

Overview of public bodies which provide similar functions to the new social security agency

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Context

In March 2016, Scottish Government published “Options Appraisal Part 1: The strategic case for change and the governance of social security in Scotland”. This provided a high level assessment of seven options for the governance of social security in Scotland, with the outcome that the governance of social security should sit within the Scottish Government family. It was then agreed by Cabinet that a new social security agency for Scotland will be established, which was one of the options compatible with this conclusion, and this was announced in Parliament on 1 March 2016.

The option appraisal part 1 report stated that more detailed work would be undertaken to develop configurations for the ‘back room’ processes and user interface for the social security system in Scotland. These are now being developed, costed and appraised as part of a “Stage 2 Options Appraisal”.

This report is part of that Stage 2 Options Appraisal. The report sets out the scale and nature of existing public bodies in Scotland (and Northern Ireland), focusing on those bodies most functionally comparable with the future social security agency. The purpose of the report is to place any proposed option for social security delivery in context for Ministers and to help validate cost estimates for delivery from other modelling work.

Method

Public Bodies Overview

Data on the public body landscape (number of bodies, employment sizes) was taken from a database held by Scottish Government Public Bodies Unit, with further analysis carried out by Scottish Government Communities Analysis Division.

Public Bodies which have similar functions to the future social security agency

A smaller set of public bodies most functionally similar to the prospective Scottish Social Security agency was identified according to a defined set of criteria (as detailed in the report). Headline information about these public bodies – primarily the service they provide, how they operate, the volumes of service they deliver and resources they use to do so - were drawn from published information (primarily annual accounts), as well as further information provided by each of the public bodies. Where organisations chose to amend or update quantitative data on their workloads, costs etc, from those publically available the figures provided by the organisations were used. The information in this report therefore is based on the best available information from the public domain and the bodies themselves at the time of writing.

Public Bodies Overview

How many public bodies are there in Scotland?

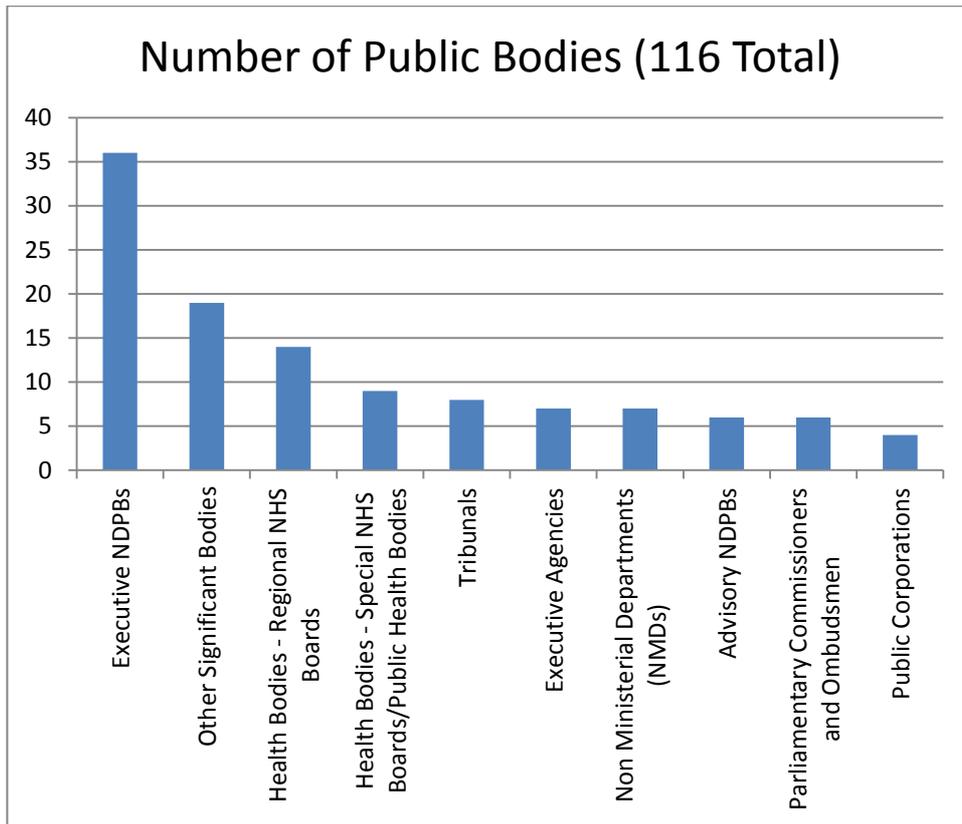
In order to determine what public bodies are comparable to the future social security agency it is important to understand the range of public bodies which exist in Scotland and their functions.

There are currently 116 public bodies in Scotland, across a range of categories:

- Executive Non-Departmental Public Bodies
- Advisory Non-Departmental Public Bodies
- Executive Agencies
- Non-Ministerial Departments
- Public Corporations
- Tribunals
- Commissioners and Ombudsmen
- Regional NHS Boards
- Special NHS Boards and Public Health Bodies
- Other Significant National Bodies

Comprehensive and detailed descriptions of how these categories of public body differ are given in the 2012 Guide to Public Bodies in Scotland¹. It should be noted that even within these categories there are important differences in the way that the bodies are set up, and what they deliver based on differences in their remit and working arrangements.

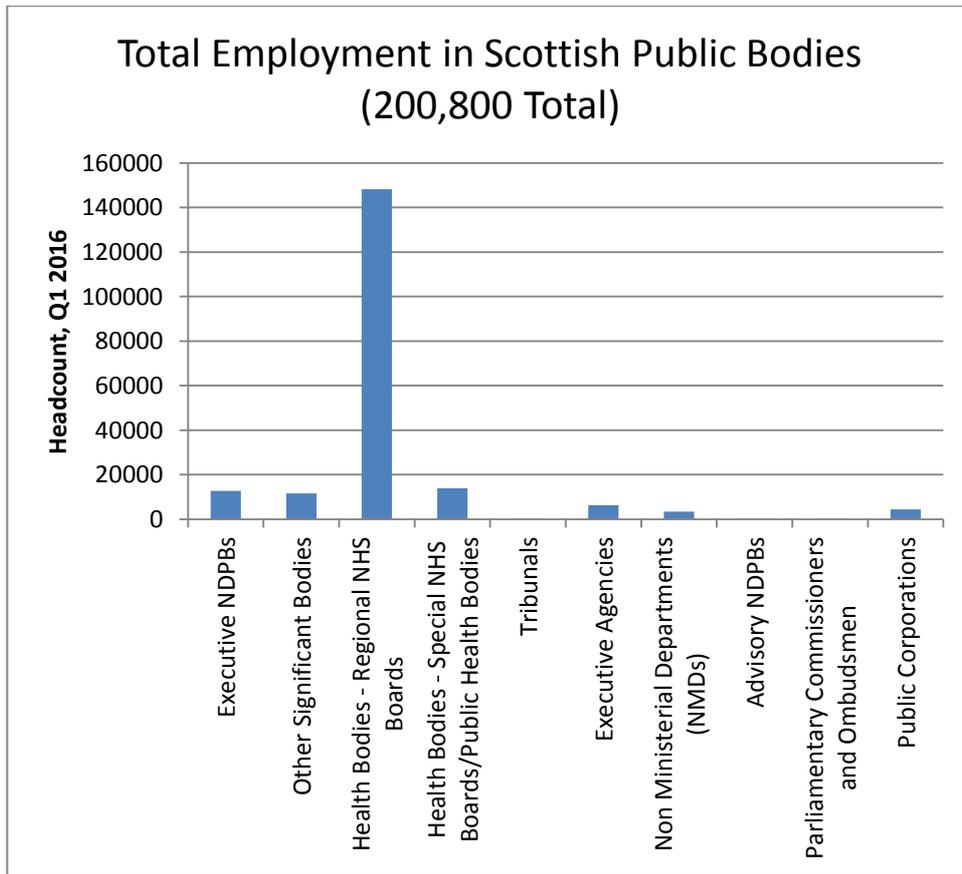
¹ <http://www.gov.scot/Topics/Government/public-bodies/pubs/Guide%20to%20public%20bodies>



Source: SG Public Bodies Database Employment Statistics, Q1 2016

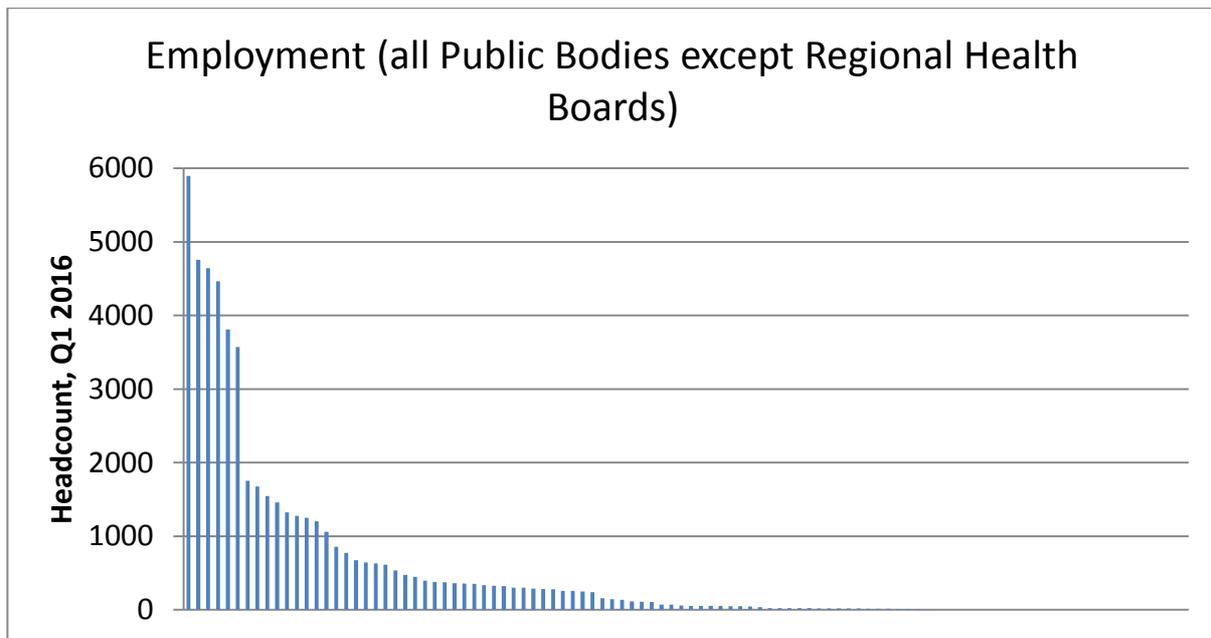
How many people do public bodies typically employ?

