



Scottish Commission on Social Security (SCoSS): Annual Report and Accounts 2022 - 2023

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1. Chair's Statement and overview of the performance report

We are pleased to present the fourth annual report and accounts for the Scottish Commission on Social Security (SCoSS) for the financial year 2022-23.

The scale and pace of development of devolved social security provision increased markedly during the reporting period and continues to do so. This process takes place against a context of a 'cost of living crisis', tightening public finances and recovery from the pandemic. In these challenging times, it is even more important to use the potential of devolved benefits to bring about positive impacts on people's lives.

The Commission's role in scrutinising devolved social security legislation and policy has also continued to expand. In particular, we are pleased by the number of our scrutiny recommendations which have been accepted by the Scottish Government and which we consider will make a positive contribution to improving outcomes for the people of Scotland. We have already expanded engagement with stakeholders and people with lived experience to inform our scrutiny of legislation and we look forward to more engagement as we look at how the social security system is delivering for people in practice. Throughout the year, the Commission was pleased to have regularly provided evidence, on our scrutiny report findings, to the Scottish Parliament's Social Justice and Social Security Committee.

There were challenging circumstances, during the reporting period, with significant change taking place in both the composition of the Board and the Secretariat. We would like to thank Dr Sally Witcher OBE and Sharon McIntyre, who left SCoSS in 2022, for their invaluable contribution to the work of the Commission. Despite this process of change, we are pleased that the Commission undertook a full programme of scrutiny and met all of its statutory obligations. Both the Board and Secretariat have now stabilised and we look forward to a further process of recruitment to the Board, including a new Chair, in due course.

The Commission has also made substantial progress in improving our governance structures and processes. In particular, we have established an Audit Sub-Committee and appointed an Audit Adviser to strengthen the robustness of our governance and financial monitoring processes. As a consequence of these changes, during 2022-23, we reviewed our approach to risk management and our performance report provides examples of how we have taken action to mitigate the risks we face.

The Commission was also subject to an external review of our governance and remit, commissioned by the Scottish Government and undertaken by Glen Shuraig consultants, that made a number of recommendations which we are in the process of implementing. Lastly, the SCoSS website was launched during 2022-23 and has significantly enhanced the accessibility of our scrutiny reports and our work more generally.

Our annual report and accounts for 2022-23 demonstrate that SCoSS is utilising the public monies we are allocated in an effective and responsible manner that is

achieving best value and bringing about positive change for those who receive social security assistance.

The SCoSS Board has reviewed this report and is satisfied that it provides an accurate account of its work and finances over the period.

Two handwritten signatures in black ink. The signature on the left is 'Judith Paterson' and the signature on the right is 'Dr Mark Simpson'.

Judith Paterson and Dr Mark Simpson, Interim Co-Chairs, Scottish Commission on Social Security

2. Performance Report

2.1 Overview

The Performance Report describes the Scottish Commission on Social Security's—

- Purpose: its main statutory roles and its membership
- Performance: how well it exercised its functions, performed its statutory roles and contributed towards improving the system for social security in Scotland
- Continuous improvement: the steps the SCoSS Board has taken to ensure its work can be as effective as possible
- Risks that could affect SCoSS's performance and the action taken to mitigate them
- Strategies and governance: the strategies SCoSS has agreed to ensure strong governance
- The Chair's statement and overview of the performance report also form part of the Performance Report.

Purpose and Structure

The Scottish Commission on Social Security (SCoSS) is an independent public body established by the [Social Security \(Scotland\) Act 2018](#) (hereafter 'the 2018 Act'). It provides expert advice to Scottish Ministers and the Scottish Parliament on devolved social security matters.

The Act sets out the functions of SCoSS which can be summarised as follows—

1. SCoSS must be consulted by the Scottish Government on most regulations about social security assistance made under the 2018 Act. SCoSS scrutinises and reports on draft regulations. The Scottish Government may change its regulations after considering SCoSS's recommendations. When it lays the regulations in the Scottish Parliament, it must publish its response to SCoSS's report at the same time. The Scottish Parliament's Social Justice and Social Security Committee then scrutinises the regulations and may take evidence from SCoSS members when it does so.
2. SCoSS must report, from time to time, to Scottish Ministers and the Scottish Parliament on whether the expectations in the [Scottish Social Security Charter](#) ('Our Charter') are being met and make recommendations for improvement if they are not. It must consider reporting if it receives evidence that the Charter expectations are frequently not being fulfilled.
3. In addition, Scottish Ministers and the Scottish Parliament can ask SCoSS to report on any matter relevant to social security.

In undertaking its statutory duties, SCoSS takes full account of the social security principles contained within the 2018 Act and of relevant human rights obligations as defined by the 2018 Act.

SCoSS Board members are non-executive public appointments made by the Scottish Ministers in line with the Code of Practice for Ministerial Public Appointments in Scotland. The Act allows up to five Commissioners to be appointed. The Chair is responsible for providing leadership to ensure that the Board delivers its functions efficiently and effectively. The Chair is accountable to the Scottish Ministers. The role of Board members is to provide direction, support and guidance to ensure that SCoSS delivers its functions effectively and efficiently, in accordance with the 2018 Act. SCoSS members were originally appointed for periods of three or four years. Members may devote up to 36 days a year to perform their functions, apart from the Chair, who may devote up to 60 days. SCoSS is supported by a secretariat employed by the Scottish Government.

In September 2022, the Chair of SCoSS, Dr Sally Witcher OBE and a Board Member, Sharon McIntyre, resigned from the SCoSS Board. This resulted in the Board consisting of two Members, namely Judith Paterson and Dr Mark Simpson. Accordingly, a temporary Board Member, Marilyn Howard, was appointed in September 2022. The Scottish Government undertook a recruitment process which sought to appoint a Chair and two Board Members. This process was successful in appointing Marilyn Howard to the Board on a permanent basis in February 2023. However, the position of Chair and second Board Member remain unfilled.

During the reporting period, from September 2022, Judith Paterson and Dr Mark Simpson have been the Interim Co-Chairs of SCoSS. Their positions as Interim Co-Chairs has been approved by the Cabinet Secretary for Social Justice, Shirley-Anne Somerville MSP, until 31 March 2024. In addition, a temporary Board Member, Dr Jackie Gulland, was appointed to the Board, by the Cabinet Secretary for Social Justice, until 31 March 2024. The Scottish Government intends to undertake a further recruitment process which will seek to appoint a Chair and an additional Board Member by the end of March 2024.

During the course of the reporting year, SCoSS scrutinised and reported on four sets of draft regulations. The Board intends to begin to undertake work relating to the Social Security Charter during 2023-24. In addition, a Board member and a member of the Secretariat have provided input into Scottish Government's Charter Research Advisory Group. SCoSS held eight Board meetings during the reporting period.

In 2022-23, all Board meetings were conducted virtually. To ensure that decision-making and proceedings are transparent, the minutes of all formal SCoSS's Board meetings are published on the SCoSS website. SCoSS's scrutiny reports and corporate documents are also publicly available on the website.

SCoSS's vision and strategic objectives

The [SCoSS Business Plan 2022-23](#) set out the vision, strategic objectives and key priorities for the reporting period¹. The SCoSS Board regularly reviews progress against the objectives set out in the Business Plan and this is considered further later in this report. The vision set out in the 2022-23 Business Plan was as follows—

The SCoSS vision is to support—

A robust, effective, efficient Scottish social security system that meets its full potential to improve outcomes for the people of Scotland. To help achieve this vision for Scottish social security by providing independent expert advice that adds demonstrable and significant value.

Governance

The 2018 Act provides the legislative basis for SCoSS. As an advisory Non-Departmental Public Body (NDPB), the SCoSS Framework Document sets out the broad framework within which SCoSS operates and defines key roles and responsibilities which underpin the relationship between SCoSS and the Scottish Government. SCoSS Standing Orders govern the operation of the Board and the Audit Sub-Committee. SCoSS adheres to best practice principles and relevant guidance regarding corporate governance, primarily as set out in '[On Board: a guide for members of statutory boards](#)'. In 2022-23, the SCoSS Board established an Audit Sub-Committee to provide oversight of SCoSS finances and governance. The work of SCoSS, including the Audit-Sub-Committee, is also supported by an Audit Adviser.

