

## Project scope

# Social security

## Managing the implementation of devolved social security powers



AUDITOR GENERAL 

Prepared by Audit Scotland  
October 2018

### Background

The Scotland Act 2016 devolves 11 current UK social security benefits to the Scottish Parliament, along with powers to top-up other existing benefits and to introduce new ones. With spending estimated to be about £3.3 billion every year once fully implemented, this represents about 15 per cent of overall current social security spending in Scotland. To support a safe and secure transition, the Scottish and UK governments agreed a phased approach to transferring operational responsibility for the devolved benefits.

The Scottish Government aims to deliver the devolved social security powers based on the principles of dignity, fairness and respect. It has committed to a number of changes from the current UK system, including annually uprating selected benefits, reducing the requirements for medical assessments and

carrying these out in-house. It has also committed to involving stakeholders throughout the design and delivery of the benefits.

The Scottish Government's social security programme is responsible for establishing the arrangements to deliver the benefits, including setting up a Scottish social security agency and operational and IT systems. This is a complex and wide-ranging programme of work. The Scottish Government started to deliver the first wave of benefits, with Universal Credit Scottish Choices becoming available in October 2017. A new agency to deliver the benefits, Social Security Scotland, was established in September 2018. It made its first benefit payments, Carer's Allowance Supplement, in September 2018.

Further benefits, Best Start Grant and Funeral Expense Assistance, are due to be delivered by summer 2019. The Scottish Government will have

operational responsibility for the remaining eight benefits by the end of the current parliamentary term (2021).

## Why are we doing this audit?

The new social security powers are a significant responsibility for the Scottish Government, providing both opportunities and risks. We have published four audits on implementing the wider financial powers and responsibilities of the 2012 and 2016 Scotland Acts. Our latest report in March 2018 provided an update on how well the Scottish Government was implementing these powers, with a significant focus on the social security powers. We will continue to report on the progress being made to implement the Scotland Acts. Given the scale, complexity and financial impact of the social security powers, this audit will focus solely on these powers.

## What the audit will look at

We will examine how effectively the Scottish Government is managing the delivery of the social security powers being devolved under the Scotland Act 2016.

The audit will assess the implementation in four main areas:

- financial management: including the effectiveness of budget setting and monitoring, and the adequacy of arrangements to prevent fraud and error
- financial sustainability: including the effective management of costs, longer-term financial planning, and the use of business cases to inform investment decisions
- governance and transparency: including the effectiveness of leadership, transparency of decision-making, and clear reporting of financial and programme information
- value for money: it is too early to make an overarching judgement on the value for money of the new arrangements. We will, however, assess current progress on areas core to this

audit dimension. This includes the adequacy of programme planning, the effectiveness of the digital infrastructure, and the overall capacity and capability of the team to successfully implement and deliver the powers.

## How we will 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 and Social Security Scotland's internal oversight and implementation boards
- review outputs from the Scottish Fiscal Commission
- speak to representatives from the Scottish Government and Social Security Scotland.

We will draw on our other audit work, including our annual audit of the Scottish Government 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 social security powers. 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 2019.

For further information please get in touch with Gemma Diamond, Senior Manager, on 0131 625 1820 or [gdiamond@audit-scotland.gov.uk](mailto:gdiamond@audit-scotland.gov.uk)



Audit Scotland, 4th Floor, 102 West Port, Edinburgh EH3 9DN  
T: 0131 625 1500 E: [info@audit-scotland.gov.uk](mailto:info@audit-scotland.gov.uk)   
[www.audit-scotland.gov.uk](http://www.audit-scotland.gov.uk) 

For the latest news, reports and updates, follow us on:

