but as I have said, I do not want to say too much in case I pre-empt any decisions that Government might make. Karyn Dunning might want to come in here, too, given that she has been exposed to some of those stakeholders and those reports.

Karyn Dunning: It is exactly as David has said. There are certain fundamental themes arising from those reports and Scottish ministers will respond to them in due course.

Broadly, though, we know that our clients want us to be accessible and want to have clear communication with us. We are a learning organisation; indeed, we say so quite openly and regularly. It is not that we are sitting and waiting for reviews to come in, and then considering how we can develop our services and whether they are meeting clients' needs. We have published our 67 charter measures, which were agreed with clients and stakeholders when we set the agency up. We pride ourselves on doing a lot of that.

As far as contacting us is concerned, I can perhaps give you a quick example. Over the past year, we have been making some significant improvements to our accessibility and telephony system. David Wallace has touched a little bit on the roll-out of SMS messaging, but I should, to be clear, just point out that we also had a short pilot, and what the data from that pilot showed was that clients were much more likely to pick up the phone to us if we had texted them in advance, saying that we would be calling for whatever reason.

Obviously, that has significant operational benefits, because it means that we can get the information that we need from the client and process it faster. Indeed, the roll-out of SMS messaging has actually been pretty significant. For one benefit alone, we saw a 145 per cent increase in successful call completions.

Moreover, at the back end of last year, we introduced a callback facility and functionality across all of our benefit lines, except for the pension age winter heating payment. If clients are sat in a queue, waiting for a call adviser to pick up their call, they can press for callback, and we will then call them back when they reach the front of the queue, and at a time that is convenient to them. Indeed, we will make three attempts to contact them.

Wider than that, we recognise that telephony is not the only communication channel. We have a web chat facility, although, having spoken to stakeholders, I think that people often confuse it with a bot system—and I just want to clarify that it is not; the client advisers who pick up the telephone to you are the same as those who

answer any web chat query. We have been looking at how we throttle that in the way that we work.

I will also briefly say that we have been looking at how we deploy our resources across all of our frontline operations, whether it be telephony or processing. I am sure that the issue will come up again when we discuss processing times.

Carol Mochan: That was helpful.

A particular issue that has come out of one of the reports, and which has been raised with me, is third-party support and interaction, and how that sort of thing can support clients. Interestingly, a constituent spoke to me about it the other day. Have any themes emerged in that respect, or are you doing some work on that?

Karyn Dunning: The third-party guidance has been published and is really clear, but we recognise that there is a real balance between a third party being able to seek information from us, and our requirements under data legislation and the general data protection regulation. That is sometimes a difficult tightrope to balance on.

Even if we have been notified that a person is acting as a third party, and it has been recorded on our system, we might not be able to share all of the information about a client with that person. We recognise that that can be tricky, but we are looking at further improvements in that space.

Carol Mochan: That is great. Thanks very much.

The Convener: I call Jeremy Balfour.

Jeremy Balfour: I put on the record that I am in receipt of the higher rate of ADP. One of the things that came out of the Edel Harris report, which probably relates to you rather than the Scottish Government, is the application form, which is complicated. I confess that I have a lot of empathy with people in that regard. What plans do you have, if any, to look at that issue? I know that you do a lot on stakeholder feedback, but how do you ensure that you get the information in a way that does not stress people out?

David Wallace: That is a good question. We recognise that, as this is a benefit, we are asking for personal information on the form because we need to get that body of information. I will say a couple of things on the issue. In part, it goes back to Mr Balfour's previous question about the work of the programme. The move to ADP—including the form, in particular—has been, in many ways, quite revolutionary. We talk about the skills in the programme having done that. For example, it was the first time that we were aware of a disability benefit application form going online, so making it available in that way was a significant step.

Wherever possible, we encourage people to try to apply on online, because, by design, the online version lets people skip the various sections. We have all looked at the form, which, in paper format, looks like a book—it is quite daunting. I will not quote Edel Harris on this, but I think that many of the stakeholders who she spoke to had the experience of doing the paper version of the form.