As noted in last year's annual report, the Scottish Government commissioned Glen Shuraig consultants to undertake a review of the remit and governance of SCoSS. The independent, external consultants reported in 2022-23. The purpose of the review was to—

“consider experience to date and identify arrangements required to ensure that SCoSS is established and resourced on a resilient and sustainable basis in order to perform the range of functions required now and as far as can reasonably be anticipated, to meet the needs of the Scottish social security system into the future”².

The remit for the review was as follows—

“to comment upon on and make recommendations to the Scottish Government on current arrangements, prospective future requirements, and changes required in relation to:

¹ The SCoSS Business Plan for 2023-24 can be accessed at—
[Business Plan 2023 to 2024 - Scottish Commission on Social Security \(socialsecuritycommission.scot\)](#)

² Glen Shuraig Consulting, 2023, Scottish Commission on Social Security Review: Final Report, p.4.

- a. SCoSS role and remit, including changes that may be required to legislation (primary or secondary) and related documents, such as, the framework agreement and related protocol;
- b. SCoSS constitution, including NDPB status and legislated classification within the public body landscape;
- c. SCoSS operational arrangements, including but not exclusively:
 - i. the role and functions of board members, including the minimum number of board members required for resilience, structure of the board and board capability;
 - ii. resourcing, particularly in relation to secretariat support, including staffing structure and reporting arrangements and how this should be secured and managed in order to ensure independent support and accountability to the Board;
 - iii. governance and operational aspects of legislation, framework agreement, protocol etc.
- d. sponsorship arrangements within the Scottish Government; and
- e. the scope, timing and process for future review³.

The report concluded that the “scrutiny work carried out by SCoSS, and changes made as a result have materially improved Scottish social security regulations”⁴. The consultants undertook interviews with internal and external stakeholders and observed that “interviewees both within and outwith SCoSS noted that the work of SCoSS has added clear value”⁵. The report made 15 recommendations covering the governance and remit of SCoSS. The Scottish Government and SCoSS have accepted all the recommendations and an improvement plan has been developed to take forward implementation of the recommendations. This will include a review, by the Scottish Government Sponsor Unit and SCoSS Secretariat, of the Framework Document in 2023-24.

During the course of 2022-23, there was considerable change within the Secretariat which has been expanded to six members of staff. In part, this increase in the size of the Secretariat is intended to take forward the recommendations of the external review and improve the governance of SCoSS more generally.

The Board receives quarterly financial updates showing SCoSS’s expenditure to date and projected for the current financial year, as well as a comparison of spend against the annual budget. In addition, the Audit Sub-Committee meets on a quarterly basis.

³ Glen Shuraig Consulting, 2023, Scottish Commission on Social Security Review: Final Report, p.5.

⁴ Glen Shuraig Consulting, 2023, Scottish Commission on Social Security Review: Final Report, p.7.

⁵ Glen Shuraig Consulting, 2023, Scottish Commission on Social Security Review: Final Report, p.7.

Overall Performance

During the reporting period, SCoSS reported on all draft regulations that were referred by Scottish Ministers. Therefore, SCoSS performance met expectations over the reporting year. Further information on our performance is detailed below.

Within the reporting period of these accounts, SCoSS produced four substantive reports on draft regulations. Additional scrutiny was also undertaken in response to late Scottish Government amendments to the Disability Assistance for Working Age People (Transitional Provisions and Miscellaneous Amendment) (Scotland) Regulations 2022. During this scrutiny, SCoSS identified that further amendments were required which were subsequently addressed by the Scottish Government through ancillary provisions.

During 2022-23, SCoSS made 34 recommendations to the Scottish Government of which 30 were accepted or partially accepted. SCoSS made a further 10 observations.

SCoSS appeared before the Social Justice and Social Security Committee on three occasions giving evidence and taking questions from MSPs on The Disability Assistance for Working Age People (Transitional Provisions and Miscellaneous Amendment) (Scotland) Regulations 2022, The Social Security (Up-rating) (Miscellaneous Amendments) (Scotland) Regulations 2023 and The Winter Heating Assistance (Low Income) (Scotland) Regulations 2023.

Best Value

The principles of best value are firmly embedded across all of our SCoSS operations. Instead of reporting best value against specific projects and initiatives, we look at best value holistically. In future, a report on how we deliver the best value principles will be submitted to the Board annually.

2.2 Analysis of SCoSS's performance

The objectives and priorities for the year were set out in the SCoSS Business Plan 2022-23. Performance against the strategic objectives and priorities in the Business Plan is considered below.

Strategic Objectives

Strategic Objective One - Provide unique expert, independent and evidence-based scrutiny of draft social security regulations that is driven by human rights and the social security principles.

In the course of producing four scrutiny reports this year, the Commission has provided detailed insight and feedback drawn from stakeholder evidence and the expertise provided by Commissioners in interpreting the technicalities of social security legislation at a practical level.

Where appropriate, the reports have detailed the relationship between the regulations and existing human rights laws and each scrutiny report sets out a detailed analysis of the relationship of the regulations being scrutinised to the social security principles and how they are being, or could be better, realised.

For example, an observation in The Social Security (Up-rating) (Miscellaneous Amendments) (Scotland) Regulations 2023 commented on the Scottish Government's approach to human rights and equality budgeting within the wider Budget process and commitment to broader principles of transparency, participation and accountability which are also referred to in the social security principles.

Strategic Objective Two - Work alongside Scottish Ministers, the Scottish Government and the Scottish Parliament as well as other key stakeholders like people with lived experience to ensure our work constructively supports the development of a devolved social security system based on dignity, fairness and respect.

Achieving this objective is an on-going task, however, this approach was adopted during SCoSS scrutiny of draft regulations during 2022-23. For example, engaging external stakeholders through a written call for evidence on the Draft Winter Heating Assistance (Low Income) (Scotland) Regulations 2022 and hosting a roundtable discussion with the Scottish Refugee Council and Social Security Scotland to inform its report on The Social Security (Residence Requirements) (Ukraine) (Scotland) Regulations 2022.

Engaging with people with lived experience has been an area where SCoSS has expanded its activity and expertise during 2023-24 following the increase in staffing of the Secretariat.

Strategic Objective Three - Provide strategic insight and intelligence into whether the aims, values and expectations set out in the Social Security Charter are being met, ensuring that the Charter is realised through the real life experiences of people who rely on the Scottish social security system.

SCoSS sought to avoid any duplication of approach with the Scottish Government review of the Charter and has provided input into the Research Advisory Group supporting that review. The SCoSS Board continues to consider how best to achieve this objective in 2023-24.

Strategic Objective Four - Ensure our remit, governance model, operating structure, processes and resource management are fit for purpose and are systematically reviewed to maximise the effectiveness and efficiency of SCoSS's contribution to the maintenance and development of the devolved social security system.

SCoSS was subject to a review by external consultants in 2021-22. The review made a number of recommendations which have been agreed by the SCoSS Board and are the subject of an improvement plan which is being taken forward in 2023-24. As noted above, there were a number of measures taken in 2022-23 which are intended to improve governance, operating structures and resource management.

These included the establishment of an Audit Sub-Committee, undertaking a recruitment exercise for new Board members and the expansion in the size of the Secretariat.

Strategic Objective Five - Continually seek to provide transparency about how we make our decisions and to ensure our information is accessible and inclusive through all channels.

Achieving this objective is an on-going task but substantial progress was made in 2022-23. In particular, the SCoSS website was launched and the website and Twitter account are used regularly to seek to provide transparency with regard to SCoSS decision-making, corporate documentation and scrutiny reports. In 2023-24, SCoSS is considering how to enhance the accessibility of the website and develop stakeholder engagement and engagement with those with lived experience of the social security system in Scotland.

Priorities

Scrutinising Regulations

- Scrutinise and report on draft regulations referred to SCoSS by Scottish Ministers within agreed timescales, including, for example, on Low Income Winter Heating Assistance.

SCoSS has scrutinised and reported on all draft regulations referred to SCoSS by Scottish Ministers within agreed timescales.