From information held in the Scottish Government Public Bodies database, most (74%) of the staff employed in public bodies in Scotland are employed by one of the 14 Regional NHS Boards.



Source: SG Public Bodies Database Employment Statistics, Q1 2016

Excluding the Regional NHS Boards, the other 102 public bodies employed nearly 53,000 people (headcount) in Q1 2016. The employment sizes in these bodies vary widely, as shown in the figure below. Twenty-six of the bodies have no people in their employment. These include bodies such as the Mental Health Tribunal for Scotland and Justices of the Peace Advisory Committee bodies.



Source: SG Public Bodies Database Employment Statistics, Q1 2016

Including only the non-Regional ‘Special’ NHS Boards, there are 76 public bodies that do employ staff. The median staff headcount of these organisations in the first quarter (Q1) of 2016 was around 270. However, six of these public bodies employed many more staff than this at that time, with a headcount of more than 2,000 each. The largest of these is the Scottish Police Authority with a headcount of around 6,000 (Q1, 2016). According to latest estimates for required social security resources, when fully operational the social security agency will be one of the largest public bodies in Scotland.

Employment sizes of all of these 76 bodies are shown in Annex A.

Do staff numbers reported above include all of the people who provide services within the remit of public bodies?

No. Public bodies in Scotland may choose to have other providers (such as Public Private Partnerships) deliver services on their behalf. This means that the total numbers of staff who deliver services for or on behalf of public bodies in Scotland are larger than the numbers reported above. This research does not include a comprehensive report on the full scale and extent of such delivery by others across public bodies in Scotland, but examples are provided in the section below.

Public Bodies which have similar functions to the future social security agency

Not all of the public bodies are “functionally comparable” to the type of public body that will deliver social security in Scotland. The social security agency will interact with and provide a service to individuals across the whole of Scotland (in the form of payments or other benefits “in kind”). It will be mostly “operational”, with significant enabling presence (e.g., “back office” claims processing functions) but also a major front-facing presence with physical footprint for medical assessments.

This section of the report describes in more detail the operations of three Scottish executive agencies, one executive non-departmental public body (NDPB) and one Health Body. These bodies are included in this focused study because they are functionally the closest public bodies in Scotland to the new social security agency, in that they each have some or all of the following characteristics:

- They provide a ‘service’ for individual members of the public across the whole of Scotland
- They receive, process and assess applications
- They hold details of the outcome of applications and manage changes of circumstances
- They issue outcomes from applications and/or make payments

Public Body	Category
1. Disclosure Scotland	Executive Agency
2. Student Awards Agency Scotland (SAAS)	Executive Agency
3. Scottish Public Pensions Agency (SPPA)	Executive Agency
4. NHS National Services Scotland (NSS) (in particular NSS Practitioner Services)	Health Body
5. Scottish Legal Aid Board (SLAB)	Executive NDPB

While comparison with these Scottish public bodies is useful to understand the organisations that carry out similar functions, it is very important to note that the nature of the client base served by some of these public bodies is very different to that which will be served by the social security agency in Scotland. The agency will interact with people who will have complex needs, and have challenges with digital literacy and/or digital access. These factors are important because they limit the comparability between some of the Scottish public bodies reported here and the social security agency.

In this light, the report also presents details of the former Social Security Agency in Northern Ireland as it operated in 2015/16 (social security delivery has since been brought into the core Northern Ireland Executive).

The report reflects in some detail what these six organisations do (five Scottish public bodies and the former Social Security Agency in Northern Ireland), how many people they serve, and what resources they use to do it. This information will be used for two main purposes:

1. To provide an understanding of the scale and nature of operations in comparable organisations
2. To complement detailed data from DWP on their staff, costs and volumes, to understand the possible range of resource requirements for delivering social security services via the new Scottish agency.

This work sits alongside a separate exercise of detailed work looking at DWP, its functions, staffing and resources which will be reported as a separate chapter in this report.

1. Disclosure Scotland

Category of Public Body: Executive Agency.

Established: In 2002 as part of the Scottish Criminal Records Office and as an executive agency of the Scottish Government since 1 April 2009.

What does Disclosure Scotland do?

Primary Functions:

Disclosure Scotland provides two main functions - a disclosure service that aims to “enhance public safety by enabling safer recruitment decisions”, and a protection service - the Protection of Vulnerable Groups (PVG) scheme, which is a membership scheme for people in regulated work with children and protected adults.

Disclosure Scotland receives applications for disclosures and issues Disclosure certificates - these can give details of an individual's criminal convictions, or state that they have none. Enhanced and PVG Scheme Record Disclosures can also contain, where appropriate, information held by police forces and other Government bodies.

Of relevance to the Scottish social security agency, the application-based nature of disclosure services is analogous to claim-based benefits and the monitoring and maintenance of the PVG Scheme caseload is analogous to benefit-caseload maintenance for benefits with recurrent payments.

Disclosure Scotland has an agreement with Disclosure and Barring Service (DBS) to provide Basic Disclosure certificates for England and Wales. This will not continue beyond September 2017, with significant impact on the volume of work for Disclosure Scotland.

Does the public body make payments to clients? No

Number of Transactions / Clients: In 2015/16 there were 1.72m applications for a disclosure or PVG scheme membership / membership update². Some clients made more than one application for one of the services, meaning that the number of people applying for a disclosure or PVG scheme membership was lower than 1.72m.

The ongoing PVG scheme membership (client caseload) grew to 947,000 in 2015/16^{Error!}
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How does the public body engage with clients (e.g., electronic, face to face, telephone, post)?

Presently Disclosure Scotland has a contact centre for receiving telephone calls, accepts applications for basic disclosures online and by post and accepts applications for standard and enhanced disclosures and PVG membership by post only.

Functional Organisation:

Disclosure Scotland delivers its services through the Chief Executive Office and four Directorates:

² Disclosure Scotland Annual Report 2015/16

Disclosure Services	Operations (Application Processing; Vetting; Support; Management) Compliance
Protection Services	Policy Protection Unit PVG Review Project
Corporate Services	Corporate Governance Finance Learning and Development Procurement Communications Analytics
Programme Management	Business Change ICT Services Transformation Programme - Phase 2

Management and governance structure

The Chief Executive is supported by four Non-Executive Directors and four Executive Directors who together comprise the Board. Its principle functions are to provide strategic leadership, direction, support and guidance, monitor performance against objectives and targets and to promote commitment to proper standards of corporate governance.

The Board is supported by the Audit and Risk Committee (ARC) which comprises one independent member and two Non-Executive Directors, one of whom is also the Chair. The ARC is responsible for overseeing risk, control and governance arrangements which are in operation.

Disclosure Scotland is also presently undergoing a period of significant change. Responsibility for the overall Transformation Programme sits with the Transformation Programme Board (TPB). The Chief Executive chairs the TPB and is supported by two Non-Executive Directors as well as representatives from key Scottish Government areas.

Does the agency provide out of hours services?

Yes – Disclosure Scotland currently operate 24/7 for virtually the whole year using shift patterns (day shift, night shift and rotational shift). It is anticipated that this will end in September 2017 when the organisation will cease to undertake a Basic Disclosure service for English and Welsh customers.

What resources does Disclosure Scotland use to deliver its services?

Sites

Disclosure Scotland physically operates through a single-site solution in Glasgow and currently has a separate Disaster Recovery site as part of the contract with BT to provide continuity for IT functionality.

Costs (2015/16)¹

	Costs in 2015/16
Operating costs – Staff and other costs, including payments to BT but excluding depreciation / amortisation costs and income.	£39.2m
Depreciation / amortisation	£3.7m
Income	(£45.6m)

Disclosure Scotland's total operating cost to provide its services in 2015/16 was £39.2m, including £16.2m in payments to BT. This includes staff costs and other operating costs, but does not include capital expenditure or depreciation /amortisation.

Staff

Disclosure Scotland's average number of Full Time Equivalent (FTE) staff in 2015/16 was 477. The staff size has increased significantly since 2014/15 (314) predominantly resulting from an increased demand for service provision.

The majority of the staff provide a direct operational service to external customers (88% of FTE were in a team that is primarily operational in nature Error! Bookmark not defined.).

Does the agency use agency and temporary staff?

Yes, in 2015/16 Disclosure Scotland used an average of 151 FTE agency and temporary staff (included in the figure of 477 above).

At end of March 2016, the total headcount was 523, with 188 of these agency.

Disclosure Scotland has deployed agency and temporary staff as a conscious strategy to match fluctuating demand due to the variation in number of applications made at different times in the year. Use of agency and temporary staff is due to reduce significantly when the organisation will cede discrete functions to DBS.

Are any parts of Disclosure Scotland's services delivered by others?

Yes, Disclosure Scotland has an agreement with BT to provide a range of application processing (receipt, scan, print & postal services) and maintain the IT operating platform and associated systems. The scale and nature of this work has been changing over the last two years, such that more services are being delivered in-house by Disclosure Scotland staff and the proportion of Disclosure Scotland spend on the contract arrangement has decreased accordingly. This resulted in net savings of c. £10m during 2015-16.

What was the "unit cost" of providing Disclosure Scotland services in 2015/16?

