

Project scope

Managing the implementation of the Scotland Acts



AUDITOR GENERAL 

Prepared by Audit Scotland
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The 2012 and 2016 Scotland Acts devolve a range of powers to the Scottish Parliament including responsibilities for taxes, social security and borrowing. The powers of the Scotland Act 2012 have now been fully introduced and while a substantial amount of work has already taken place to implement the Scotland Act 2016 powers, work on this will continue until at least 2021.

The implementation of the devolved financial powers and responsibilities is fundamentally changing the management of public finances in Scotland. Scotland's budget is becoming increasingly complex, subject to greater uncertainties and volatility, and

more closely affected by Scotland's economic performance relative to the rest of the UK.

The implementation of the social security powers will significantly add to this and will be a significant focus for the Scottish Government over the remainder of this parliamentary term. It has committed to implementing these powers by the end of 2020/21. The devolved social security powers cover 11 current benefits totalling £2.8 billion of spending in Scotland, equivalent to 15 per cent of all social security spend in Scotland.¹ The Scotland Act 2016 also devolves powers to top-up other existing benefits and to introduce new benefits.²

The Scottish Government also has to manage the ongoing process of implementing the other Scotland Act 2016 powers, including Scottish income tax, Air Departure Tax, the assignment of VAT receipts and the Aggregates Levy. This is a significant programme of work to manage while maintaining capacity to deliver its core business in a challenging and changing financial and constitutional environment.

Why are we doing this audit?

The financial powers and responsibilities of the Scotland Acts 2012 and 2016 bring significant changes to the way public finances are managed in Scotland, providing both opportunities and risks. We have so far published three reports on implementing the financial powers and responsibilities of the Scotland Acts. Our December 2014 report assessed the Scottish Government's preparations for the introduction of the financial measures in the Scotland Act 2012, our December 2015 report provided an update on implementation and our March 2017 report provided an update on how well the Scottish Government was implementing and managing the range of financial powers devolved through the 2012 and 2016 Acts. We have committed to continue to report on the progress being made to implement the powers of the Scotland Acts.

What will the audit look at?

We will examine how effectively the Scottish Government is managing the implementation of the financial powers and responsibilities of the Scotland Acts. The audit will have a particular focus on the implementation of the devolved social security powers given the scale, complexity and financial impact of these powers. It will also provide an update on the progress in implementing and managing other powers such as Air Departure Tax, and the creation and operation of new bodies including the Crown Estate in Scotland and the Scottish Fiscal Commission.

The audit will assess the Scottish Government's overall capacity and capability to successfully implement and deliver the devolved powers, including how it is managing and reporting the associated costs and balancing demands with those of its core business and the emerging implications of the vote to leave the EU.

Notes:

1. DWP/Scottish Government figures representing 2015/16 spend.
2. Except in relation to old age pensions or where there is a connection to a reserved matter.

How will we carry out the audit?

We will review a range of documents and supplement these by interviews and analysis. We will:

- review published information, including papers from the UK Parliament and relevant committees of the Scottish Parliament
- review papers of the Scottish Government's internal oversight and implementation boards
- review outputs from the Scottish Fiscal Commission
- speak to representatives from the Scottish Government, Revenue Scotland and the Scottish Fiscal Commission.

We will draw on our other audit work, including our annual audits of the Scottish Government and Revenue Scotland and relevant work by the National Audit Office.

What impact will the audit have?

The audit will provide assurance to the Scottish Parliament and public on how well the Scottish Government is managing and implementing the powers and responsibilities of the Scotland Acts, with a particular focus on the devolved social security powers. It will report on the extent to which the Scottish Government is ensuring it has the right skills and capacity to balance the demands of implementing these new powers alongside its core business, in a challenging financial and constitutional context. It will highlight what has been achieved to date, what still needs to be done and any areas for improvement. Where necessary, we will make recommendations to promote and support improvement and transparency. We will report publicly, to support the independent scrutiny of Scotland's public finances.

Timetable and contacts

We plan to publish a national report for the Auditor General for Scotland in spring 2018. For further information please get in touch with Morag Campsie, Audit Manager, on 0131 625 1748 or mcampsie@audit-scotland.gov.uk .



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