Expertise and effort have gone into designing the form, so we would always encourage people to apply online. Significant improvements have been made—we have spoken before about the use of photography and so on. We will always try to look at small improvements that can be made, but we are very mindful of the amount of work with disability organisations that went into designing the form. We want to make sure that we are not designing something out that is there for a very good reason, including information that we want to capture. We will work with our Scottish Government policy colleagues on that. Future changes to the form will technically come from Social Security Scotland but, in terms of the programme, I think that that approach shows the balance between what the Scottish Government does and what we do. We would not want to make significant changes to the form without speaking to the Scottish Government and recognising the depth of the user evidence that went into the current design.

Karyn Dunning: That point about applying online or on paper is key. If memory serves me correctly, I have the same recollection that it was mostly the paper-based applications that clients felt were difficult. To put that into context, by October 2025, 71 per cent of people who completed the adult disability payment form had submitted it online, and just 1 per cent did it on paper. Balancing that out, eight out of 10 people, or 78 per cent, rated their overall experience of our disability benefits as either very good or good. That increased to 93 per cent for pension-age disability payment.

There is another thing to recognise, which is not necessarily about the format of the form. I have consistently heard stakeholder feedback that completing the form is challenging, because for many clients it is the first time that they have thought holistically about the impact on them of any conditions. Being able to think that through and set it down on paper can be quite challenging. That is why it is important that we have different mechanisms for people to submit that information to us. For example, we will take a full application over the telephone. It can sometimes take up to a couple of hours for a client adviser to work with an individual to draw out that information, so that they can make a quality first-time decision. That is also why we offer local service delivery in the

community to support people with the completion of the forms.

09:45

Jeremy Balfour: Thank you.

Again, I do not quite know where the interchange is between you and the Scottish Government on this matter. Last January, I transferred across—very successfully, so thank you for that. Then I was asked if my case could be reviewed. That came a few months later. I was sent eight or 10 pages, which, in summary, basically asked, "Has your condition changed or not?" It seemed to me that a lot of paper was used to ask one quite simple question, and I was not sure what the purpose of that was: what good it did individuals who get stressed by a letter, and what good it did you. Every year, when someone gets their award, they are told that if their situation changes, they need to notify Social Security Scotland. What is the point of that form? It is quite long. Does it actually make any difference to the number of people who claim?

Karyn Dunning: I would link that back to the initial points that David Wallace made about what the new digital change division will be doing. You have given us one piece of feedback, and we will have that in-house capability to be able to review such processes, and to amend and change them more agilely. User feedback is incredibly important.

We do not want to have a system or a process that feels overly burdensome or inefficient for our clients. That is why it is important that we have that focus on bringing that in-house capability to our new future operating model, so that we can be a much more lean and agile organisation.

Jeremy Balfour: But I am concerned about what the point of that form is. Why are you doing that? Presumably, you or the Scottish Government could say, "We have reviewed 90 per cent of cases and they are all right." However, you are not seeking new evidence or asking for anything new—you are simply asking someone to sign a form to agree with what has already been done. That does not seem very efficient to me.

David Wallace: I am not familiar with your particular case, Mr Balfour. I do not know whether that was part of a scheduled review. Cases came across to us as part of that huge transfer, and some people had a review date set and some had the opportunity to spark a review by declaring a change in circumstances. I would need to take that away—which I am happy to do—to find out exactly which part of that process triggered that request for further information from you.

Jeremy Balfour: I suppose the question is, why are you reviewing? What is the point of the review in relation to the whole system? That is fundamentally what I am struggling to find out. What is the point of the review when you are not asking someone to give any new information? They are simply being asked to confirm information that is already within your knowledge.

David Wallace: I assume that it must have been part of a scheduled review—a benefit would have been set for a period of time with a review point in the future. As Karyn described, if there is no change to a condition, we want to make that review as easy for a client to go through as possible. Sometimes it triggers further information coming in if something has changed for a client.