As with any assessment of unit costs, it is difficult to give a definitive answer without in-depth study of input costs, cost-drivers and processes. The following gives a "best rough estimate" of unit costs per staff member and unit cost per transaction.

Cost per staff member

To provide an estimate of the total Disclosure Scotland operating costs per staff member in 2015/16, it was deemed appropriate to first remove the cost of payments to BT; BT uses additional staff to deliver services, so should be excluded from both the numerator and denominator of the equation. Excluding income, depreciation / amortisation and payments to BT, the 2015/16 operating cost per staff FTE was of the order £48,200 (£23.0m / 477 FTE).

Cost per transaction

The core volumes of work at Disclosure Scotland are associated with processing applications for Disclosures, processing applications for the PVG membership scheme and ongoing monitoring for the PVG membership scheme. This involves work by both Disclosure Scotland staff and BT staff, so it is relevant to include both costs in this calculation.

If the sum of the volume of applications (1.72m transactions) and one transaction for every member of the PVG membership scheme caseload (0.95m transactions) represented an appropriate measure of the total volume of work, this results in a simple-average cost per transaction of £14.68 (£39.2m / 2.67m transactions). If only applications are considered, the cost per unit is £22.79 (£39.2m / 1.72m applications).

The “real” cost per transaction for 2015/16 will be at the upper-end of these two values as the majority of costs are driven by incoming volumes. However, it must be borne in mind that this simple way of describing unit cost bears no relationship to the prices charged to customers as the cost-drivers per product are unique to each.

Disclosure Scotland has carried out in-depth modelling to establish a robust assessment of the unit cost per Disclosure application / PVG application for 2016/17 and beyond.

This work found that the overall costs driven by the PVG scheme are proportionately greater than those associated with Disclosure applications. The outcomes are being taken into consideration as part of Disclosure Scotland’s financial planning over the longer-term.

It must be noted that the relationship between fixed cost and volume means that lower volumes naturally gravitate to a higher unit cost. When fixed cost can be reduced and / or replaced / removed, economies of scale can be realised and thereafter resultant unit cost reductions achieved. This is particularly relevant for exploitation of digital services and emerging technologies.

The below table summarises these simple unit costs, but the above descriptions should be interpreted as important caveats to the data in this table.

Description of outcome	Not including payments to BT	Including payments to BT
Operating Cost per FTE in 2015/16 [1]	£48,200	NA
Operating Cost per transaction in 2015/16 [2]	NA	£21.17

[1] Calculation of (£39.2m less £16.2m) / 477 FTE staff for **2015/16**.

[2] Based on Disclosure Scotland's unit cost assessment for **2015/16** and application of Pareto (80:20) principle to make a determination of "real" cost.

2. Student Awards Agency Scotland (SAAS)

Category of Public Body: Executive Agency

Established: 1994

What does SAAS do?

Primary Functions:

SAAS is an executive agency of the Scottish Government providing financial support to all eligible students studying in higher education in the UK.

Its key functions are to assess and pay student support under the Students' Allowances Scheme, the Postgraduate Students' Allowances Scheme (PSAS), the Nursing and Midwifery Students Bursary Scheme (NMSB) and the NHS bursary scheme; process applications for student loans, providing resources and data to the Student Loans Company for both loan funding and administration costs; distribute Discretionary and Childcare Funds to Scottish universities and Discretionary Funds to colleges; administer the Part Time Fee Grant Scheme (PTFG) and administer the Individual Learning Accounts Scotland (ILA) scheme, in partnership with Skills Development Scotland.

Does the public body make payments to clients? Yes

Number of Transactions / Clients: In 2014/15 there were over 250,000 applications for student support with 600,000 payments made to students, colleges and universities³. The value of funds disbursed to students (either fees paid to institutions or loans paid to students) was £786.3m.

How does the public body engage with clients (e.g., electronic, face to face, telephone, post)?

SAAS provides a telephone contact centre for queries and receives applications online.

Functional Organisation:

SAAS delivers its services through the Corporate Office and four Directorates⁴:

Operations	Business Delivery: Electronic Document Management Business Delivery: ILA and Part Time Fee Grant Business Delivery: Nursing and Rest of UK Business Delivery: Postgraduate, Disabled Students Allowance and EU Portability Business Delivery: Undergraduate Processing and Resolution Customer Engagement: Contact Centre
Finance	Financial Management Fraud

³ SAAS 2014/15 Annual Accounts

⁴ SAAS 2014/15 Annual Accounts, Scottish Government Organisational Chart data, and Pers. Comm SAAS September 2016.

	Recoveries
Corporate Services	Change Management Facilities HR, Training and Development Information Services
Policy & Engagement	Policy Funding Awareness Compliance

Management and governance structure

The Chief Executive, as Agency Accountable Officer, is personally accountable to Scottish Ministers for the performance of the Agency and delivery of its functions.

In doing so, he is supported by the SAAS Executive Team which provides a forum for corporate decision making and deals with operational issues, formally advising the Chief Executive as accountable officer. The Executive Team comprises the Chief Executive, the Directors for the main Directorates outlined above and the Head of Corporate Office.

The Chief Executive is in turn supported by the SAAS Board. The role of the Board is to provide advice to the Chief Executive about discharging his functions. SAAS Board is made up of a balance of Executive and Non-Executive members, as determined by the Chief Executive. The Non-Executive Board Members are appointed to bring an independent, external perspective to the work of the Agency. This includes assisting the Chief Executive to ensure that appropriate corporate and business plans are in place for the delivery of the Agency's responsibilities, reviewing management information relating to the measurement of the Agency's performance against its targets and ensuring that proper standards of corporate governance are maintained.

The Chief Executive is responsible for the recruitment of the Agency's Non-Executive Board members.

The Chief Executive may also establish any other corporate committees that may be required to discharge the Agency's responsibilities and functions. This includes the SAAS Advisory Committee which brings together all parties responsible for the student support programme with the aim of closer alignment with the Government's desired outcomes and policy objectives. It provides the forum to discuss and agree strategic priorities; set and constructively challenge performance; and discuss the intention of Scottish Government policy on the aims and objectives of the Agency. Membership includes Executives from within SAAS and the wider Scottish Government along with the Agency's Non-Executive Board members and other external representation such as National Union of Students (NUS) Scotland.

Does the agency provide out of hours services?

At busy times of the year for application processing, SAAS contact centres will remain open until 6pm. Additionally, SAAS provides a Saturday service 12-6pm on six Saturdays over the peak application time from April to June⁵.

What resources does SAAS use to deliver its services?

Sites

SAAS operates from one site in Edinburgh.

Costs (2014/15)

	Costs in 2014/15
Operating Costs – Staff and Other Costs (not including depreciation nor income)	£13.4m
Depreciation Costs	£1.0m
Income	(£0m)

SAAS' total operating costs to provide its services in 2014/15 was £13.4m. This includes staff costs and other costs, but does not include capital nor depreciation costs.

Staff

Over 2014/15, there was an average of 266 FTE staff (permanent and agency) employed by SAAS. 168 (63%) of these FTEs were employed in the Operations business area. The other 98 FTEs were employed in Finance, Policy & Engagement, Chief Executive Office or Corporate Services business areas³.

SAAS number of permanent FTE staff as at March 2015 was 246.

Does SAAS use agency and temporary staff?

Yes, there were 53 FTE agency staff employed as at 31 March 2015.

Are any parts of SAAS' services delivered by others?

No. While key systems may be supported by third parties, SAAS currently do not outsource core operations such as Application Processing or Contact Centre.

What was the "unit cost" of providing SAAS services in 2014/15?

As with any assessment of unit costs, it is difficult to give a definitive answer without in-depth study of cost lines and processes. The following gives a "best rough estimate" of unit costs per staff member and unit cost per transaction/client.

⁵ Pers. Comm. SAAS June 2016

Cost per staff member

Over 2014/15 the operating cost (staff and other administration costs) per staff FTE (average permanent and agency staff) was of the order £50,300 (£13.4m / 266 FTE).

Cost per transaction or per client

SAAS report the unit cost of processing an application in 2014/15 as £56.32.

If unit costs were calculated on a “per payment” basis, this would be considerably less, since payments are of the order of 600,000, as opposed to 250,000 applications.

	Unit Cost 2014/15
Operating Cost per SAAS FTE [1]	£50,300
Operating Cost per SAAS application [2]	£56.32

[1] £13.4m / 266 FTE. Does not include depreciation costs. Staff FTE are average for 2014/15 and include both permanent and agency staff.

[2] 2014/15 SAAS Annual Report.

3. Scottish Public Pensions Agency (SPPA)

Category of Public Body: Executive Agency

Established: 1993

What does SPPA do?

Primary Functions:

SPPA administers pension schemes for employees of the National Health Service, teachers, police and fire services in Scotland. SPPA also acts as the central source of policy advice to Ministers on those four schemes, as well as on Local Government and other public service pension schemes, and on occupational pensions policy in general.

Of relevance to the Scottish social security system, SPPA also administers injury benefits for NHS, Police and Fire cases.

Does the public body make payments to clients? Yes

Number of Clients: ~540,000⁶. This includes active, deferred and pensioner members as part of the NHS Scotland, Teachers, Police and Firefighters pension schemes.

How does the public body engage with clients (e.g., electronic, face to face, telephone, post)?

In 2015/16 the Agency carried out its first Customer Service Review. The Review used service design methods to engage with a cross-section of stakeholders including members, employers and SPPA staff. From structured conversations, the Agency was able to establish customer needs across the pension journey and was better able to identify possible new products and services. For business as usual activities, the Agency wrote to pension scheme members requesting acceptance of electronic dissemination of routine information unless a decision was taken to opt-out.

In 2016/17, the Agency will deliver new online portals that will allow secure access to pension services for pension scheme members and employers. SPPA is also in the process of setting up a dedicated Contact Centre which will engage with customers across various communication media as part of its move towards a more digital approach to service delivery.