- Monitor the impact of our legislative scrutiny

The Secretariat monitors the impact of SCoSS legislative scrutiny and feedback from the independent review of SCoSS indicates that SCoSS scrutiny is widely recognised by key stakeholders as impactful and aligned with the Strategic Objectives of SCoSS. The Secretariat also seeks to obtain feedback from all stakeholders, including Scottish Government officials, that engage with SCoSS scrutiny processes.

Lived experience / Charter

- Carry out our first report on the Social Security Charter, focusing on section 4 of the Charter, titled “A Better Future”, paying particular attention to the views of those with lived experience of the devolved benefits system, and make recommendations to the Scottish Government for improvement. Meanwhile, we will begin consideration of SCoSS’s role in the Scottish Government’s 2024 review of the Charter.

SCoSS did not undertake a report on the Social Security Charter in 2022-23. SCoSS sought to avoid any duplication of activity with the Scottish Government’s review of the Charter. SCoSS has also engaged with research activity relating to the Scottish Government review. SCoSS continues to consider its approach to scrutiny of the Charter in 2023-24.

Communications and engagement

- Begin work on reviewing and developing our stakeholder engagement strategy to enrich, inform and add value to our pre-legislative scrutiny and work on the Charter.

The process of reviewing the stakeholder engagement strategy was started during the reporting period and is currently on-going.

- Engage with stakeholders to enhance our lived experience work.

Engagement with stakeholders, as a means of obtaining lived experience of the social security system in Scotland, to inform our scrutiny was undertaken via written calls for evidence and roundtables held on both The Social Security (Residence Requirements) (Ukraine) (Scotland) Regulations 2022 and The Social Security (Up-rating) (Miscellaneous Amendments) (Scotland) Regulations 2023 in 2022-23. This approach will further inform a number of scrutiny reports in 2023-24.

- Focus on building and maintaining strong relationships with Scottish Government Ministers, the Social Justice and Social Security Committee and Social Security Scotland.

In 2022-23, there was substantial change in staffing within the SCoSS Secretariat. This has resulted in a significant strengthening of the relationship with the Scottish Government in 2022-23. The implementation of the recommendations in the Glen Shuraig report will further strengthen this relationship.

SCoSS has maintained strong relationships with the Social Justice and Social Security Committee and provided evidence at Committee on three occasions to support scrutiny of regulations that SCoSS has reported upon.

- Launch our new website and ensure that it provides full access to all our reports and minutes and is accessible for people with communication barriers.

The SCoSS website was launched in July 2022. The website provides access to all SCoSS scrutiny reports, draft regulations that are referred to SCoSS and all corporate documentation including the Minutes of all Board meetings. Measures to improve the accessibility of the website are being undertaken in 2023-24.

- We will regularly link to the website from social media to promote engagement and awareness of our work.

The SCoSS Twitter account is used to highlight all new content that is published on the website. In August 2023, the account had 752 'followers'.

Governance and Assurance

- Engage fully with and respond to the review which the Scottish Government is commissioning of SCoSS's remit, role and constitution. This review marks three

years of SCoSS's operation to date. It will be a significant opportunity to draw on learning to build on the important contribution made by SCoSS to date towards the establishment of the new devolved social security system.

The review consultants conducted interviews, as part of the evidence-gathering process for the review, with both former and current members of the Board and of the Secretariat. The Board also considered and discussed draft recommendations with the external consultants prior to the finalisation of the report. The Board has also been fully involved with the development of the Improvement Plan following on from the review report.

- The newly created Audit Adviser role will support and advise the SCoSS board and Secretariat with governance and audit-related work including a review of governance documentation and continuous improvement.

The Audit Adviser regularly attends Board meetings where business relevant to the role of the adviser is being discussed. The Audit Adviser attends all meetings of the Audit Sub-Committee and meetings which the Secretariat hold on a bi-monthly basis with Scottish Government Finance officials. A review of governance documentation forms part of the Improvement Plan arising from the independent, external review of SCoSS in 2022-23. The Audit Adviser was also interviewed by the external consultants and provided input with regard to draft recommendations.

- Board recruitment will further strengthen the expertise and capacity of SCoSS. We will keep the resilience of the Board under review.

As detailed earlier in the report, the Scottish Government undertook a recruitment exercise in 2022-23 following the resignation of the Chair and a Board Member. This resulted in the appointment of a new Board Member within the reporting period. Subsequently, an additional Member has been appointed to the Board on a temporary basis until the end of March 2024. It is intended that a further recruitment exercise, to recruit a Chair and a Board Member, will be undertaken and completed by the end of March 2024.

- We will keep Secretariat capability under review – and will ensure that increased capacity within the Secretariat is deployed to best support the Board to meet its statutory obligations and wider ambitions.

The size of the Secretariat was significantly expanded during 2022-23 from two officials to six by November 2022. All of the Secretariat officials were appointed during the reporting period. Accordingly, there was significant turnover within the Secretariat. However, this expansion has significantly expanded the capability of the Secretariat and therefore the support received by the Board. The capability of the Secretariat is kept under review by both the Board and the Scottish Government Sponsor Unit.

- By the end of this reporting year our objective is to have resilient Secretariat resourcing in place that is fit for both present and future needs.

The staffing of the Secretariat was completed in November 2022. This has greatly enhanced the resilience and capacity of the Secretariat.

Monitoring our Success

- Our performance, delivery and processes are informed by information, research, lived experience, feedback and continuous improvement.

The approach to monitoring performance, delivery and processes forms part of the Improvement Plan arising from the external review of SCoSS.

- Monitor and analyse how the Scottish Government and the Social Justice and Social Security Committee take account of our reports, to ensure we are being effective and influential.

The Secretariat regularly monitors and analyses how the Scottish Government and SJSS Committee takes account of SCoSS reports and recommendations both formally and informally.

In the course of four scrutiny reports, SCoSS made 34 recommendations to the Scottish Government of which 30 were accepted or partially accepted. SCoSS made a further 10 observations. These resulted in both major and minor amendments to regulations that will have a direct impact on the experiences of people using the Scottish social security system.

For example, SCoSS recommended the Best Start Foods, Best Start Grants and Scottish Child Payment (Miscellaneous Amendments) Regulations 2022 provide clarity over the deferring or waiving of automatic awards of Best Start Grant where the claimant requests this. Stakeholders' highlighted the importance of paying the right person when families are in crisis or transition. The information held by Social Security Scotland, however, may not have distinguished such situations and the draft Regulations did not clearly give Social Security Scotland the discretion they would need to defer or waive automatic awards. In response to our scrutiny report, the Scottish Government highlighted that the final regulations had been changed to add clarity that where an individual has indicated they do not want to receive an automatic award, this will not be made.

- Conduct discussions as opportunities arise with the Social Justice and Social Security Committee and the Scottish Government to make sure we are adding value, while maintaining our independence.

A key finding from the independent review of SCoSS was that SCoSS is widely recognised as adding value whilst maintaining its independence as a scrutiny body. SCoSS has engaged in discussions with Scottish Government policy officials following publication of each scrutiny report to ensure that lessons are learned and promote understanding of the Commission's work. Commissioners have also appeared regularly before the Social Justice and Social Security Committee to discuss the content of scrutiny reports with the Committee.

- Adopt a lessons learned culture, where we systematically review the effectiveness of our work to identify where improvements could be made.

For each completed scrutiny report, the Board has reviewed the process and impact of the scrutiny process in order to learn lessons for the future. The Board has also sought feedback from Scottish Government officials leading on regulations, submitted to SCoSS for scrutiny, on their experience of engaging with SCoSS.

- Developing our potential ensuring all Board members – including any new members - are supported, motivated, skilled and our working practices are flexible and progressive.

The development of Board members, including induction of new members, forms part of the recommendations made in the Glen Shuraig review. These recommendations are being taken forward as part of the Improvement Plan discussed above.

SCoSS scrutiny of draft regulations

In 2022-23, SCoSS produced four substantive reports on draft regulations. We are pleased that 88% of SCoSS's recommendations were accepted, at least in part, by the Scottish Government. This high rate of acceptance, by the Scottish Government of our recommendations, combined with our provision of oral evidence to the Social Justice and Social Security Committee on three occasions, we consider to be indicative of a high level of impact resulting from our scrutiny work.

In undertaking scrutiny, SCoSS has not just made recommendations on the wording of draft regulations or on direct policy considerations, but has also considered the bigger picture. This reflects the fact that we are obliged to scrutinise draft regulations against the principles in the Act and these span the whole policy cycle from policy design through to continuous improvement. For example, we have consistently called on the Scottish Government to effectively assess the impact of its social security policy changes to provide as much clarity as possible for those receiving or providing advice on benefits. We have also highlighted to Scottish Government officials that we will continue to look for consistency and simplicity across benefits, where possible, as this should help to make the system easier to navigate.

Whilst we recognise that demonstrating scrutiny impact is inevitably complex, the findings of the Glen Shuraig review with regard to the impact of our scrutiny provides further evidence that SCoSS is adding value in helping to create a social security system that is improving outcomes for the people of Scotland.

Risks facing SCoSS

During the year, the SCoSS Board oversaw and approved the approach to the management of corporate risk, updating the Risk Management Framework, and developing the processes and format of risk management in closer alignment with the guidance and advice produced by the Scottish Government. Risk continued to receive good oversight by the SCoSS Board who are advised by the Audit Sub-

Committee as detailed below. Corporate risks, including any changes, are reviewed and discussed at all meetings of the SCoSS Board and Audit Sub-Committee.

The Audit Sub-Committee review the risk register at each meeting of the Sub-Committee. Prior to each meeting of the Sub-Committee, the risk register is reviewed, by the Secretariat and the Audit Adviser, and a paper prepared for the Sub-Committee advising on whether any change to the risk register is required. Following the Audit Sub-Committee, the risk register is considered at the next meeting of the SCoSS Board.

In August 2022, the SCoSS Board agreed that the Audit Adviser undertake a full review of the SCoSS risk register. The purpose of the review was to ensure that the approach to managing risk was appropriate, comprehensive and proportionate. The Board noted that there was consensus that the SCoSS risk register contained areas which were outdated and that a full review would be appropriate.

The Audit Adviser reported the outcome of the review to the December Audit Sub-Committee and subsequently to the December SCoSS Board meeting. The Audit Adviser's review resulted in a rationalisation and reduction in the number of risks detailed in the risk register. This revised approach was agreed by the Audit Sub-Committee and subsequently by the SCoSS Board.

As a consequence of the review, four risks were identified and are reported upon in the risk register. These are detailed in the table below.

Risk	Response
Non- compliance with SG-SCoSS Corporate Governance Framework.	There are regular meetings between the Secretariat and Scottish Government at which corporate governance issues are discussed. In addition, the recommendations from the Glen Shuraig review are designed to result in improvements to the governance of SCoSS. It is intended that the SCoSS Framework Document will be reviewed and updated, in line with the recommendations from the Glen Shuraig review, in 2023-24.
Loss of Board resource impacts negatively on our delivery of the Corporate Plan or the quality of the services that we deliver.	There was considerable change to the composition of the Board during 2022-23 as detailed earlier in this report. In order to mitigate this risk a temporary Board Member was appointed in September 2022 with this Board Member being appointed on a permanent basis in February 2023. In addition, a further temporary Board Member was appointed in August 2023. A further recruitment exercise for a Chair and a permanent Board Member is due to be undertaken and completed by end-March 2024
Failure by SCoSS to apply the relevant statutory controls and other controls that prevent fraud or mismanagement, misuse of the Budget.	The Audit Adviser provides a source of oversight and advice to the SCoSS Board and Audit Sub-Committee with regard to controls, including statutory controls, that prevent fraud, mismanagement and mis-use of the Budget. The Audit Adviser also provides advice and challenge to the Secretariat on these issues. In addition, the establishment of the Audit Sub-Committee is intended to further enhance oversight with regard to issues of this kind.
Loss of key Secretariat staff would deliver on the ability to support and service SCoSS Board.	By November 2022, the Secretariat has expanded to six officials in order to enhance the support to the SCoSS Board and the resilience of the Secretariat.

In 2022-23, SCoSS was allocated a budget of £450K and this is also the budget allocation in 2023-24. The finances of SCoSS are considered in detail later in this

report (Section 5 – ‘Financial Accounts’). However, it is worth noting that staffing costs have, in previous years, tended to account for the vast majority of SCoSS expenditure. This remained the case in 2022-23 when staffing costs accounted for 94% of SCoSS expenditure.

Given the increase in size of the staffing complement of the Secretariat and the increase in staffing costs arising from pay awards made in 2022-23 and 2023-24 it is expected that these costs will increase in 2023-24. The Audit Sub-Committee and Board are actively monitoring this position. As of September 2023, forecast expenditure in 2023-24 is forecast to be £439K. Accordingly, the Audit Sub-Committee agreed, on 14 September 2023, to the inclusion of a new risk to take account of the tight budgetary position in 2023-24 as follows—

Risk	Response
SCoSS Budget has little scope for any unforeseen or additional costs such as a higher pay settlement.	Regular financial meetings are in place with Scottish Government Finance and regular Budget and Forecasting meetings are held. Accruals in relation to costs yet to crystallise are reviewed in depth.

Finance report

SCoSS was delegated a budget of £0.45m by Ian Davidson as the Accountable Officer. This was based on SCoSS’s forecasted spending requirements that were projected and reviewed at the beginning of the year. At year end, SCoSS had spent £0.34m, a £0.11m underspend against the budget. This underspend was “re-absorbed” into the overall Scottish Government spend at year end. For a full breakdown of SCoSS expenditure in 2022-23, please refer to Section 5 – Financial Accounts.

Underspend forecasts presented to the Board during the reporting period were broadly in line with the end-year position. For example, the SCoSS Board was advised in February 2023 that forecast spend in 2022-23 was £359,768 as opposed to the end year position of £339,612. The level of underspend is largely a consequence of the level of turnover both within the Board and Secretariat during the reporting period which resulted in significantly changing circumstances over the course of the year.

There was a decrease in expenditure in non-staff costs in 2022-23 primarily as a result of reduced expenditure on website costs. Expenditure on website costs had been primarily due to the development costs for the new SCoSS website. The website went live in July 2022 and accordingly these costs were no longer incurred during the reporting period. In addition, there was a reduction in costs associated with publications as the Board decided to stop producing hard copies of SCoSS documents during the reporting period as these documents could be made available on the SCoSS website. These two factors account for the vast majority of the reduction in expenditure on non-staff costs from £30,765 in 2021-22 to £19,015 in 2022-23.

Projects

As detailed in last year's annual report, the SCoSS website, which went live in July 2022, was the only relevant project in 2022-23. To date, no other projects have been undertaken.

Ian Davidson

Ian Davidson
Accountable Officer (Deputy Director, Social Security Policy)

23 November 2023

3. Accountability Report

3.1 Corporate Governance Report

This section reports on who the Members and Accountable Officer are for SCoSS's governance framework and the Accountable Officer's responsibilities. SCoSS's governance, audit functions and risk management arrangements are discussed in the Performance Report and further expanded upon in the Framework Document.

The Chair and Members' Report

The Chair and Members

The Social Security (Scotland) Act 2018 provides that there shall be a Chair and at least two but no more than four other members. The Chair and Members have been appointed to SCoSS by Scottish Ministers in line with the Code of Practice for Ministerial Public Appointments in Scotland.

As of 31 March 2023 there were three Commissioners: Judith Paterson (Interim Co-Chair) and Dr Mark Simpson (Interim Co-Chair) and Marilyn Howard. As noted earlier, Dr Sally Witcher and Sharon McIntyre resigned from the SCoSS Board in September 2022. A new member, Marilyn Howard, was appointed to the Board in September 2022 on a temporary basis until April 2023. Subsequently, Marilyn Howard was appointed as a permanent member in February 2023. A further temporary member, Dr Jackie Gulland, was appointed to the Board in August 2023. In addition, the position of Judith Paterson and Dr Mark Simpson as Interim Co-Chairs was formally approved in August 2023. A further recruitment round, to appoint a Chair and a permanent Board member, is planned to be undertaken and completed by end March 2024.

An Audit Adviser, Graeme Hill, was appointed in 2022-23 in response to a previous external audit recommendation. The role of the Audit Adviser is to provide advice and challenge to the SCoSS Board and Secretariat with regard to audit, finance and governance matters.

The SCoSS Commissioners register any relevant interests in the SCoSS 'Register of Interests' which is published on the SCoSS website at—

[Register of Interests - Scottish Commission on Social Security \(socialsecuritycommission.scot\)](https://socialsecuritycommission.scot.nhs.uk/register-of-interests)

The Accountable Officer for SCoSS is Ian Davidson, Deputy Director, Head of Social Security Policy, Scottish Government.

There were no personal data related incidents formally reported to the Information Commissioner's Office (ICO) during the reporting period (2022-23).

Statement of Accountable Officer's responsibilities

Under Schedule 1, Chapter 4 of the Social Security Act (Scotland) 2018, the Scottish Ministers have directed SCoSS to prepare for each financial year a statement of accounts in the form and on the basis set out in the Accounts Direction. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of SCoSS and of its income and expenditure, Statement of Financial Position and cash flows for the financial year.

In preparing the accounts, the Accountable Officer is required to comply with the requirements of the Government Financial Reporting Manual and in particular to—

- Observe the accounts direction issued by the Scottish Ministers, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- Make judgments and estimates on a reasonable basis;
- State whether applicable accounting standards as set out in the Government Financial Reporting Manual have been followed, and disclose and explain any material departures in the financial statements;
- Prepare the financial statements on a 'going concern' basis; and
- Confirm that the Annual Report and Accounts as a whole is fair, balanced and understandable and take personal responsibility for the Annual Report and Accounts and the judgements required for determining that it is fair, balanced and understandable.

The Permanent Secretary of the Scottish Government, as Principal Accountable Officer for the Scottish Administration, designated that Ian Davidson is the Accountable Officer for the Commission. The responsibilities of an Accountable Officer include responsibility for the propriety and regularity of the public finances for which the Accountable Officer is answerable, for keeping proper records and for safeguarding the Commission's assets, are set out in the Scottish Government Memorandum to Accountable Officers of Other Public Bodies and published within the Scottish Public Finance Manual.

- As Accountable Officer, I have taken all the steps that I ought to have taken to make myself aware of any relevant audit information and to establish that the Commission's auditors were aware of that information.
- So far as I am aware, there is no relevant audit information of which the auditors are unaware.
- I confirm that the annual report and accounts as a whole is fair, balanced and understandable and that I take personal responsibility for the annual report and accounts and the judgments required for determining that it is fair, balanced and understandable.

Governance Statement

As Accountable Officer, I have responsibility for maintaining a sound system of corporate governance and internal control that supports the achievement of SCoSS's policies, aims and objectives, set by Scottish Ministers, whilst safeguarding the public funds and assets for which I am personally responsible, in accordance with the responsibilities set out in the "Accountable Officer's Memorandum".

In the discharge of my personal responsibilities, I ensure organisational compliance with the Scottish Public Finance Manual (SPFM). The SPFM is issued by the Scottish Ministers to provide guidance to the Scottish Government and other relevant bodies on the proper handling and reporting of public funds. It sets out the relevant statutory, parliamentary, and administrative requirements, emphasises the need for economy, efficiency, and effectiveness, and promotes good practice and high standards of propriety.

The Framework Document, drawn up by Scottish Government, sets out the broad framework within which SCoSS has agreed to operate. It does not convey any legal powers or responsibilities. The relationship between the SCoSS Board and Scottish Ministers and the SCoSS Board and the Secretariat is outlined in Section 2.1 of this report entitled 'Purpose and Structure'.

Business at the Board and its Committees are governed through the Standing Orders which the Board approves and which are regularly reviewed. In addition, the Minutes of Board meetings are published on our website.

In addition to the SCoSS Board, the only sub-committee is the Audit Sub-Committee.

The Board has established an Audit Sub-Committee to support it in its responsibilities on risk, governance and assurance.

The Audit Sub-Committee advises the Board and the Accountable Officer on the effectiveness of the internal control system. This includes considering risk matters at each meeting, and scrutinising financial management and the annual report and accounts.

Membership of the Commission can be found in the Chair and Members' Report. The Members of the Audit Sub-Committee are Judith Paterson and Dr Mark Simpson.

The Audit Sub-Committee met for the first time in December 2022 and meets on a quarterly basis. The SCoSS Board approved additions to Standing Orders to govern the operation of the Audit Sub-Committee and regarding the establishment and functions of Sub-Committees or Ad-Hoc Committees and also of Working Parties or Groups in March 2022.

Since the establishment of SCoSS, no written authorities have been provided to the Accountable Officer; there have been no lapses of data security; and no significant risk-related matters have arisen.

Accountability for governance

The governance and accountability framework document, based on a Scottish Government document for use across all NDPBs, sets out the broad framework within which we operate and defines key roles and responsibilities which underpin the relationship between us and the Scottish Government. We are held accountable against this framework through regular accountability meetings with our sponsor department in the Scottish Government.

Financial management

The Scottish Government sets a budget for our administration. We allocate that budget internally based on activity required to deliver our core functions and our strategic priorities. That budget allocation is discussed with and approved by the Board. We carry out regular budget reviews of expenditure and the Board is presented with papers detailing our financial position on a quarterly cycle to enable oversight of our financial performance.

This governance statement relates to SCoSS's governance system as it applied during 2022-23 and up to the date of approval of the annual report and accounts. Scottish Government Internal Audit carry out a programme of reviews across the range of Scottish Government corporate systems which are used by SCoSS. The Audit Adviser also provides advice and challenge in relation to SCoSS financial management and audit processes. No issues have been identified as a result of Scottish Government internal audit reviews that would affect SCoSS.

The operation of the governing Board is referred to at 'Purpose and Structure' [Section 2.1].

The main features that support regular monitoring, review and assurance are detailed in the Performance Report.

Risk management

We have a risk management framework which was subject to a major review in 2022. The framework sets out how we manage risk, and the different roles and responsibilities in the risk management cycle. The framework includes a corporate risk register which sets out our biggest and cross organisation risks. The framework includes the Board's risk appetite in a number of areas which drives our response to the risks that we face.

A detailed assessment of SCoSS's risk management arrangements is referred to at 'Risks facing SCoSS' [Section 2.2].

An assessment of corporate governance arrangements is provided in the Governance section of the Performance Report [Section 2.1].

An independent, external review of SCoSS governance was commissioned by the Scottish Government. An improvement plan implementing the recommendations of the review is being progressed in 2023-24.

External Audit Recommendations: 2021-22

The external recommendations from Audit Scotland in the 2021-22 audit are noted below alongside commentary on the corresponding action taken. In addition, there was one outstanding recommendation from previous audits which required action. This outstanding recommendation is addressed in Recommendation Three below.

2021-22 Recommendation One (Remuneration and Staff Report): SCoSS should review the applicability of the fair pay disclosure going forwards, particularly if organisational structures change.

SCoSS has kept the applicability of the fair pay disclosure under review during 2022-23. In the 2021-22 audit, SCoSS advised that we did not consider the disclosure to be applicable to SCoSS on the basis that SCoSS does not employ any staff or have any Board Members that fulfil the role of a Director or have Directorial responsibilities. It continues to be the position that it is not considered appropriate or proportionate to make a fair pay disclosure given the organisational structure of SCoSS and the small number of individuals employed.

2021-22 Recommendation Two (Financial Management): SCoSS should undertake a full review of their financial management arrangements and accounting processes and ensure sufficient oversight.

SCoSS undertook a full review of financial management arrangements following the 2021-22 audit, including obtaining advice and support from the Audit Adviser. As a consequence, bi-monthly meetings now take place with Scottish Government finance to monitor finances. Both the Audit Adviser and Sponsor Unit attend these meetings. A tracker system has been put in place by the Secretariat to record and monitor all spend and this provides a further source of monitoring and managing SCoSS finances. These processes then provide the basis for reporting to the Audit Sub-Committee and SCoSS Board.

2021-22 Recommendation Three (Accounts Preparation): SCoSS should review their year-end processes and accounts preparation timetable. Working papers should be provided alongside unaudited accounts in line with the agreed timetable, together with documentation supporting all disclosures. Audit queries should be addressed timeously.

SCoSS has reviewed year-end processes and the accounts preparation timetable. The timetable for the 2022-23 audit was agreed by the Audit Sub-Committee. A working papers checklist was provided by Audit Scotland and all working papers were provided in advance of formal audit work being undertaken.

The SCoSS Finance tracker was provided to assist Audit Scotland and to facilitate a prompt response to any audit queries. In addition, Audit Scotland attend meetings of the Audit Sub-Committee and receive copies of all Board meeting papers in order to provide a clear 'line of sight' with regard to SCoSS activity.

Lastly, the one outstanding recommendation from previous audits was essentially similar in scope to recommendation three and therefore has been addressed as detailed above.

The SCoSS Board met a total of eight times during the reporting period with the attendance rate of Board Members detailed below.

Member	Board Meetings attended
Sally Witcher	2
Judith Paterson	8
Mark Simpson	7
Marilyn Howard	6
Sharon McIntyre	2

3.2 Remuneration and Staff Report

All secretariat staff working for SCoSS are civil servants employed by the Scottish Government and bound by the Civil Service Code and other civil service requirements as to their conduct, impartiality and confidentiality. Changes to pay and conditions are made in line with wider Scottish Government arrangements. The SCoSS budget is reviewed to reflect any changes to staff remuneration.

Members of SCoSS, including the Chair, are non-executive appointments made by the Scottish Ministers in line with the Code of Practice for Ministerial Public Appointments in Scotland. The role of Members is to contribute their expertise to the development of high quality reports, provide direction, support and guidance to ensure the body delivers and is committed to delivering its functions effectively and efficiently and in accordance with the aims, policies and priorities identified within the 2018 Act.

The Chair and Members have been appointed to SCoSS through a public appointment round that is regulated and monitored by the Ethical Standards Commissioner. As such, their pay and conditions are the responsibility of the Public Appointments branch of the People Directorate within the Scottish Government.

Remuneration (daily fees), allowances and expenses paid to the Chair and Members must comply with the SG Pay Policy for Senior Appointments and any specific guidance on such matters issued by the Scottish Ministers.

SCoSS Board Member, Staff and Accountable Officer Costs

The analysis of board members costs, staff numbers and costs and accountable officer costs disclosed below, and the fair pay disclosure, form the audited part of the remuneration and staff report.

Member	31 March 2023 £'000	31 March 2022 £'000
Sally Witcher	15-20	25-30
Judith Paterson	5-10	10-15
Mark Simpson	5-10	5-10
Marilyn Howard	0-5	N/A
Sharon McIntyre	0-5	5-10

In addition, in 2022-23, the Audit Adviser received remuneration in the range £0 - £5,000.

Accountable Officer

Ian Davidson, Deputy Director, Social Security Policy, is the Accountable Officer for SCoSS during the reporting period. He is a full-time employee of the Scottish Government and his salary was paid directly from the Scottish Government budget. SCoSS did not contribute to his pay, benefits or pension. He also received no bonuses or benefits in kind.

Accountable Officer	31 March 2023 Basic Pay Range £'000	31 March 2023 Bonus Payments £'000	31 March 2023 Benefits in Kind £'000
Ian Davidson	85-90	0	0
Accountable Officer	31 March 2022 Basic Pay Range £'000	31 March 2022 Bonus Payments £'000	31 March 2022 Benefits in Kind £'000
Ian Davidson	80-85	0	0

Remuneration for the Accountable Officer reflects the total amount received in both his roles as Deputy Director of Social Security Policy and no apportionment has been made for his role as Accountable Officer of SCoSS.

In respect of the Accountable Officer's pension benefits, the liability sits with the Scottish Government.

Staff Report

The staff report contains information relating to staff numbers and costs. As of 31 March 2023, SCoSS did not employ any Senior Civil Servants. As noted above, the SCoSS Secretariat are all civil servants, employed by the Scottish Government and on Scottish Government Pay, Terms & Conditions.

FTE	31 March 2023	31 March 2022
Permanent staff	5.5	3
Temporary staff	0	1
Total	5.5	4

Staff costs for SCoSS, in 2022-23, are set out below.

Staff costs	2022-23 £	2021-22 £
Wages and Salaries	176,267	73,171
Social Security Costs	20,355	11,445
Other Pension Costs	47,909	20,749
SCoSS Board Members Fees	35,127	59,811
Interim Manager Costs	44,884	44,453
Staff Leave Adjustment	(3,945)	14,927
Total	320,597	224,556

Staff Composition & Sickness Absence

Due to the low number of staff working in SCoSS, this data cannot be disclosed without risk of identifying individual members of staff and breaching data security. This has therefore been omitted from the report.

Trade Union Time Disclosure

SCoSS had no employees who were relevant trade union officials during 2022-23.

Trade Union Time Regulations 2017 came into force on 1 April 2017. The regulations place a requirement on public sector employers to publish information relating to facility time taken by union representatives. There are no separate arrangements in place for us to publish information relating to facilities time and the requirements are covered within the main Scottish Government annual report and accounts. As an organisation, SCoSS is part of the Scottish Government main bargaining arrangements.

Exit Packages

There were no exit packages in 2022-23.

Fair Pay Disclosure

The FReM requires bodies to disclose the ratio of the mid-point of the highest paid director's remuneration to the median remuneration of the body's staff. The FReM also requires bodies to disclose the equivalent ratio for the staff member in the lower and upper quartile. In addition, the FReM also requires disclosure of the percentage change from the previous year for salary and allowances, performance pay and bonuses in respect of the highest paid director and the employees of the body taken as a whole.

SCoSS does not employ any staff or have any Board Members that fulfil the role of a Director or have Directorial responsibilities. In addition, the Accountable Officer does not have Directorial responsibilities and his principal role is as a Deputy Director (Social Security Policy) within the Scottish Government. The SCoSS Secretariat are all employed as Scottish Government civil servants. In addition, the staff complement within the SCoSS Secretariat is small and varied considerably

during the reporting period. The number of staff employed ranged from two members of staff to a maximum of six members of staff towards the end of the reporting period. On that basis, it is not considered to be appropriate or proportionate to make a fair pay disclosure given the organisational structure of SCoSS and the small number of individuals employed within SCoSS.

Equal opportunities and diversity

The Social Security Policy Division works in conjunction with SCoSS to ensure that HR policies, practices and systems comply with employment and equality legislation, and standards expected of public sector employers. All SCoSS's permanent staff, as Scottish Government employees, are covered by Scottish Government policies including its Delivering Diversity and Equality policy. Further to this, SCoSS also relies on Scottish Government disability policies, which covers areas such as how we fill posts, monitoring and discussing performance and providing reasonable adjustments.

The Scottish Government is also committed to providing all staff, including the SCoSS Secretariat, with opportunities for learning to help staff understand what valuing diversity means in practice, and how to take action to build an inclusive workplace culture.

The Chair and Board Members appointees also adhere to the Code of Practice for Ministerial Appointments to Public Bodies in Scotland in which Diversity and Equality remains a core principle and are expected to abide by the Civil Service Code.

They also have a responsibility to make sure that they are familiar with, and that their actions comply with, the provisions contained within the agreed Code of Conduct for Board Members which was published in February 2020. A revised Code of Conduct was issued for Board approval in January 2022, which was subsequently approved in June 2022.

3.3 Parliamentary Accountability Report

Contingent liabilities

SCoSS are required to disclose any legally enforceable undertakings given in the form of a guarantee or indemnity which would bind the body into providing the resources in the event of the guarantee or indemnity maturing; or a letter or general statement of comfort which could be considered to impose a moral financial obligation. SCoSS is also required to report any liabilities for which the likelihood of a transfer of economic benefit in settlement is too remote to meet the definition of contingent liability under IAS37.

There are no contingent liabilities, or remote contingent liabilities, to report.

Losses and special payments

In accordance with the SPFM, we are required to disclose losses and special payments above £300,000. During 2022-23 there were no losses or special payments within this criteria (2021-22: £nil).

Gifts and Charitable Donations

There were no gifts made during the year (2021-22: nil). There were no charitable donations made during the year (2021-22: nil).

Fees and Charges

The fees and charges guidance in the SPFM require charges at market rates whenever applicable. SCoSS has nothing to report for the period to 31 March 2023 relating to fees and charges.

Ian Davidson

Ian Davidson
Accountable Officer (Deputy Director, Social Security Policy)

23 November 2023

4. Independent Auditor's Report

Independent auditor's report to the members of Scottish Commission on Social Security, the Auditor General for Scotland and the Scottish Parliament

Reporting on the audit of the financial statements

Opinion on financial statements

I have audited the financial statements in the annual report and accounts of Scottish Commission on Social Security for the year ended 31 March 2023 under the Public Finance and Accountability (Scotland) Act 2000. The financial statements comprise the Statement of Comprehensive Net Expenditure, the Statement of Financial Position, the Statement of Cash Flows, the Statement of Changes in Taxpayer's Equity and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards, as interpreted and adapted by the 2022/23 Government Financial Reporting Manual (the 2022/23 FReM).

In my opinion the accompanying financial statements:

- give a true and fair view of the state of the body's affairs as at 31 March 2023 and of its net expenditure for the year then ended;
- have been properly prepared in accordance with UK adopted international accounting standards, as interpreted and adapted by the 2022/23 FReM; and
- have been prepared in accordance with the requirements of the Social Security (Scotland) Act 2018 and directions made thereunder by the Scottish Ministers.

Basis for opinion

I conducted my audit in accordance with applicable law and International Standards on Auditing (UK) (ISAs (UK)), as required by the [Code of Audit Practice](#) approved by the Auditor General for Scotland. My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report. I was appointed by the Auditor General on 2 December 2022. My period of appointment is five years, covering 2022/23 to 2026/27. I am independent of the body in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. Non-audit services prohibited by the Ethical Standard were not provided to the body. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern basis of accounting

I have concluded that the use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the body's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from when the financial statements are authorised for issue.

These conclusions are not intended to, nor do they, provide assurance on the body's current or future financial sustainability. However, I report on the body's arrangements for financial sustainability in a separate Annual Audit Report available from the [Audit Scotland website](#).

Risks of material misstatement

I report in my separate Annual Audit Report the most significant assessed risks of material misstatement that I identified and my judgements thereon.

Responsibilities of the Accountable Officer for the financial statements

As explained more fully in the Statement of Accountable Officer's Responsibilities, the Accountable Officer is responsible for the preparation of financial statements that give a true and fair view in accordance with the financial reporting framework, and for such internal control as the Accountable Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Accountable Officer is responsible for assessing the body's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless there is an intention to discontinue the body's operations.

Auditor's responsibilities for the audit of the financial statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. I design procedures in line with my responsibilities outlined above to detect material misstatements in respect of irregularities, including fraud. Procedures include:

- using my understanding of the central government sector to identify that the Social Security (Scotland) Act 2018 and directions made thereunder by the Scottish Ministers are significant in the context of the body;
- inquiring of the Accountable Officer as to other laws or regulations that may be expected to have a fundamental effect on the operations of the body;
- inquiring of the Accountable Officer concerning the body's policies and procedures regarding compliance with the applicable legal and regulatory framework;
- discussions among my audit team on the susceptibility of the financial statements to material misstatement, including how fraud might occur; and
- considering whether the audit team collectively has the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations.

The extent to which my procedures are capable of detecting irregularities, including fraud, is affected by the inherent difficulty in detecting irregularities, the effectiveness of the body's controls, and the nature, timing and extent of the audit procedures performed.

Irregularities that result from fraud are inherently more difficult to detect than irregularities that result from error as fraud may involve collusion, intentional omissions, misrepresentations, or the override of internal control. The capability of the audit to detect fraud and other irregularities depends on factors such as the skilfulness of the perpetrator, the frequency and extent of manipulation, the degree of collusion involved, the relative size of individual amounts manipulated, and the seniority of those individuals involved.

A further description of the auditor's responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website www.frc.org.uk/auditorsresponsibilities. This description forms part of my auditor's report.

Reporting on regularity of expenditure and income

Opinion on regularity

In my opinion in all material respects the expenditure and income in the financial statements were incurred or applied in accordance with any applicable enactments and guidance issued by the Scottish Ministers.

Responsibilities for regularity

The Accountable Officer is responsible for ensuring the regularity of expenditure and income. In addition to my responsibilities in respect of irregularities explained in the audit of the financial statements section of my report, I am responsible for expressing an opinion on the regularity of expenditure and income in accordance with the Public Finance and Accountability (Scotland) Act 2000.

Reporting on other requirements

Opinion prescribed by the Auditor General for Scotland on audited parts of the Remuneration and Staff Report

I have audited the parts of the Remuneration and Staff Report described as audited. In my opinion, the audited parts of the Remuneration and Staff Report have been properly prepared in accordance with the Social Security (Scotland) Act 2018 and directions made thereunder by the Scottish Ministers.

Other information

The Accountable Officer is responsible for the other information in the annual report and accounts. The other information comprises the Performance Report and the Accountability Report excluding the audited parts of the Remuneration and Staff Report.

My responsibility is to read all the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon except on the Performance Report and Governance Statement to the extent explicitly stated in the following opinions prescribed by the Auditor General for Scotland.

Opinions prescribed by the Auditor General for Scotland on Performance Report and Governance Statement

In my opinion, based on the work undertaken in the course of the audit:

- the information given in the Performance Report for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with the Social Security (Scotland) Act 2018 and directions made thereunder by the Scottish Ministers; and
- the information given in the Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with the Social Security (Scotland) Act 2018 and directions made thereunder by the Scottish Ministers.

Matters on which I am required to report by exception

I am required by the Auditor General for Scotland to report to you if, in my opinion:

- adequate accounting records have not been kept; or
- the financial statements and the audited parts of the Remuneration and Staff Report are not in agreement with the accounting records; or
- I have not received all the information and explanations I require for my audit.

I have nothing to report in respect of these matters.

Conclusions on wider scope responsibilities

In addition to my responsibilities for the annual report and accounts, my conclusions on the wider scope responsibilities specified in the Code of Audit Practice are set out in my Annual Audit Report.

Use of my report

This report is made solely to the parties to whom it is addressed in accordance with the Public Finance and Accountability (Scotland) Act 2000 and for no other purpose. In accordance with paragraph 108 of the Code of Audit Practice, I do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

Lisa Duthie

Lisa Duthie
Senior Audit Manager

Audit Scotland
4th Floor
8 Nelson Mandela Place
Glasgow
G2 1BT

23 November 2023

5. Financial Accounts

5.1 Introduction

This statement of accounts reports the results of the Scottish Commission on Social Security for the year from 1 April 2022 to 31 March 2023. It has been prepared in accordance with the Accounts Direction given by the Scottish Ministers under section 19(4) of the Public Finance and Accountability Scotland Act 2000. These financial statements were authorised for issue by Ian Davidson as the Accountable Officer, on 23 November 2023

5.2 Statement of Comprehensive Net Expenditure for the year ended 31 March 2023

	Note	2022-23 £	2021-22 £
Staff costs	2	320,597	224,556
Purchase of Goods & Services	3	19,015	30,765
Total Operating Expenditure		339,612	255,321
Net Operating Expenditure		339,612	255,321

No activities were discontinued during the year.

5.3 Statement of Financial Position as at 31 March 2023

	Notes	2022-23 £	2021-22 £
Non-Current Assets		0	0
Current Assets	4	23,359	36,575
Total Assets		23,359	36,575
Current Liabilities			
Trade & Other Payables	5	(23,359)	(36,575)
Total Current Liabilities		(23,359)	(36,575)
Total Assets less Liabilities		0	0
Taxpayers Equity and other reserves			
General Fund	SoCTE	0	0
Total Taxpayers Equity		0	0

Ian Davidson

Ian Davidson
Accountable Officer (Deputy Director, Social Security Policy)

23 November 2023

5.4 Statement of Cash flows for the year ended 31 March 2023

		2022-23
Cash flow from Operating Activities		£
		2022-23
		£
Comprehensive new expenditure for the year	SoCNE	(339,612)
Movements in working capital: Increase/(Decrease) in Payables ⁶	5	(13,216)
Net Cash flow from Operating Activities		(352,828)
Net Cashflow from Investing Activities		0
Cashflow from Financing Activities		(352,828)
Funding from Scottish Government	SoCTE	316,253
Funding from Scottish Government prior year ⁷	4	36,575
Net Cash Inflow from Financing Activities		352,828
Net Increase /(Decrease) in Cash & Cash Equivalents		(0)

⁶ Movements in working capital excludes movements in receivables which did not pass through the SoCNE.

