

The Audit of Welfare Benefits

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 AUDIT SCOTLAND



Scottish Parliament created in 1999

Devolved v reserved policies

Budget - £37 billion 2016/17

Five million people

Areas of devolved functions include:

- Health
- Education
- Housing

Reserved functions:

- Taxation (devolution starting)
- Defence

A brief history of devolution so far...



Scottish Parliament established in 1999 (Scotland Act 1998)



New financial powers (Scotland Act 2012)

- Devolved taxes- Scottish rate of income tax, land & buildings transaction tax and landfill tax)
- Borrowing powers



Independence referendum – the Vow – the Smith Commission
2014



Further financial devolution (Scotland Act 2016)



Income tax

From April 2017

Estimated revenues of **£11.2 billion**

The power to set income tax rates and bands on earned income and to retain the tax collected from Scottish taxpayers



Social security

Date TBC

Estimated spending of **£2.7 billion**

Responsibility for some social security powers



Borrowing and reserve

From April 2017

Increased borrowing and reserve powers

- Revenue (£1.75 billion) and capital investment (£3.0 billion)
- Scottish Reserve (£700 million)



Devolved taxes

From April 2018

Devolution of two further taxes:

- Air Passenger Duty (estimated revenues of £309 million)
- Aggregates Levy (estimated revenues of £54 million)



Value Added Tax (VAT)

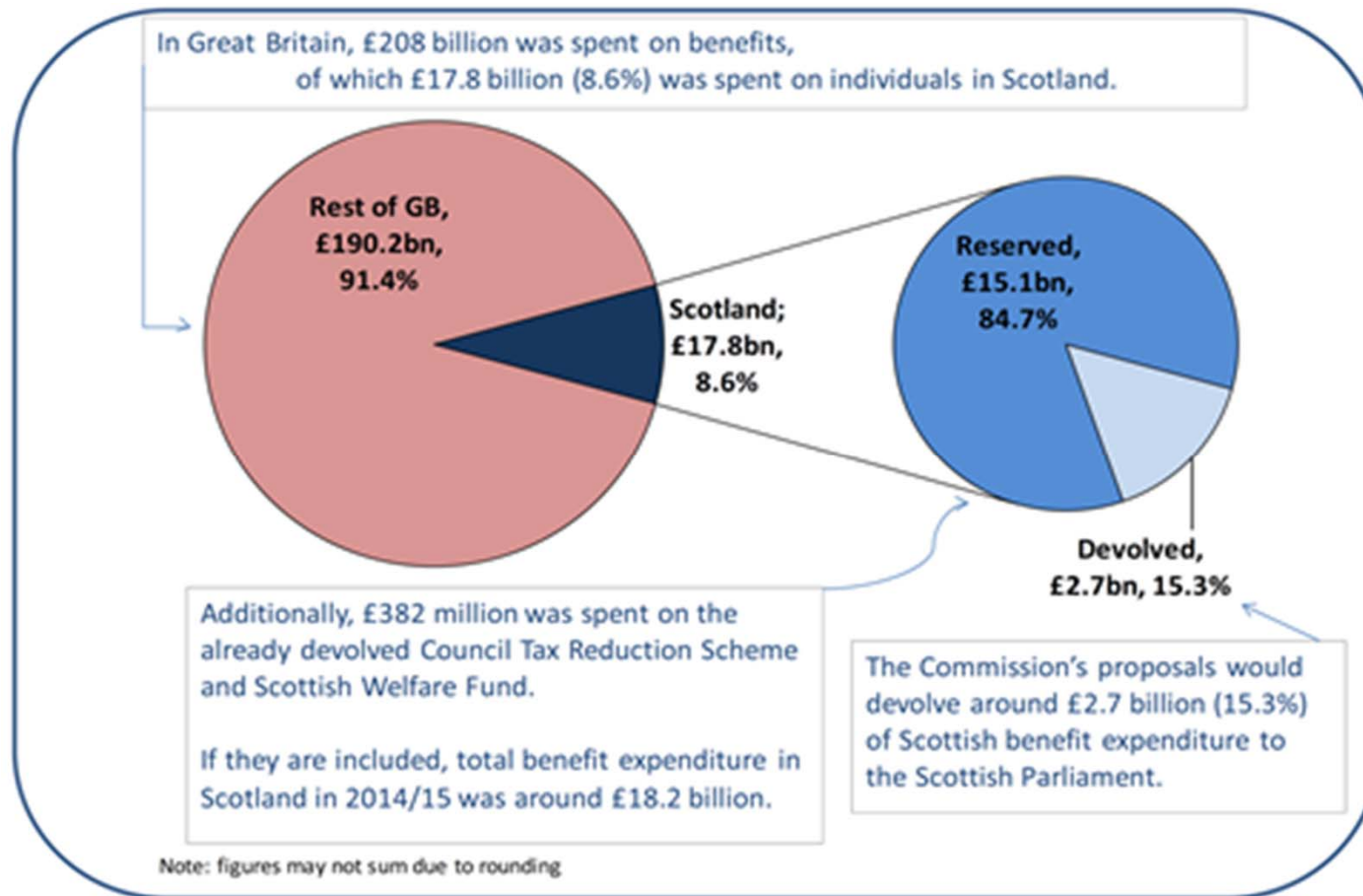
From April 2019

Estimated revenues of **£5.4 billion**

Assigning a share of the VAT collected in Scotland to the Scottish Government's budget



UK and Scottish Benefit spend



Source: Scottish Government

UK wide benefits- now



- The UK Department for Work and Pensions set policy for UK benefits including jobseekers allowance, personal independence payments, state pension, child benefit, housing benefit.
- Local authorities administer benefits such as housing benefit
- The National Audit Office audit DWP's financial statements as well as carrying out performance audit activity.



Audit Scotland :

- **Housing benefits-** £24.3 billion in UK, £1.8 billion in Scotland- certification of annual housing benefit subsidy claims submitted to DWP. Methodology agreed between audit agencies and applied across England, Wales & Scotland
- **Housing benefit performance audit**



National Audit Office

National Audit Office:

- **Audit of the Department for Work and Pensions-** both financial and performance audits across all UK wide benefits



- Risk based and proportionate
- Local authorities submit a self assessment & supporting evidence
- On site visit
- Councils respond to our report with an action plan which Audit Scotland considers
- Where it is considered that service improvement is probable Audit Scotland will request regular updates on progress.
- A ‘focused audit’ will be undertaken when it is considered that the prospect of delivering service improvement is unlikely. This results in a statutory report by the Controller of Audit.



Background – how the council is responding to the challenges it faces

Business planning and performance reporting – what the service is aiming to achieve and how it will sustain the service. Evaluation of the benefit service business planning and reporting process. Comparison of individual council's performance with Scottish & UK averages to highlight relative performance.

Delivering outcomes – is the service delivering what it promised to do, and how effective is it in delivering against local and national objectives.

No separate opinion



The following benefits, paid by councils are subject to audit as part of the annual audit of the council but do not have separate audit opinions

- The Scottish Welfare Fund
- Discretionary Housing Payments
- Social care direct payments
- The Council Tax Reduction Scheme



- Report during 2016/17 on progress made in devolving social security benefits
- Financial audit of the new social security agency (from 2019?)
- Performance audit and best value audit of the social security agency (from 2019?)
- Consideration by Audit Scotland & National Audit Office to undertake joint performance audit work in relation to social security.
- Continue the certification of housing benefit subsidy claims and housing benefit performance audit.

Thank you

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