Functional Organisation:

SPPA delivers its services through the Chief Executive Office and Five Directorates:

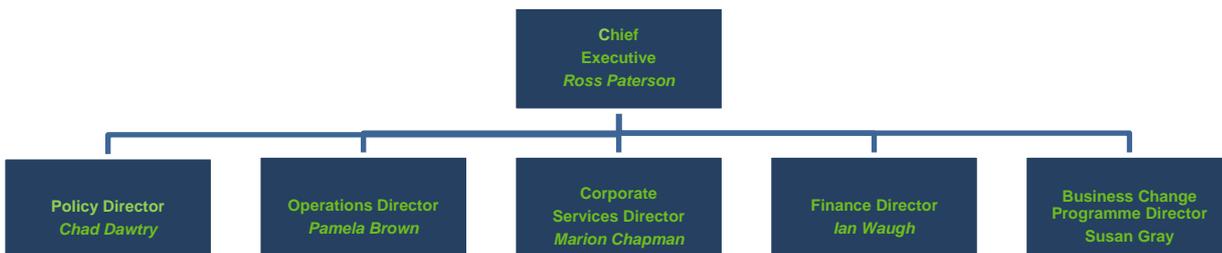
Operations	Technical Training Stakeholder Liaison Operations Support Procurement Support Awards & Payroll Service and Records Management Police and Fire Operations Small Schemes Operations
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⁶ SPPA Chief Executive Initial Induction Pack, 25 May 2015.

Corporate Services	Corporate Communications Mailroom Services Human Resources Corporate Learning and Development IT Payroll Processing Procurement Facilities Management
Finance	Pension Scheme Finance Team Agency Administration Finance
Policy	
Business Transformation	

Management and governance structure

Day to day management is overseen by the individual executive directors and through the Senior Management Team collectively. As at 31 March 2016, the Agency’s Senior Management Team comprised:



Strategic Leadership Team and Management Board meetings

Executive Strategic Leadership Team meetings are held fortnightly and include one meeting at the end of each month designated as a Management Board. The Team comprises the Chief Executive and Directors of Finance, Operations, Policy, Corporate Services and Business Change. Team meetings have a short planning horizon with an emphasis on key deliverables and actions.

Invitations are extended to all non-executive members to attend Monthly Management Board meetings at which an overall Agency Progress Report is tabled covering operational, financial, business support, programme and policy updates and any cross-cutting issues. Management Board meetings typically have a planning horizon of, at least, the next quarter.

Audit and Risk Committee

The Corporate Board is supported by an Audit and Risk Committee which comprises three non-executive members of the Board and has met formally four times over the year.

Pension Boards for the NHS, Teachers', Police and Fire-fighters' Pension Schemes for Scotland

Pension Boards Chairs and Vice Chairs are appointed office holders. Staff, employer and union representative members are elected to serve on Pension Boards (from 2015). Their role is to assist the Scheme Manager for their respective pension scheme and in so doing help to secure compliance with the scheme regulations and other legislation relating to governance and administration of each scheme.

Does the agency provide out of hours services?

No, apart from on-line services, which are available at all times.

What resources does SPPA use to deliver its services?

Sites

SPPA operates from one office in Galashiels.

Costs (2015/16)

	Budget 2015/16
Operating Costs – Staff and Other Costs (IT, estates, actuarial services), not including depreciation nor income	£13.9m
Capital Expenditure (including procurement)	£9.4m
Depreciation Costs	£3.0m
Income	(£0.2m)

Staff

The establishment for 2016-17 was approximately 298 FTEs, with around half of these being at Grade A3⁷. This is similar to the affordable staff allocation for 2015/16 (304 FTE)⁶.

Does the agency use temporary staff?

There have been no temporary staff in employment since December 2015⁸.

Are any parts of SPPA's services delivered by others?

All core business (pensions administration and pensions policy) is conducted in-house. The core business IT application is provided by third party pensions software providers and administered by the in-house IT team⁹. SPPA has procured an integrated pensions administration and payroll system linked to web services. Expenditure incurred has a mixture of resource and capital elements but is predominantly annual license, support and maintenance costs.

⁷ Pers. Comm. SPPA, September 2016

⁸ HR Management Information Agency Pack

⁹ Pers. Comm. SPPA, June 2016.

What is the “unit cost” of providing SPPA services?

As with any assessment of unit costs, it is difficult to give a definitive answer without in-depth study of cost lines and processes. The following gives a “best rough estimate” of unit costs per staff member and unit cost per transaction/client.

Cost per staff member

The expected 2015/16 operating cost (staff and other administration costs) per staff FTE was of the order £45,800 (£13.9m / 304 FTE)⁶. This does not include depreciation costs or capital expenditure.

Cost per transaction or per client

SPPA assessed its total costs per member in 2014/15 as part of its benchmarking report against other similar organisations¹⁰. This research provided in-depth assessment of different unit costs, including administration cost per member and a breakdown of costs by administration costs, governance costs etc. The total cost per member presented for 2014/15 was £21.72.

	Unit Cost
Operating Cost per expected SPPA FTE in 2015/16 [1]	£45,800
Total Cost per SPPA client in 2014/15 [2]	£21.72

[1] £13.9m / 304 FTE. Expected costs for 2015/16 and affordable staff allocation (FTE) for 2015/16. Does not include capital expenditure.

[2] Total cost per member, taken from “Pension Administration Benchmarking Analysis, Scottish Public Pensions Agency (SPPA) - Scottish NHS & Teachers Final Report - 05/01/2016”

¹⁰ Pension Administration Benchmarking Analysis, Scottish Public Pensions Agency (SPPA) - Scottish NHS & Teachers Final Report - 05/01/2016

4.a National Services Scotland (NSS)

Category of Public Body: Health Body

Established: As Common Services Agency from 1978

What does NSS do?

Primary Functions:

NSS offers a wide range of shared services, consultancy and support to NHS Scotland and, more recently, the wider public sector.

In total, NSS delivers 55 different services, ranging from immunisation and preventative programmes; Health and care information and intelligence; Workforce education and development; high volume financial transaction management; Warehouse operations; to fraud prevention, detection and investigation. Many of these services are associated with NSS Brands, such as NSS Practitioner Services.

Fraud detection and investigation services are particularly relevant to social security delivery in Scotland, given that this may be a major component of social security delivery in administration cost terms.

Does the agency make payments to clients? Yes, through NSS Practitioner Services.

Number of Transactions / Clients: Not reported here but reported for the NSS Practitioner Services in the section 4b.

How does the public body engage with clients (e.g., electronic, face to face, telephone, post?)

NSS Engages with customers, stakeholders and the public via email, telephone, social media and through our website and regularly meets face to face with customers and the public through arranged meetings, conferences and events.

Functional Organisation:

NSS delivers services through six strategic business units, supported by five supporting business units / corporate directorates¹¹.

Strategic Business Unit	Service
Public Health and Intelligence	Data Management Health and care information and intelligence Bespoke services Research, innovation, audit and clinical trials support Health management and information libraries Immunisation and preventative programmes Health threat surveillance Incident and outbreak management Healthcare Associated Infection

¹¹ <https://nhsnss.org/how-nss-works/> accessed August 2016.

	<p>Travel and international health Workforce education and development Research and intelligence</p>
<p>Procurement, Commissioning and Facilities</p>	<p>Specialist clinical services Population screening National network management services Warehouse operations Supply chain Distribution Fleet management Ward product management Strategic sourcing Commercial services Procurement services Capital projects Asset management Equipping services Engineering, environment and decontamination</p>
<p>Central Legal Office</p>	<p>Litigation Employment Commercial property Commercial contracts</p>
<p>Information Technology</p>	<p>Architecture and consulting Contract and vendor management IT project management Solutions and applications Accreditation and testing Solution stewardship Infrastructure services</p>
<p>Scottish National Blood Transfusion Service</p>	<p>Blood services Tissues and cells services Clinical services Research, development and innovation Training Testing Quality assurance and regulatory compliance</p>
<p>Practitioner and Counter Fraud Services</p>	<p>Medical Practitioner Services Pharmacy Practitioner Services Dental Practitioner Services Ophthalmic Practitioner Services Fraud prevention Fraud detection Fraud investigation</p>

Supporting Business Unit /	Service
----------------------------	---------

Corporate Directorate	
Finance and Business Services	Portfolio management Programme and project delivery Programme assurance Programme management office
Human Resources and Workforce Development	
Strategy and Governance	
Clinical	
Customer Engagement and Development	

Strategy and Governance – a Corporate directorate steering and supporting planning, performance and corporate governance across NSS.

Management and Governance Structure

NSS is governed by a Board of non-executives Directors, led by the Chair, Professor Elizabeth Ireland and by the Chief Executive Officer, Colin Sinclair. NSS has 8 non-executive Directors including the Chair and 3 Executive Directors (including the CEO, Medical Director and Director of Finance and Business Services) who sit on the Board. NSS's functions were initially set out in National Health Service (Scotland) Act 1978 as amended by (inter alia) The National Health Service (Functions of the Common Services Agency) (Scotland) Order 2008. Please note that NSS is the public name of the Common Services Agency. Subsequently, under the Public Services Reform (Scotland) Order 2013 NSS can provide to Scottish Government and other public bodies any admin, professional or other services including financial services.

Does the public body provide out of hours services?

NSS does not provide out of hours services as standard, however it has some scheduled and emergency out of hours work in areas like IT, Health Protection Scotland, Blood Transfusion Service and media handling. In addition to this NSS' logistics team work 24/6 at the National Procurement centre in Larkhall.

What resources does NSS use to deliver its services?

Sites

NSS has sites throughout Scotland, with 7 key sites in Edinburgh, Glasgow, Aberdeen, Inverness, Dundee, Larkhall and Livingston.

Costs

	Costs in 2014/15
Operating Costs – Staff and Other Costs, not including depreciation nor income) i.e., total revenue expenditure	£630.4m
Expenditure not paid in cash (e.g., Depreciation, Impairment, Amortisation)	£16.3m
Income	(£257.7m)

NSS's total revenue expenditure to provide its services in 2014/15 was £630.4m. This includes staff costs and other operating costs, but does not include income nor depreciation costs.

Operating Costs for Non-Clinical Services (covering most of the strategic business units - Public Health and Intelligence, Procurement, Commissioning and Facilities, Central Legal Office, Information Technology, and Practitioner and Counter Fraud Services Strategic Business Units - as well as Corporate Support Services and NSS Property Costs) were £393m. Of this cost, the largest expenditures were Procurement, Commissioning and Facilities (£207m) and Information Technology (£89m).

Staff

The average NSS full time equivalent staff for 2014/15 was 3,232¹². Of these, 2,363 were staff employed in Non-Clinical Services. 86% of the staff was employed in direct operational roles.

Does the agency use temporary staff?

Yes, NSS 2014/15 annual accounts report that there were 122 FTE agency staff.

Are any parts of NSS's services delivered by others?

NSS Services are delivered by NSS employees, however some services are delivered through national framework contracts ie ATOS for IT services to ensure maximum coverage and value for customers.

What is the "unit cost" of providing NSS' services?

High level unit costs for NSS are not provided in this report as the services are considered too diverse for this to be meaningful.

¹² NSS Annual Accounts 2014/15

4.b NSS Practitioner Services

Category of Public Body: Health Body

Established: As Common Services Agency from 1978

What does NSS Practitioner Services do?

Primary Functions:

NSS Practitioner Services provides a wide range of services within the context of Primary Care and especially to primary care contractors (GPs, Dentists, Pharmacists and Opticians). Practitioner Services authenticates and make payments totalling about £2.4 billion to primary care contractors¹³, including reimbursement of the drugs bill for primary care. In addition to payments, Practitioner Services operate a range of other shared services to NHS Scotland, including management of the national Community Health Index and other national registration services, document scanning, GP medical records management, payment verification and checking, and clinical services in support of NHS dentistry.

NSS Counter Fraud Services provides NHS Scotland with a comprehensive counter fraud service through the prevention, detection and investigation of fraud, embezzlement, theft, corruption and other irregularities within and against the NHS.

Working in partnership with all of the NHS in Scotland, Counter Fraud Services' (CFS) ultimate aim is to protect vital NHS resources from any form of financial crime. This ensures that money and resources are deployed for the public good, in the effective delivery of frontline care.

Counter Fraud Services are a Specialist Reporting Agency which allows them to report cases of criminality directly to the Crown Office and Procurator Fiscal Service without recourse to Police Scotland.

Counter Fraud Services are the only part of NHS Scotland allowed to undertake covert investigations as per the Regulation of Investigatory Powers (Scotland) Act and the Regulation of Investigatory Powers (Scotland) Act.

NSS Practitioner Services also runs the Entitlement provision services. As part of this, NSS provide Medical Exemption Certificates. This involves the patient completing an application form which their GP will sign, which NSS will then validate and determine whether the patient is entitled to the exemption from charges before issuing them with an Exemption card which is valid for a period of time. Although there is no payment, there are clear analogies to Social Services clients applying for benefits/allowances where a determination of entitlement must be made.

Does the agency make payments to clients? Yes, totalling about £2.4 billion.

Number of Transactions / Clients: Practitioner Services provides a wide range of services within the context of Primary Care and especially to about 8500 primary care contractors (GPs, Dentists, Pharmacists and Opticians)¹³.

¹³ Pers. Comm. NSS Practitioner Services

How does NSS Practitioner Services engage with clients?

NSS Practitioner Services is increasingly trying to engage with contractors using electronic means, e.g., reimbursement claims made electronically. Contractors' IT systems are reported to be one of the barriers to making this work although strategic plans are now in place to address this¹³. NSS Practitioner Services also operate customer service desks and meet contractors and their representative bodies regularly.

Functional Organisation:

Services are broadly configured to the four different contractor areas (GPs, Dentists, Pharmacists and Opticians), with a team working in each of the four areas. Some functions, especially support services and senior management, cut across these.

Management and governance structure

The senior management team within Practitioner Services consists of the Director and five Associate Directors who have leadership responsibility across the functional areas of the business. These are:

- Associate Director (Service Delivery) – accountable for data acquisition (both manual and electronic), processing and business rule validation, customer engagement, information governance and clinical services. Circa 375 staff.
- Associate Director (Counter Fraud Services) – patient claim exemption checking service, prevention, detection and investigation of fraud. Circa 25 staff.
- Associate Director (Contractor Finance) – payments to contractors, superannuation, payments to patients (e.g refunds), verification services, reporting to stakeholders and customers. Circa 30 staff.
- Associate Director (Service Improvement) – information technology, legislative and process improvement lead, responsibility for document scanning service. Circa 50 staff.
- Associate Director (Planning and Performance) – business support, financial and workforce planning, performance management, conference and event management. Circa 30 staff.

Does NSS Practitioner Services provide out of hours services?

Not currently, although NSS Practitioner Services are considering extending their service hours since many of their customers now work on an extended basis. Their customer facing electronic services operate "round the clock".

What resources does NSS Practitioner Services use to deliver its services?

Sites

Practitioner Services operate from four sites in Scotland (Edinburgh, Aberdeen, Glasgow, Livingston) with some services provided in multiple sites and some nationally from a single location.

Costs

	Operating Budget (2015/16)
Operating Costs –	£27.8m

Staff and Other Costs, not including depreciation nor income, i.e., total revenue expenditure	
Expenditure not paid in cash (e.g., Depreciation, Impairment, Amortisation)	£0.7m
Income	(£0.8m)

NSS Practitioner Services' operating budget is of the order £28m.

Staff

NSS Practitioner Services employ about 545 FTE staff of many professions, ranging from data processing staff to accountants to dentists. 100% of these are employed in direct operational roles.

The figure of 545 includes SHSC, CFS and Practitioner Services Staff along with the business support function. The role of the SBU is much wider than just payments to practitioners.

Does the agency use temporary and agency staff?

NSS Practitioner Services use a small number of agency staff to either fill short term roles where required, or to bridge from their current operating model to a more electronic model which requires less permanent staff. Numbers in 2016/17 are approximately 20 WTE. They also contract with a small number of dentists on a sessional basis to supplement their core employed dental team. Circa 1.2WTE.

Are any parts of NSS Practitioner Services' services delivered by others?

NSS Practitioner Services use other services within NSS, such as NHS Procurement and Central Legal Office, and NSS's corporate IT and HR services, as well as extensive use of the NHS outsourced IT service through a commercial provider. This is for both data centre systems support but also system development and maintenance.

What is the "unit cost" of providing NSS Practitioner Services' services?

As with any assessment of unit costs, it is difficult to give a definitive answer without in-depth study of cost lines and processes.

The following gives a "best rough estimate" of unit costs per staff member. Neither a "per transaction" cost or "per client" cost would be directly comparable to a social security client. A client in Practitioner Services' existing business is, for example, a dental practitioner who will throughout the course of the year submit an average of 2,000 claims for courses of treatment provided to patients, with each course of treatment ranging from simple examinations up to multiple treatment items (crowns, fillings etc). The business model for managing a service to a social security client would have a different unit cost per claim and therefore a different unit cost per client. However, examples of both have been provided for information purposes.

Cost per staff member

The expected 2015/16 operating budget (staff and other administration costs) per staff FTE was of the order £51,000 (£27.8m / 545 FTE).

Cost per transaction or per client

As above, simple calculations of cost per contractor client or cost per payment to those contractors hide the scale of services provided to NSS clients, since it is possible for clients to have thousands of transaction claims as part of each month's payment. NSS therefore report that the unit cost for a dental treatment claim is £0.49, and £0.21 per prescription drug item paid.

	Unit Cost 2015/16
Operating Cost per NSS PS FTE ^[1]	£51,000
Unit cost per dental treatment claim paid ^[2]	£0.49
Unit cost per prescription drug item paid ^[2]	£0.21

[1] £27.8m / 545 FTE. Costs are based on the 2015/16 budget and exclude depreciation costs.

[2] Pers. Comm. NSS.

5. Scottish Legal Aid Board (SLAB)

Category of Public Body: Executive NDPB

Established: 1987

What does SLAB do?

Primary Functions:

SLAB's main functions are the administration of legal aid, advising ministers on its operation, employing small numbers of solicitors to provide criminal and civil legal assistance, administering grant funding, and monitoring, planning and coordinating advice services.

The purpose of legal aid in Scotland is to provide access to justice for those people who are unable to pay for it on their own. Legal aid in Scotland provides a vital service to people, many of them vulnerable, who would not otherwise be able to pursue or defend their rights, or fund their defence. Legal aid can make an important difference to people at difficult times in their lives.

Of relevance to similar social security agency functions, SLAB manages the Legal Aid Fund, deciding whether to grant applications for legal aid; decides if people have to pay towards the cost of legal assistance, then collects these amounts; assesses solicitors' and advocates' accounts for legal aid work, and pays them for the work they have done; registers firms and solicitors who do legal assistance work and makes sure these firms and solicitors maintain high standards, including funding civil quality assurance which is run by the Law Society of Scotland.

SLAB manages and monitors case related expenditure throughout the lifecycle of the case.

Does the public body make payments to clients?

SLAB makes payments to solicitors and advocates and SLAB's primary relationship is with the solicitor, not the assisted person (member of the public).

The only payments that SLAB makes to assisted persons are if a refund of a contribution is required i.e. the final cost of the account was lower than expected when the contribution was initially calculated.

Number of Transactions / Clients:

In 2014-15 SLAB assessed 212,696 initial applications for legal aid. On top of this SLAB will need to deal with a number of other types of application such as advice and assistance, requests for SLAB to sanction types of additional expenditure and applications to review a decision to refuse legal aid. This takes the number to around 400,000.

The total number of grants for legal assistance in the 2014-15 period was 230,359.

How does the public body engage with clients (e.g., electronic, face to face, telephone, post)?

As explained above, the main contact point for the applicant or the assisted person (once granted assistance) will be through the solicitor. However, SLAB does deal with applicants and assisted persons directly on a range of issues e.g. complaints. This will include:

- Face to face contact e.g. people may need to come to SLAB's offices to discuss an aspect of their application with SLAB staff;
- Telephone
- Email
- Letter e.g. to inform them that a grant has been made
- Surveys
- Information on the website
- Social media

SLAB also employs a small number of solicitors in the Public Defence Solicitors' Office for criminal cases and in the Civil Legal Assistance Offices for civil cases. Amongst other things, these services provide information on the operation of the justice system and provide advice and representation in circumstances of unmet need.

The SLAB Solicitor Contract Line (SCL) provides a 24 hour services, 7 days a week service to assist, and represent where necessary, suspects being interviewed in police custody.

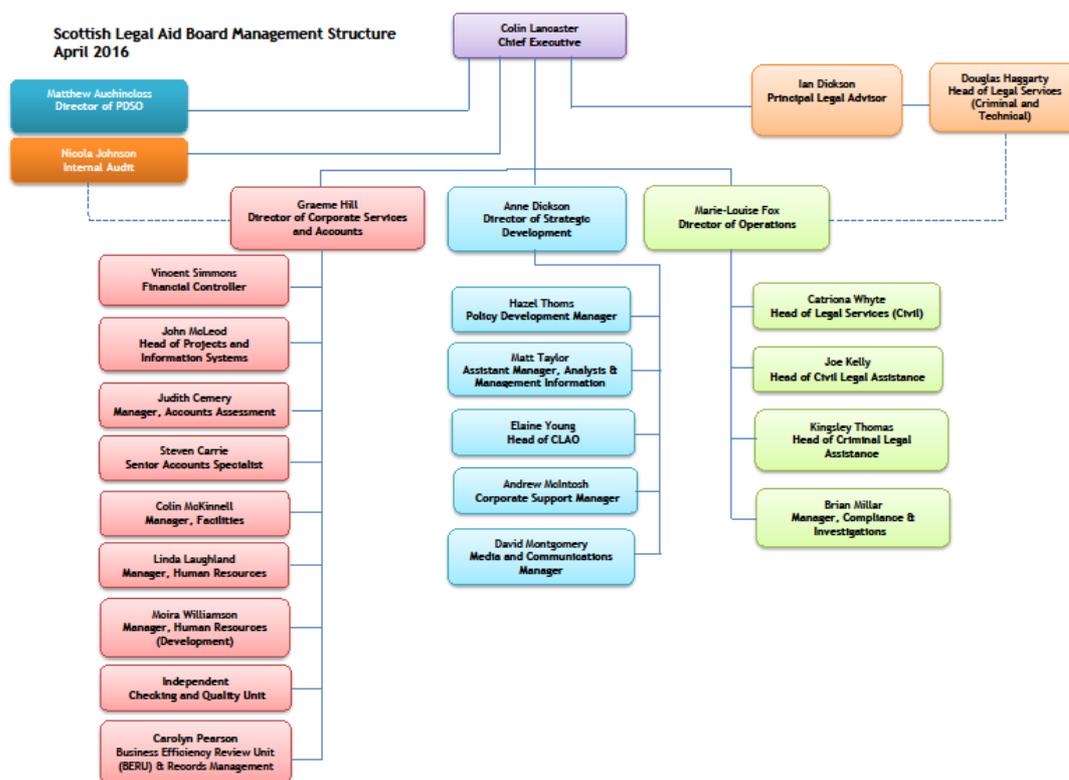
Applications for legal aid are made by solicitors through an online application system, Legal Aid Online.

Functional Organisation:

SLAB delivers its services through the following management structure¹⁴:

14

http://www.slab.org.uk/export/sites/default/common/documents/about_us/board_members_senior_staff/Management_Structure.pdf



Management and governance structure

SLAB has an Executive NDPB governance model and currently has a Board of 12 non-exec members. SLAB's Chief Executive is not a member of the Board and is also the Accountable Officer.

Does the agency provide out of hours services?

Yes, the SLAB Solicitor Contract Line (SCL) provides a 24 hour services, 7 days a week, for suspects requiring legal advice being questioned in police stations.

What resources does SLAB use to deliver its services?

Sites

SLAB headquarters are based in Edinburgh, with Public Defence Solicitors' Office and Civil Legal Assistance Office locations throughout Scotland.

Costs

The Statement of Accounts provides accounts in two parts – those for the Scottish Legal Aid Fund and those for the Scottish Legal Aid Board.

Expenditure reported under SLAF includes fees paid to solicitors, advocates and solicitors' advocates in respect of delivering legal aid, as well as solicitors charges for advice and assistance and advice by way of representation. It also includes costs for the civil legal assistance office, public defence solicitors' office and the police station contact line.

Expenditure reported under SLAB includes core staff and other core operating costs for SLAB. It is this expenditure which is reported below.

	Costs 2015/16 ¹⁵
Operating Costs – Staff and Other Administration Costs [1]	£12.7m
Depreciation, Impairment, Amortisation	£0.34m
Income	(£0.5m)

[1] Includes loss on disposal of plant, equipment and intangibles but not depreciation or amortisation. Includes pension scheme current service costs but excludes finance charges on pension scheme liabilities.

Staff

SLAB employed an average of 261 WTE staff in 2015/16.

Does the agency use temporary and agency staff?

SLAB employed an average of 8 WTE temporary and agency staff in 2014/15.

Are any parts of SLAB's services delivered by others?

Not under SLAB's administrative budget.

Services under Scottish Legal Aid Fund include services delivered by solicitors, advocates and solicitors' advocates. However, there is no contractual relationship between SLAB and private sector suppliers. Expenditure or staff numbers for these services are not shown in this report.

¹⁵ SLAB Statement of Accounts 2015-16

6. Social Security Agency, Northern Ireland (2015/16)

In 2016, social security operations in Northern Ireland were moved from being delivered by the Social Security Agency in Northern Ireland to being delivered by the Department for Communities, Northern Ireland. Below, we report on the structure and functioning of the operations as delivered by the Social Security Agency in 2015/16.

Category of Public Body: Northern Ireland Agency
Established: 1991

What did the SSA do in 2015/16

Primary Functions:

The Social Security Agency's main business in 2015/16 was to¹⁶:

- Assess and pay social security benefits accurately and securely
- Give advice and information about these benefits
- Support people by helping them move closer to work
- Deliver Welfare Reform
- Process benefits reviews and appeals
- Prevent and detect benefit fraud, prosecute offenders and recover any benefit which has been paid incorrectly
- Recover benefit which has been paid in compensation cases
- Assess people's financial circumstances if they are applying for legal aid
- Provide services to customers in Great Britain on behalf of the Department for Work and Pensions (DWP)

Does the agency make payments to clients?

Yes, the agency made benefit payments totalling £5.1bn in 2015/16.

Number of Transactions / Clients:

The agency provides a service to a caseload of about 584,000 individuals living in Northern Ireland, as well as around 245,630 customers living in three London Districts¹⁷.

How did the public body engage with clients in 2015/16 (e.g., electronic, face to face, telephone, post)?

The Agency engages with clients via a number of channels depending on the benefit they are receiving. In 2015/16 the Agency engaged with clients via telephone, post and face to face in 35 local offices across Northern Ireland. In addition, information is provided online for clients and the general public on www.nidirect.gov.uk – the official Government website for Northern Ireland.

¹⁶ Social Security Agency – Organisational Structure and Functioning, Presentation to Scottish Government, 5/6/16.

¹⁷ Pers. Comm. Department for Communities Northern Ireland

Functional Organisation:

In 2015/16, the Social Security Agency delivered its services through the Chief Executive Office and three Directorates, as set out below. The functional organisation has since changed, with operations being moved into the Department for Communities.

Finance & Commercial Services	Debt Management Operations Debt Control AME & Business Partnering Finance Systems & Support Accounting Services Financial Management Branch Commercials / Contracts / Procurement
Working Age Services	Belfast Benefit Centre Employment and Support Allowance Local Office Network – South; North; Belfast Social Welfare Policy Team Universal Credit Project Implementation Corporate Support / PMO
Pensions, Disability & Corporate Services	Pensions Centre Disability and Carer's Service Personal Independence Payment ICT Services Benefit Training Services Standards Assurance Unit and ERD Single Investigation Service (Fraud and Error) Information Security Unit

Management and governance structure

The Agency is headed by a Chief Executive, who is supported by an Agency Management Board (AMB) of Executive Directors. Their responsibilities as set out below:

Chief Executive
Director of Finance and Commercial Services
Director of Pensions, Disability and Corporate Services
Director of Working Age Services and Universal Credit

The Chief Executive may make any changes to the organisation of the Agency considered necessary to maintain and improve the efficiency and overall performance of the Agency (within framework document).

AMB is responsible for the strategic direction of the Agency and supporting the delivery of that strategy by providing corporate leadership, taking ownership for the Agency's performance at corporate level and ensuring that adequate governance controls are in place.

There is a Corporate Governance Framework in place which provides the direction and control for the Agency; confirms the scope of the arrangements and explains the importance placed on organisational structures, policies, plans and review arrangements which have been established to properly manage the Agency's affairs. These are:

Social Security Agency Audit Committee was established as a committee of AMB Board. Its purpose is to support the Accounting Officer by providing independent and objective opinion on issues of risk, control and governance and associated assurances. An assessment the completeness and effectiveness of the Agency's corporate governance arrangements forms part of the Audit Committees regular work programme. The Committee Chair provides an update to AMB after every meeting and an Annual Report to support completion of Governance State.

The Agency's **Modernisation Board** is responsible for the development and strategic management and oversight of the Modernisation Programme Portfolio and for supporting the delivery of the programmes and projects within the Portfolio. The Board determines which projects are taken forward and also provides assurance that governance arrangement within projects are in accordance with best practice and guidance.