I would need to check the individual case. It feels as though it was a scheduled review, whether you recognised that data or not.

Jeremy Balfour: It would be interesting for the committee to know, from the reviews that you do, how many cases then change—either to a higher award or to a lower one. If you have that information, the committee would be interested in you providing it.

I am conscious of time, so I will move on. Audit Scotland's report argued that Social Security Scotland should be able to show the added value of ADP, including in comparison with personal independence payments. How are you demonstrating that added value?

David Wallace: That is one of the parts of the Audit Scotland report where I absolutely agree with the principle of what it is saying. I go back to the whole-system answer that I gave to Ms Baker: through the administration of the benefits, we can demonstrate that, compared with the benefits that have come across, they are delivering value for money. I cannot recall whether that particular comment related to value in the sense of the value to the taxpayer of a disability benefit, which is clearly a matter for the Scottish Government to consider. As we have said, the Parliament sets the legislation defining who qualifies for benefits, and Social Security Scotland takes in clients, tries to assess them against that legislation and makes an award based on that assessment.

There are certainly bits of the service offering that we would like to understand a bit more and be able to say more about. Karyn Dunning referred to local delivery and the element of support, and as an organisation, we would like to know exactly what that changes in terms of the application process and how it helps both the individual client and their application.

I recognise the principle of where Audit Scotland is going, but demonstrating the whole value of the

benefits system to Scotland is not my responsibility. I am not being slopey shouldered; I think that the Government would expect that to be something that it would work on. Equally, however, part of it is about what we are doing with the system.

There was also further context in the Audit Scotland report about trying to understand which bits of changing the system were driving applications coming through the system. We have talked about one application form being online, and it is almost certainly the case that putting that online has increased the number of people who are therefore able to apply for that benefit.

I recognise what has been said, but I come back to a combination of points: once the devolution of benefits is here, the next challenge is to set out the areas that we want to work on and improve.

Bob Doris (Glasgow Maryhill and Springburn) (SNP): Good morning, everyone. I will focus a wee bit on processing times for applications and call waiting times. I will pick on adult disability payments, because they have been the most challenging within the organisation. It would appear from the figures that I am looking at that call waiting times and processing times are nudging up again. I know that you will tell me that they are still much lower in comparison with the peak, when things were not going so well, but they are nudging up again. Can you explain to me why they are starting to nudge up again?

David Wallace: I will bring in Karyn Dunning to say a bit more about the detail. The processing time will move around depending on a number of circumstances, such as the demand that is coming into the system and, because this is cyclical, the time of year. Particularly at this time of year, we have to move resource around the organisation for the winter payments that are going through and in preparation for the new benefits that are coming in. There is always a balance: we try to make sure that the resource of the organisation is in the right place so that we can keep the correct balance. Karyn might want to say a little bit more about how that is done.

Karyn Dunning: As David Wallace indicated, there are peak seasonal demands. We will not shy away from the fact that this winter has been significantly different for us, given the launch of the pension age winter heating payment in Scotland—we will touch on that later—plus our normal winter heating benefits and, of course, preparation for our uprating processes.

Specifically on adult disability payment—this was drawn out in the Scottish Parliament information centre briefing—the latest statistics show a slight increase, with waits up to 51 working days in October. However, across the financial year, they are currently sitting at 44 working days, which is an improvement on last year, when it was 46 days, and on 2022-23, when it was 79 days, which was, as Bob Doris said, the absolute peak.

Broadly speaking, we are constantly monitoring performance. I have talked about telephony improvements a little bit already. Once we streamline some of the processes, we are able to use those staff more agilely and take them off answering the telephones, which can be very demand led. As I set out earlier, telephone calls and conversations with clients can simply be about them asking where their application is, making a general query or reporting a change in circumstances, but they can sometimes take several hours. We fluctuate in relation to that demand, and we use staff across those different things.

Disability benefits are also very complex; we have already talked about how much is involved in completing the application form. We are focused on making the right decision the first time, on getting all the information that we need in order to enable us to make decisions in the right way and, ultimately, on supporting our clients through the process. It is a person-centred approach, and individual clients' needs can be very different.