⁷ This amount is funding received from the Scottish Government in relation to the prior year. The prior year funding is to cover accruals as SCoSS is funded on a cash basis.

	Note	General Fund
		2021-22
		£
Comprehensive new expenditure for the year	SoCNE	(255,321)
Movements in working capital: Increase/(Decrease) in Payables ⁸	5	22,617
Net Cash flow from Operating Activities		(232,704)
Net Cashflow from Investing Activities		0
Cashflow from Financing Activities		
Funding from Scottish Government	SoCTE	218,746
Funding from Scottish Government prior year ⁹	4	13,958
Net Cash Inflow from Financing Activities		232,704
Net Increase / (Decrease) in Cash & Cash Equivalents		0

⁸ Movements in working capital excludes movements in receivables which did not pass through the SoCNE.

⁹ This amount is funding received from the Scottish Government in relation to the prior year.

5.5 Statement of Changes in Taxpayer's Equity for the Year Ended 31 March 2023

	Notes	General Fund
Balance at 31 st March 2022		0
Comprehensive net expenditure for the year	SoCNE	(339,612)
Funding Receivable	4	23,359
Net Funding		316,253
Balance at 31st March 2023		0

	Notes	General Fund
Balance at 31 st March 2021		0
Comprehensive net expenditure for the year	SoCNE	(255,321)
Funding Receivable ¹⁰	4	36,575
Net Funding		218,746
Balance at 31st March 2022		0

¹⁰ Funding has been accrued in respect of the payables due. This receivable funding has been credited directly to the general fund and does not pass through the SoCNE.

5.6 Notes to the Accounts for the year ended 31 March 2023

1. Statement of accounting policies

In line with Schedule 1, Chapter 4 of the Social Security (Scotland) Act 2018, and in accordance with the accounts direction issued by the Scottish Ministers under section 19(4) of the Public Finance and Accountability (Scotland) Act 2000, these financial statements have been prepared in accordance with the Government Financial Reporting Manual (FReM) 2022-23 issued by HM Treasury.

The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRSs) as adapted or interpreted for the public sector context. Where the FReM permits a choice of accounting policy, the accounting policy which is judged to be the most appropriate to the particular circumstance for the purpose of giving a true and fair view has been selected. The particular policies adopted by SCoSS are described below. They have been applied consistently in dealing with items that are considered material to the accounts.

In accordance with the FReM these accounts have been prepared on a going concern basis, which provides that the organisation will continue in operational existence for the foreseeable future.

(a) Accounting convention

The accounts are prepared under the historical cost convention modified to account for the revaluation of property, plant and equipment and intangible assets to fair value as determined by the relevant accounting standard.

(b) Value added tax

SCoSS is registered for VAT as part of the Scottish Government VAT group registration which is responsible for recovering VAT on behalf of the Commission. Irrecoverable tax is charged to the relevant expenditure category.

(c) Receivables

The accounts have been prepared on an accruals basis and all material amounts due as at 31 March 2023 have been brought into the account irrespective of when actual payments were received. These can be found below in Note 4.

(d) Payables

The accounts are prepared on an accruals basis and all material amounts outstanding as at 31 March 2023 should be brought into account irrespective of when actual payments were made. These can be found below in Note 5.

(e) Pensions

Pension benefits are provided through the Principal Civil Service Pension Scheme (PCSPS) and the Civil Service and Other Pension Scheme (CSOPS). These are unfunded multiemployer defined benefit schemes in which SCoSS is unable to identify its share of the underlying assets and liabilities of the scheme. Therefore, SCoSS has accounted for the contributions to the scheme as if it was a defined contribution scheme. This is in accordance with FReM requirements.

(f) Short Term Employee Benefits

A liability and an expense are recognised for holiday pay and other short term benefits when employees render their service thereby increasing their entitlement to these benefits. Accruals are recognised for material amounts in respect of these benefits earned but not taken or paid at the date of the Statement of Financial Position.

(g) Going concern

The accounts have been prepared on the going concern basis, which provides that the organisation will continue in operational existence for the foreseeable future. SCoSS has no reason to believe that Scottish Ministers intend to withdraw support to the organisation, and funding for 2023-24 has been confirmed in the Budget Act. It is therefore considered appropriate to prepare the accounts on a going concern basis. An operating budget will be set annually as part of the SG's normal budget process.

(h) Disclosure of new accounting standards

SCoSS has considered the expected impact of new accounting standards issued but not yet in effect. SCoSS consider the impact is not material. These include:

IFRS 17 – Insurance Contracts: The date of application of IFRS 17 for the private sector has been deferred to 1 January 2023, no date has yet been set for public sector adoption. It continues to be reviewed and the impact considered, although it is anticipated that it will have minimal relevance to SCoSS.

2. Staff costs

Staff costs in 2022-23 amounted to £320,597 (2021-22 - £224,556). Staff costs include directly-employed staff, interim managers & staff related expenditure. A breakdown of these costs is given in the Remuneration and Staff Report.

3. Purchase of Other Goods & Services

	2022-23 £	2021-22 £
Audit Fee	7,507	7,120
Recruitment	75	1,405
Publications	1,010	3,731
IT	5,991	3,237
Website Costs	4,340	15,066
Other Expenditure	92	206
Total	19,015	30,765

4. Trade Receivables & Other Current Assets

	2022-23 £	2021-22 £
Other Receivables	23,359	36,575
Total Receivables	23,359	36,575

£23,359 (2021-22 - £36,575) other receivables is for cash from Scottish Government Funding that will be used to cover the 2022-23 accruals balance when paid next year.

5. Current Liabilities

	2022-23	2021-22
Audit Fees	5,329	4,387
Staff Flexi Leave Accrual	2,159	697
Staff Annual Leave Accrual	12,396	17,803
Other	3,475	13,688
Total Payables	23,359	36,575

6. Depreciation & Impairment Charges

SCoSS does not have any assets and there have been no impairments.

7. Other Operating Expenditure

SCoSS does not have any Other Operating Expenditure.

8. Property, Plant and Equipment

SCoSS did not have any assets or IFRS 16 leases, as at 31 March 2023.

9. Related Party Transactions

SCoSS is an advisory non-departmental public body and it considers that the Scottish Government is a related party within this context. During the year the Commission has had a number of material financial transactions with the Scottish Government including—

- All permanent staff are Scottish Government employees;
- SCoSS uses Scottish Government estates, HR & Financial systems and relies on a number of other Scottish Government services;
- SCoSS ledger is part of the wider SG Core accounts hierarchy;
- All financial transactions are set up, processed and paid via Scottish Government financial systems; and
- Neither the Board Members nor any key managerial staff have undertaken any material transactions with SCoSS during the year.

10. Capital Commitments and contingent liabilities

There are no capital commitments or contingent liabilities.

11. Third Party Assets

SCoSS has no third party assets to report.

12. Events after the reporting period date

There have been no further events after the end of the reporting period to report or which would have a material effect on the accounts.

6. Annex: Accounts Direction

Scottish Commission on Social Security

DIRECTION BY THE SCOTTISH MINISTERS

1. The Scottish Ministers, in accordance with Schedule 1 (Chapter 4(12)) of the Social Security (Scotland) Act 2018 hereby give the following direction.
2. The statement of accounts for the financial period ended 31 March 2021, and subsequent years shall comply with the accounting principles and disclosure requirements of the edition of the Government Financial Reporting Manual (FReM) which is in force for the year for which the statement of accounts are prepared.
3. The accounts shall be prepared so as to give a true and fair view of the income and expenditure and cashflows for the financial year, and of the state of affairs as at the end of the financial year.
4. This direction shall be reproduced as an appendix to the statement of accounts.

Signed by the authority of the Scottish Ministers.

Dated 18 May 2021

Yours sincerely,



Ian Davidson
Deputy Director
Scottish Government
Social Security Directorate