The Agency's **Fraud and Error Reduction Board (FERB)** is chaired by the Director of Pensions, Disability and Corporate Services, with senior representation from Working Age Services, Financial Services and HMRC. Other key stakeholders are asked to attend and report on specific issues as they arise

FERB provides strategic focus and direction to the planning and delivery of fraud and error reduction activity across all benefit areas. In doing so FERB monitors results and provides an assurance to AMB that a published Fraud and Error Strategy is being developed and managed successfully.

The Strategic **Outlook Forum** was established by the Chief Executive to commence a process which will define and plan the future service delivery arrangements for the Social Security Agency taking account of all in-flight, planned and emerging strategic initiatives. The Strategic Outlook Forum takes forward high-level research/exercises/projects with the purpose of assisting the Social Security Agency in developing its strategic direction. It supports the development of the Agency's Strategy Map, the annual Balanced Scorecard and Corporate Risk Register.

The purpose of the **Joint Standards Committee** (which acts jointly for SSA and Child Maintenance Service, CMS) is to provide the Chief Executive with independent advice on the quality of the Agency's decision making and guidance. The Standards Committee is chaired by an external appointment (from outside the Northern Ireland Civil Service (NICS)).

The **Debt Board** provides strategic direction and control on all matters relating to the management of the Agency's debt stock by affording a more holistic view on debt issues through aligning operational and change activities in this area. It assists the Agency in meeting the concerns of the Northern Ireland Audit Office by acting as a governance route for the Agency's response to audit recommendations and provides assurance to the Accounting Officer in relation to debt and act as an escalation route for debt issues to the Agency Management Board.

The Debt Board is chaired by the Director of Finance & Commercial Services. Membership is at Assistant Director level and drawn from all areas of the Agency impacted in the life-cycle of a debt. In addition to this, the Head of Accounting Services will also attend.

In addition, a robust risk management process is in place to ensure that the risks faced by the Agency are identified, managed and that appropriate controls are in existence and utilised accordingly. Directors and senior management provide leadership in the risk management process in their particular area of responsibility and corporately through their involvement in the Agency’s Management Board and Modernisation Board.

The Agency has integrated risk management within all aspects of its business and through its planning, monitoring and reporting cycles. Progress on the management of risks is reported to, and reviewed quarterly by the AMB. In addition, the risk management process is supported by reports from Internal Audit and independent scrutiny provided by the Agency’s Audit Committee.

Did the agency provide out of hours services in 2015/16?

No, the agency did not provide out of hours services in 2015/16¹⁸.

What resources does the agency use to deliver its services?

Sites

In 2015/16, Social Security Agency central operations were delivered from seven different sites (Belfast Benefit Centre; Employment and Support Allowance Centre; Pensions Centre; Disability and Carer’s Service; Single Investigation Service; Project Centre; Debt Centre), with local services provided at 35 local offices.

Costs

	Costs 2015/16
Operating Costs – Staff and Other Costs, not including depreciation nor income i.e., total revenue expenditure	£189.3
Expenditure not paid in cash (e.g., Depreciation, Impairment, Amortisation)	£18.7m
Income	(£34.2m)

The Social Security Agency operating costs in 2015/16 were £189.3m. This excludes depreciation, income and capital expenditure. £141.4m of this was staff costs, with £47.9m on other costs.

Staff

There were 4,253 FTE staff members in April 2016. 78% of the staff (by headcount) was employed in direct operational roles.

¹⁸ Pers. Comm. Department for Communities Northern Ireland.

Does the agency use temporary and agency/temp staff?

Yes, in 2015/16 the Social Security Agency did employ temporary/agency staff. The average number of FTE temporary/agency staff over 2015/16 was 5.

Were any parts of the SSA services delivered by others in 2015/16?

Yes, a number of key services were delivered by non-agency staff in 2015/16: Health Care Assessments (CAPITA / ATOS); Catering; Cleaning; Security; and Courier Service. The cost of these services combined was £24.9m.

What is the “unit cost” of providing the Social Security Agency services?

As with any assessment of unit costs, it is difficult to give a definitive answer without in-depth study of cost lines and processes. The following “best rough estimates” of unit costs per staff member and per transaction are intended to be used alongside data on Scottish agencies that provide somewhat similar “transactional” functions to provide context for the range of unit costs that might be expected for the social security agency in Scotland.

Cost per staff member

To calculate cost per Social Security Agency staff member, it is first appropriate to remove costs for services delivered by non-agency staff (e.g., Health Care Assessments). These costs were £24.9m. The 2015/16 operating cost (staff and other administration costs) per staff FTE was then of the order £38,700 (£189.3m - £24.9m/4253). This does not include depreciation, impairment, amortisation or income.

Cost per transaction

The 2015/16 operating cost (staff and other administration costs) per transaction was of the order £69.60 (£189.3m/ 2.72m transactions). These transactions were new claims, renewals, reconsiderations, supersessions, appeals and any other transactions. This does not include depreciation costs.

	Unit Cost 2015/16
Operating Cost per FTE [1]	£38,700
Operating Cost per transaction [2]	£69.60

[1] (£189.3m - £24.9m) / 4253. Costs exclude depreciation costs.

[2] £189.3m / 2.72m transactions. All operating costs are apportioned across transactions. Costs exclude depreciation costs

Summary

Operating Costs

The focus public bodies' operating costs (staff costs and other operating costs, excluding depreciation) ranged from £12.7m to £630.4m. This illustrates the wide ranging scale of operations across even a small sample of Scottish public bodies.

Staff

Staff numbers reported throughout the Public Bodies in Focus section above are for FTE in 2014/15 or 2015/16. Comparing these shows the wide variety of employment sizes of these bodies which range from under 300 to over 4,000.

Body	Staff (FTE) including both permanent and non-permanent staff groups
Disclosure Scotland	477
SAAS	266
SPPA	304
NSS (total)	3,232
NSS Practitioner Services	545
SLAB	261
NI SSA	4,253

Most of the bodies in the focused study use temporary and agency staff. One of the reasons for using temporary staff was to provide a continuous service within a landscape of highly variable demands (such as peak times in the year of applications being received).

Some, but not all, of the organisations provide an out of hours service. In the case of SAAS, this service is primarily during the peak application period. Disclosure Scotland currently operate 24/7 for virtually the whole year using shift patterns, though it is anticipated that this will end in 2016 (as discussed above). SLAB provides a contact centre help line 24/7.

Disclosure Scotland is the only one of the focus organisations in Scotland to have some of its key operations provided by others, in their case through their agreement with BT to provide a range of core operational services. NI SSA however has a range of its key functions supported by DWP and services for Health Care Assessments are provided by CAPITA / ATOS.

How the organisations are structured

Although delivering very different services, the three Executive Agencies (Disclosure Scotland, SAAS, SPPA) have similar functional structures comprising a Chief Executive Office and four or five directorates, such as “Operations” and “Corporate Services”. As might be expected of agencies making large volumes and values of payments, SAAS and SPPA each have a significant Finance Directorate, while Disclosure Scotland does not have a separate Finance Directorate.

The location of IT services varies across the bodies, with some but not all of these associating IT services with Corporate Services.

NSS – a much larger body – separates its diverse array of shared service functions into six Strategic Business Units (one of which is IT services, another Practitioner and Counter Fraud Services) as well as five Supporting Business Units / Corporate Directorates, including HR and Workforce Development.

How the organisations are set up geographically

The public bodies have very different footprints across Scotland, varying from one central location (like Disclosure Scotland and SAAS) to the hub and spoke model of NSS (7 key sites and other sites throughout Scotland).

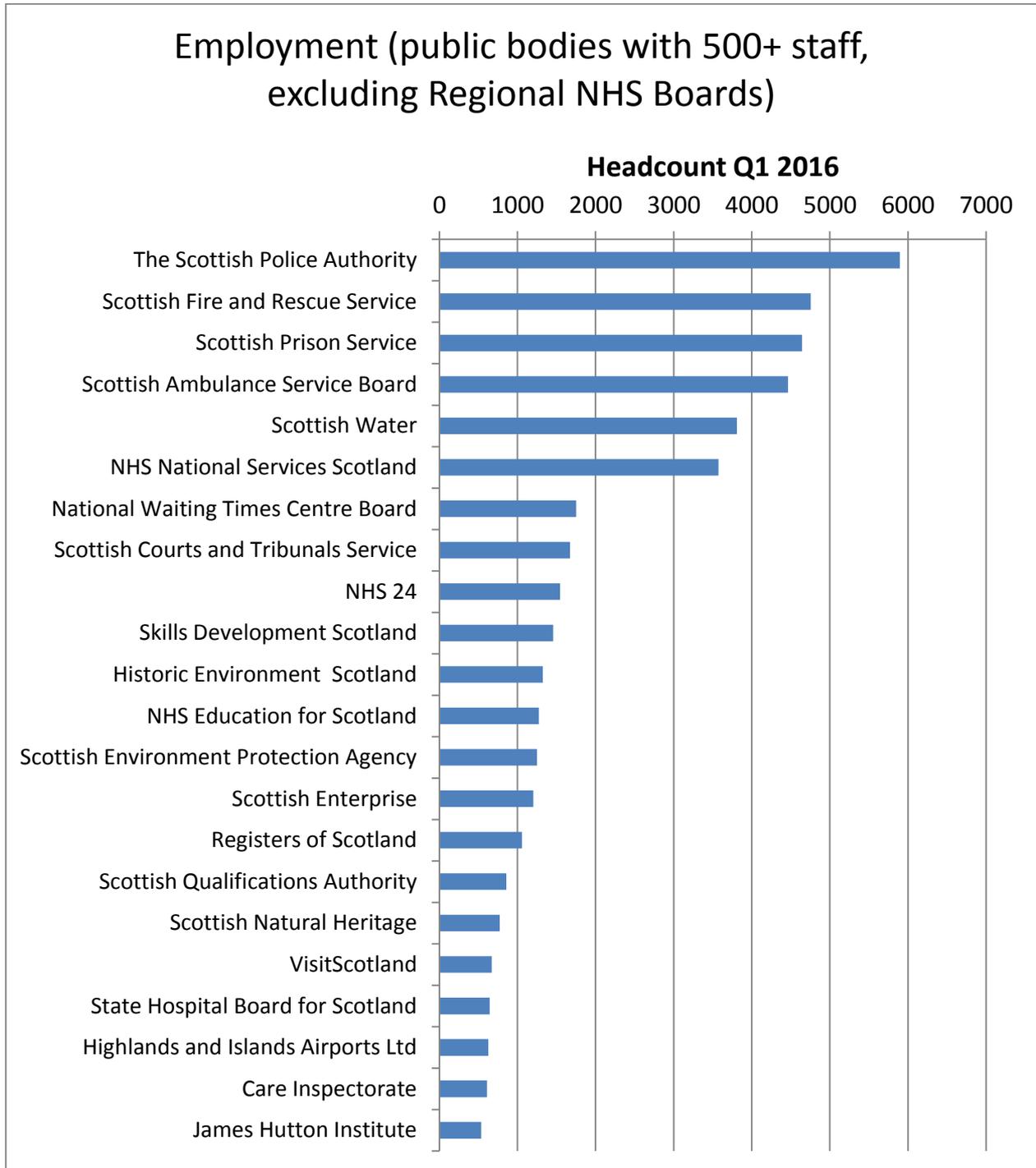
Volume of work

Name	Transaction or Number of Clients Served	Number of transactions (approx.)
1. DS	Applications	1,720,000
2. SAAS	Award Applications	Over 250,000
3. SPPA	Clients	540,000
4b. NSS Practitioner Services	Clients	8,500
5. SLAB	Applications	400,000
6. NI SSA	Transactions	2,720,000

Conclusions

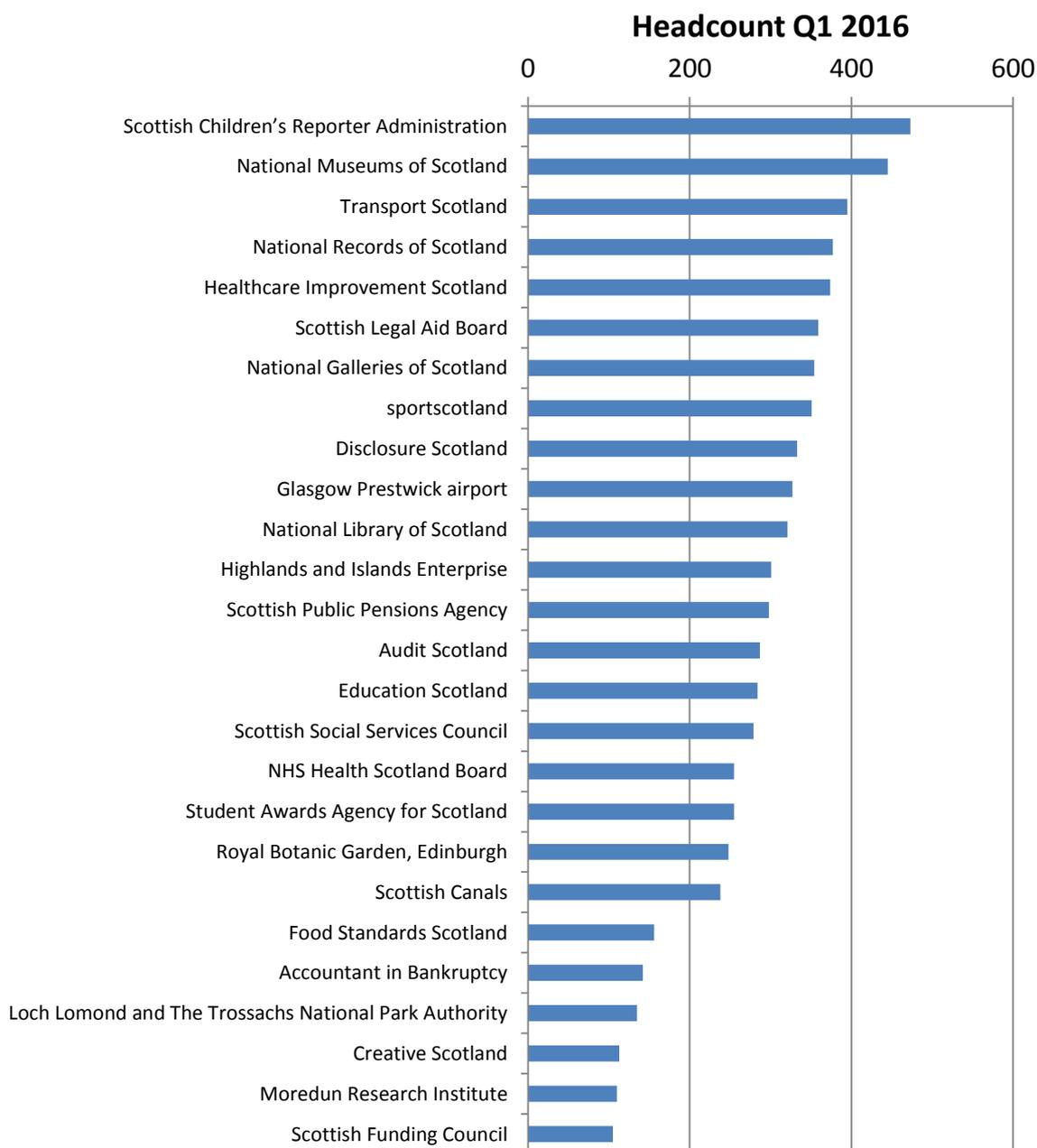
This report is part of the Stage 2 Options Appraisal. Conclusions and information from this report will form a significant input to the options appraisal recommendations rather than this report in itself drawing conclusions.

Annex A



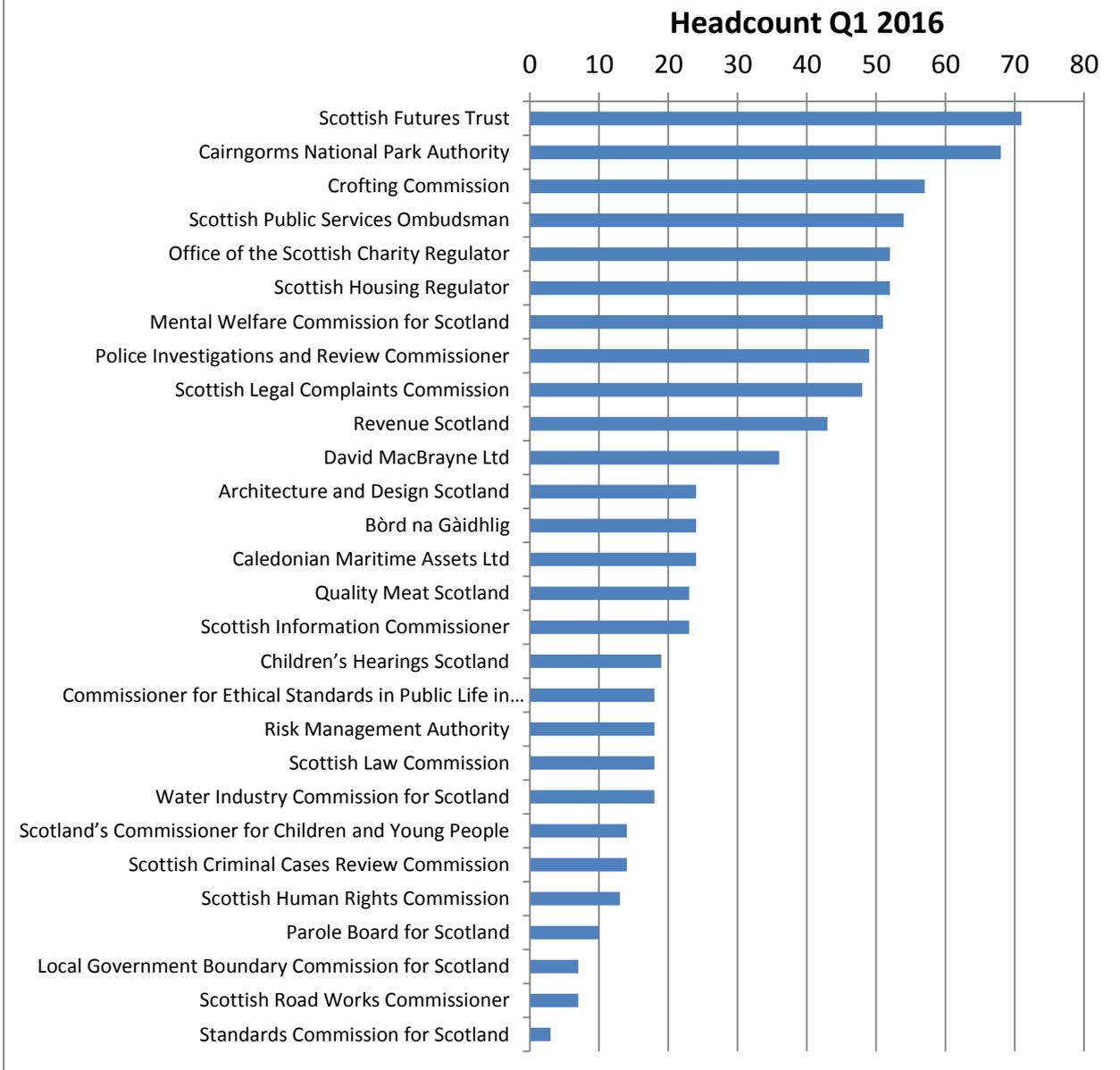
Source: SG Public Bodies Database Employment Statistics, Q1 2016

Employment (public bodies with 100-500 staff, excluding Regional NHS Boards)



Source: SG Public Bodies Database Employment Statistics, Q1 2016

Employment (public bodies with <100 staff, excluding Regional NHS Boards)



Source: SG Public Bodies Database Employment Statistics, Q1 2016