To reassure the committee, we are monitoring the statistics and outputs and we have a number of different action plans in place. There will be a reduction in demand as we come to the end of winter. We are using our staff as agilely as we can and we are carefully monitoring delivery across all our benefits.

Bob Doris: I appreciate that answer. I do not think that you want to be drawn into a discussion about mean, mode and median—I feel like I am back at school—but, obviously, at different times of the year, there will be waits that are average and waits that are longer. Putting all that to one side for a moment, I imagine that the organisation plans for surge demand. You used the word "seasonal". Is there a surge demand strategy? I am not asking you to give it to me in detail this morning, but I would like an assurance that there is a strategy. If so, does it need to be reviewed? A surge demand strategy should mean that you can cope without waiting times going up.

I will roll that into my next question. My understanding is that everything is linked, because the same person who is answering the phones is dealing with casework. If someone spends more time answering phones, processing times may go up because they will also deal with cases. I seek some reassurance that the organisation is dealing with surge demand as work in progress and that it can flex during times of seasonal demand, rather

than committee members such as myself asking why demand is going up.

Karyn Dunning: I can offer that reassurance. As David Wallace indicated, we have been delivering new benefits upon new benefits, which means that we have had to put new systems in place that we have also had to pilot and trial. I think that everyone would recognise that, over time, once those systems become embedded and our staff become more familiar with the processes, there will be natural increases in productivity and efficiency. We are absolutely prepared and ready. Certainly, we had a strategy for the winter and the onboarding of the new benefits. There will be more efficiency gains from the system as the staff and processes become more embedded.

David Wallace: I emphasise that point. As Karyn has explained, a huge element of planning went into the winter. I reassure the committee that there are elements of public service reform—I am not sitting in front of the committee and saying, "We will grow the organisation and continue to do so"; we need to address the drivers of demand. We have talked about how we can ensure that people who are capable, able and willing to self-serve can do that in ways that allow our staff to undertake value activities. If I was sitting here and saying that we will continue to recruit, you would be rightly challenging me about efficiencies and public service reform.

Bob Doris: I absolutely would, Mr Wallace. The idea is to flex the workforce, so that it can expand and contract without taking on long-term or permanent full-time equivalent staff who are not required. It is the organisation's job to be fleet of foot and innovative in that regard. I am sure that future committees will want to scrutinise that in more detail.

I will stick with the adult disability payment. Our SPICe briefing notes that the authorisation rate has dropped from 50 per cent in 2023 to 35 per cent in summer 2025. I have no idea why that is the case. Why is it the case?

David Wallace: My short answer is that I would be wary of speculating. The slightly longer answer is that, again, as all the benefits bed in, we will see spikes as the elements come together. When I sat in front of the committee a few years ago, I was asked the same question about why we had a 67 per cent authorisation rate, compared to the level for PIP at a United Kingdom level. I do not know whether the number that was picked out was a particularly low point for the approval rating. My understanding is that we are more or less pegging in line with the approval rates for PIP at the moment.

I would absolutely say—and I am happy to say a bit more if you want me to—that it is not about the organisation linking any sort of ratios, payments or rationing to the people who make those decisions. I come back to my previous point: we take an application, we apply the legislation and we then make a decision based on the individual client in front of us. It would be wrong for us to speculate on exactly what is happening. That system maintains—Karyn can give you that assurance, if you want. The job of the teams that are doing that activity is to ensure that people get the benefits that they are entitled to.

10:00

Bob Doris: I accept all that. I do not want to sound curmudgeonly, but I am not asking you to speculate; I am asking you to analyse and understand the figures and then take appropriate steps in the organisation. Thirty-five per cent is perhaps the right rate, but if it is not, we need to address what is going on in the system. We are at the tail-end of this parliamentary session, but a future committee will want to better understand those numbers, not quite in real time but in a structured way.

You told the Finance and Public Administration Committee in June that you were satisfied with the quality of ADP reviews. The SPICe briefing says that 5 per cent of the cases that are reviewed lead to a lower award or to no award, compared with 13 per cent for the DWP's PIP. ADP appears to be more favourable in that respect, but does that mean that there is little scope for financial savings in that area? In other words, is that as lean as it can possibly be, or can we do better?

David Wallace: I am sorry for picking the word "speculate". I recognise what you are saying. I would attempt to answer the question in a similar way to the way in which I have answered it previously. The figures that you have quoted come from the context of a question about why we are at a significantly different rate from the DWP. The similar elements to my answer are that we were at a different point in time, and the cases that we were reviewing were, by definition, a different set of cases from PIP's general caseload. Those were the first elements of a review percentage coming to the fore, and that needs steadying out.

What I was attempting to say in my answer was that we have done the same as we do at first decision. When we are doing those reviews, we are looking at the information and the cases, and we are making a decision based on that client, the circumstances and the legislation. Money is not the factor. If I phrased that wrongly, I apologise, but what I was trying to say was that I was not linking savings to the review process. The review process is not in any way, shape or form about trying to reduce the caseload or the money; it is

about taking a look at the client and the circumstances and applying the legislation.

There was a follow-up conversation about the fact that if the aim of the policy was to move people off the caseload, we would need to look at the eligibility criteria rather than the review process. That is what I was trying to say.

Bob Doris: I am content with that answer, Mr Wallace. An efficient organisation is not always the same as an organisation that makes financial savings. If you run an efficient organisation, it costs what it costs. I totally accept that as an answer.

My final question is about the completion of case transfer. Does that free up resource? If so, how does that get directed? Does it feed back into processing times and call waiting times? Can you say a bit about that? I have had more than a fair share of time, so I ask for a brief answer so that we can put something on the record, please.

David Wallace: I might defer to Karyn Dunning, because she is certainly closer to that issue.

Karyn Dunning: I go back to your earlier point, Mr Doris, about surge and resources. Definitely, across winter, we have brought in several temporary resources to support the delivery of our different benefit streams. Our staff who are working on the case transfer process—as David Wallace mentioned earlier, they are successfully transferring more than 700,000 cases—are looking to be and are already deployed across several different work queues, which might be reviews, change of circumstances, or additional work around the cross-border regulations. We always monitor performance and look at the quality of our decisions and decision making. I do not want to put on record here a commitment that the times will come down, but we are monitoring performance and will use those staff agilely. Obviously, we hope that that will be the consequence of being able to deploy those staff to our telephones and to deal with processing times.

Bob Doris: Thank you.

Marie McNair (Clydebank and Milngavie) (SNP): Good morning. I thank our witnesses for receiving us on our visit to the Glasgow office in November, which I found informative. I always take the opportunity to go on those visits.

What is the organisation doing to improve the timescales for making redetermination decisions? Edel Harris recommended that case managers should be allowed to focus on the areas of client dispute, instead of remaking the whole decision. Do you agree with that? Do you acknowledge that such an approach could secure quicker decisions?

David Wallace: There are two elements to that, and Karyn Dunning might want to come in on one of them. There is strong performance on the redetermination timeline. That goes back to the issue of balancing resources. There is a similar resource across the whole organisation doing those things, and we have a very good level of performance on the redetermination rate.

As I said, the Edel Harris report is in the hands of the Government, and it is not for me to pre-empt what might come out of the recommendations. However, I am conscious that the existing redetermination process was set up with policy and programme colleagues, who quite rigorously and deliberately took a view that the process should involve an entirely separate look at the case. That was informed by the demands of stakeholders at the time.

It will be for our Scottish Government colleagues to consider the competing elements in that regard, which is in essence what you describe. That is a policy decision that needs to be made. From a purely operational point of view, if we are doing fewer things on a case, there might be an efficiency. However, I stress that a lot of work has been done by the team on redetermination rates, and I do not see that as something that is causing particular issues at this time.

I do not know whether there is time for Karyn Dunning to say something.

Karyn Dunning: I will be very quick. On redetermination, we are bound by statutory timelines to prepare and respond. David Wallace said that performance is positive. I point out that 95 per cent of redeterminations for adult disability payment are completed within the statutory time limits. We are totally on top of that casework and delivering what is expected.

Marie McNair: I will move on to appeals. In our committee pack, we have a letter to the committee from Citizens Advice Scotland about the delays to appeals. That is managed through the Scottish Courts and Tribunals Service but, obviously, the agency has a role in providing documentation and responding in a timely manner to issues that are raised. What are you doing to ensure that you meet your responsibilities as quickly as possible?

David Wallace: You are completely correct about the Scottish Courts and Tribunals Service side of things, so I will not comment on that. I think that, in a previous exchange at committee, in answer to a question from Mr Balfour, I underscored that the organisation has to have a huge number of interactions with other public bodies for the whole system to work efficiently. The relationship with the Scottish Courts and Tribunals Service is hugely important as the number of appeals starts to grow.

We have strong relationship management with the Scottish Courts and Tribunals Service, which includes the conversations that I have had with my counterpart in that organisation. Our technology teams have constant conversations about when we are releasing things. As we said, given the complexity in testing systems, occasionally we could be doing something that has nothing to do with appeals but that could have a knock-on effect. There are relationships around how the system interacts and works overall. Again, I come back to the issue of public service reform and whether there are things that we can do that can benefit other parts of the public sector.

If there is time, Karyn Dunning might want to say something about the current status of packages going off.

Karyn Dunning: I will just make two very quick points. First, we have a seven-day service level agreement with the Scottish Courts and Tribunals Service on submitting our papers for validation. Again, it is a case of "Nothing to see here"—we are delivering on that. Obviously, any scheduling delays are not attributable to delays on our side; we do not, as has been suggested, control the hearing schedule, once an appeal has been lodged.

I would also briefly point out that the Scottish Courts and Tribunals Service annual report mentions the establishment of a tribunal user group, which will—for the first time, I think—pull together tribunal users. Social Security Scotland will have a seat at that table and be a part of those conversations. It is just continuing that collaborative relationship in the way that David Wallace has set out.

Marie McNair: Thanks for those reassurances. Certainly, as an MSP, I can take that back to a number of constituents, who have been raising their own issues.

The Child Poverty Action Group has raised its own concerns, one of which is that, if a disabled person gets an award for short-term assistance, it can affect their carer's benefit. Will you provide guidance on the interaction between carers' benefits and that short-term assistance?

David Wallace: I might just let Karyn Dunning answer that question, too, but we are very grateful to CPAG for raising what, on the face of it, can feel like a technical interaction, but clearly there is a client sitting at the heart of this and experiencing a very real impact. Karyn was able to have a very helpful conversation with CPAG on this, I think.

Karyn Dunning: Yes, I was. I will not go into the technicals, because I am very conscious of time, but I am happy to pick it up offline, if that would be useful.

I can say that, from an operational delivery perspective, we are operating the policies that currently exist, and our front-line staff have really clear guidance and lines to support clients when they contact us on this issue. We are, as David Wallace has said, continuing to have that conversation with CPAG, but we can also confirm that decision-making guidance on the carer support payment, including how short-term assistance affects entitlement, will be published shortly—by March, we expect.

Marie McNair: If you have any further information that would assist the committee, please feel free to submit it. Thank you.

The Convener: Before I come in, I will invite Jeremy Balfour to ask a few supplementaries.

Jeremy Balfour: If I may, convener, I want to start with a caveat. Depending on what the electorate do in May, David, this might be my final question to you, so, although it will be slightly critical, I just want to say that I have really enjoyed our nine-year relationship and working with you and your team, and I want to put on record that what you have done has been quite remarkable.

That said, one concern is the number of successful appeals; indeed, the figures show that the rate of successful appeals in Scotland is higher than the rate of appeals on PIP down south. Eight years ago, one of your great mantras was, "Get it right first time," but we are clearly not doing that in quite a substantial number of cases. What training is being given to those making the decisions? I know that there will never be no appeals, but how confident are you that, in a few years' time, the figure will be fairly dramatically reduced?

David Wallace: If this is, indeed, your last question to us, Mr Balfour, I would just like to recognise the work that you have done, too. It has been lovely to see you in our offices at various points, and I really appreciate your visits. I do not take your question as being critical. I will make two brief comments, and then Karyn Dunning might want to say something quickly, too.

We always want to be a learning organisation. As you have said, there will be things that we will not get quite right, and the issue is how we bring that information back into the organisation. Karyn might want to say something about that.

We need to be careful about the figures. The percentage of appeals up here might seem higher, but it is a higher percentage of a lower number. As I understand it, the volume of cases going to appeal has significantly reduced from when the DWP system was operating. I would therefore be careful in making that kind of direct comparison with regard to the numbers.

Your point, though, is absolutely valid. When it comes to appeals, we are still at a relatively early point with regard to how some of them are flowing through the system. Karyn, can you make a quick comment about how we use that feedback?

10:15

Karyn Dunning: I point to the quality framework that was published in July last year, in which a different approach was taken. We embedded an entirely different way of reporting on the quality of our decisions. That quality framework talks about transparency in how we define, measure and continuously improve decision making and benefit delivery.

The framework has therefore moved from covering only local and technical checks to having a system-wide capability. That means that it looks at things with more of an end-to-end perspective, in the way that I think you would expect, Mr Balfour. It considers how we can link the decisions that we made the first time to what goes through the appeal, how we learn from those decisions and how we can use our new digital change division to pick up on some of the learning from that and apply it in a different way in future.

The quality framework is important in how we continue to evolve and do those checks—both technical checks on our decision makers and client advisers and a more holistic approach to our end-to-end delivery to see trends or links between the decisions that we make and the overall outcomes.

The Convener: Karyn, you touched on the pension-age winter heating payment. Can you provide an update to the committee on the progress of those payments and tell us how many clients have yet to be paid this winter?

Karyn Dunning: As the committee will know, the pension-age winter heating payment is due to support 880,000 pensioners across Scotland with their heating bills this winter. We published data on 14 December that showed that more than 568,000 pension-age winter heating payments had been made at that point. We are due to publish further statistics on 4 February to show the progress.

As I touched on earlier, there are other seasonal benefits. In the same statistical release on 14 December, we showed that we had made 837,000 payments of our winter heating packages during this winter. Payments began in November, with the majority having been made by December, and we are continuing to work through the rest of the winter period to ensure that that money gets into the hands of pensioners who need it.

The Convener: We look forward to the statistics that come out on 4 February. I hope that there is no cold spell. Well, there has already been a cold spell in Aberdeen and the north-east, but I meant in central Scotland.

Claire Baker: I have a quick follow-up question. The winter heating payment is automatic, and it is a qualifying payment that is assessed through other benefits. However, there is a page about promotion and take-up of the benefit. If it is an automatic benefit, why do we need promotion, take-up materials and a campaign?

David Wallace: It is an automatic payment. However, we are reliant on getting the information from the DWP to make automatic payments. We draw data from the DWP and then we need to batch that up and make payments over a period of time. We have spoken before about the volumes that we can do with the systems that we have and what we can do in any single overnight payment. We need to get the information and validate it, and quality assurance needs to be done. Occasionally, payments drop out if things do not match, and that has to be investigated. Again, that requires a manual intervention.

On our payment process and our programme of pension-age winter heating payments, we are doing what we anticipated we would. That is what we set out in our communications, and we knew that we would be making payments over the winter period.

Claire Baker: I was asking about the page on the website that has promotional materials. Why do we have those when it is an automatic payment? People do not have to apply for the heating payment, so why are resources being spent on advertising?

Karyn Dunning: The vast majority of people will receive an automatic payment, but there will be people who have crossed the border and there could be other things that might be added to the case load later. We recognised from our stakeholder group that there was some confusion around who was receiving that benefit. We know that people sometimes find it difficult to differentiate between the Department for Work and Pensions and Social Security Scotland. There will be clients among the 880,000 pensioners who are new and are receiving a social security benefit for the first time, so we have done promotion.

We are due to do a full evaluation of the communications, marketing and access to the trackers, but we know that there has been pretty heavy traffic. Between August and the start of July, we received around 1,000 calls from clients who wanted to discuss the opt-out process with us.

It is not as simple as hitting the payment. We know that people who are over the £35,000 threshold will have some kind of clawback through His Majesty's Revenue and Customs. People

definitely wanted reassurance on that process and they wanted supporting materials to help them to understand what they were eligible for or, indeed, whether they could have money clawed back and could therefore opt out.

Claire Baker: That is helpful—thank you.

The Convener: In light of the recent budget announcement on the Scottish child payment being awarded to babies from 2027-28, can you outline or say how complex it will be to create that in Social Security Scotland? Will that prove to be a huge challenge?

David Wallace: My understanding is that, as you would anticipate, it is certainly not as complex as a brand-new benefit would be. It is, in essence, a change to the rules for an existing benefit. It is a feature of the discussion on the programme transferring, so the people who are starting on that work will transfer into the organisation and continue it.

We will carry out what is called a discovery to work out how complex the change is likely to be. My first instinct is that, a bit like with pension-age winter heating payment, we will not need to go to clients to ask for additional information. We should have that, so no new data source has to be added into the system. In that respect, it is more straightforward to deliver.

That said, to draw a bit on Karyn Dunning's comment, even when something looks relatively straightforward on the face of it, we need to test and make sure of that, so there will be a process to go through. We are changing our core system, so we need to make sure that the change is reflected in all our letters and in the interplay around those things, including the rate card that we draw on for financial information to make payments. We will need to build up capacity on redeterminations and look at appeals.

Anything can look relatively straightforward up front, but we would not want to answer that definitively until we have done the proper discovery work. The skills and capabilities to do that have been sitting in the programme. We will draw those across to ensure that we carry out that activity, and we can then come back with a more definitive position. However, that change is certainly not as complex as introducing a new benefit.

The Convener: I have one final question, you will be glad to know. Given the programme of work that we have discussed, to what extent will Social Security Scotland be able to contribute to public sector reform and to the need to reduce the size of the public sector?

David Wallace: I will reflect on some of the points that I made earlier. It is vital that we do that. We absolutely have efficiencies that we can make, for ourselves and for our clients through smoother processes. We need to do those things to reduce running costs and to become more efficient.

We recognise that, as a new public service, we now interact with many other parts of the public sector. We have had conversations with the national health service, local authorities, the Scottish Courts and Tribunals Service and the third sector. We are not an organisation that sits on a pillar of a portfolio—we wiggle across portfolios, and our clients interface with all those bodies. For one element, we have 200 interfaces with various other parts of organisations. We can be a driver for public service reform, not just by focusing on our head count but by properly looking at public service reform, putting clients at the heart of that and ensuring that we make improvements for clients across the board.

I will give a couple of examples. We have spoken about the use of our data to drive improvements. Although the absolute saving might rest elsewhere, that is incredibly powerful. For example, we have talked about free school meals and using Scottish child payment data to enable and automate payments elsewhere. There are significant wins for us to make.

To go back to the earlier questions about why we need people doing these things, we need to carry out continual maintenance and replacement of the system. Our current payment platform, which relies on the DWP, will expire, so we are having to build a payment platform to ensure that the end bit of the process works for Scotland. There is a one-off opportunity for us to do that in a way that provides opportunities for other public bodies in Scotland.

We absolutely need to drive down our head count and ensure that it is at the most efficient point. However, the more exciting and bigger opportunities involve our working with other parts of the public sector and putting our clients at the heart of that.

The Convener: Thank you very much for joining us. That concludes our public business and we now move into private session.

10:26

Meeting continued in private until 11:13.

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