



The Scottish Parliament
Pàrlamaid na h-Alba

Public Audit Committee

Collette Stevenson MSP
Convener
Social Justice and Social Security Committee

18 December 2025

Dear Convener

Adult Disability Payment

At its meeting on [1 October 2025](#), the Public Audit Committee (“the Committee”) heard evidence from the Auditor General for Scotland (AGS) on his report, [Adult Disability Payment](#), (the report), which was published on 18 September 2025. The Committee took further evidence from the former Chair of the Independent Review of Adult Disability Payment at its meeting on [5 November 2025](#) and from the Scottish Government at its meeting on [12 November 2025](#).

The Committee is aware of the work undertaken by the Social Justice and Social Security Committee in this area and that it has also taken evidence from the AGS and the Chair of the Independent Review on Adult Disability Payment on the report at a recent meeting.

Given its remit, the Public Audit Committee agreed to write to the Social Justice and Social Security Committee to highlight key issues arising from its scrutiny that may be of relevance to your work in this area, and in doing so, close its own scrutiny of the report.

Scale of the projected funding gap

The AGS report highlights that Adult Disability Payment (ADP) is forecast to be the largest contributor to the funding gap for social security payments with a UK equivalent.

In oral evidence, the AGS told us:

“In 2023-24, the spend on the adult disability payment was £141 million more than the equivalent funding received. The latest Scottish Fiscal Commission forecasts are that that gap could grow to £770 million by 2029-30”.

One of the key messages in the AGS report is that the Scottish Government has not yet set out a detailed strategy for how it will manage the forecast gap between social

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security funding and spending within its overall budget. It recommends that they should “set out how the projected financial gap will be managed over the medium term, including analysis of how this will impact on wider outcomes for disabled people”.

While the AGS made it clear that the £770 million is a forecast and there are a “lot of variables” around this, he told us:

“We make a recommendation because although the Scottish Parliament will consider the budget bill from one year to the next and although it has to deliver financial balance, it will become harder to do that without a real sense of which parts of the difference in the approach are making the biggest difference with aspects of it being demand led amongst others”.

The Committee also heard evidence from the former Chair of the Independent Review of Adult Disability Payment that existing forecast figures are based on the “status quo” and do not take account of any potential costs arising from changes which may be implemented by the Scottish Government as a direct result of the recommendations made in her report. We noted from her evidence however, that it is more likely than not, that costs would increase rather than decrease as a result of any recommendations being implemented.

The report highlights that UK government budget decisions in areas of social security devolved to Scotland directly affect the funding available to the Scottish budget. However it explains that:

“In May 2025, as part of the Spring statement, the UK Government announced proposals for PIP which may affect areas of social security which are devolved in Scotland.”

A key message in the report says:

“The Scottish Government does not have a clear strategy in place to manage risks arising from any UK decisions on benefit spending that could reduce the size of the Scottish budget”.

One of the recommendations in the report is that the Scottish Government should, as part of the spending review report how UK Government social security measures in devolved areas such as PIP will impact on devolved funding and how this impact will be measured.

The Scottish Government told us that:

“We fully fund the Scottish benefits system within the Scottish budget. We set out the medium-term financial strategy and there will also be a spending review that will be published alongside the budget this year which talks about how we manage the social security spend and what we look at. Included in that is a learning system through which we think about delivery. At Social Security Scotland, we are thinking about not only decision making but reviews of cases and having a review to ensure that the system is working as efficiently and correctly as it should be. We are looking at spending across adult disability payment”.

We support the AGS's recommendation that the Scottish Government set out, through its spending review, a clear medium-term plan for managing the projected ADP funding gap and how it intends to address financial risks arising from UK welfare changes. The Social Justice and Social Security Committee may wish to monitor progress in this area.

Value for money

The Committee heard that the Scottish Government has a limited understanding of which elements of the ADP model are driving performance and cost. The report highlights the need for improved analysis of the cost-effectiveness of the Scottish Government's approach to understand whether it represents value for money. It states:

"Given the extent of the projected funding gap in the Scottish budget which relates to ADP, better data is needed on how performance measures and ADP cost drivers relate to each other. Understanding how much it costs for Social Security Scotland to deliver ADP in the way it does is critical to judge whether the return on performance is proportionate and acceptable"

In oral evidence, the AGS told us that it was too early to form a view on whether the different approach taken by the Scottish Government represents value for money. However, he said:

"We talk in the report about the analysis that needs to be done with regard to which parts of the difference in approach are making the most or the least successful contributions. That will be the key driver in relation to value for money. We make recommendations throughout the report on how a more informed consideration of value for money could and should be taken forward".

The report notes that:

"More specific analysis is needed to understand which parts of Social Security Scotland's approach to delivering ADP are making a difference to people's experience" and that "Without better analysis... the Scottish Government will find it more difficult to make evidence-based decisions on which activities they should enhance, reduce or maintain".

One of the recommendations in the report is that, for the 2025/26 annual performance reporting publications, the Scottish Government and Social Security should

- define acceptable levels of satisfaction and build them into evaluation reporting
- include analysis of client satisfaction to understand possible reasons for change
- add dignity, fairness and respect indicators more clearly into performance frameworks

This improved performance information will "allow for better analysis of the added value of the spend on ADP".

Social Security Scotland told us that:

“We work with Scottish Government community analysis division colleagues as part of the evaluation strategy. That is a significant part of our work with regard to considering the contribution to the wider outcomes. We are still in relatively early days when it comes to the implementation of adult disability payment, as case transfer has only completed this summer, which means that we are in only the early stages of gathering evidence relating to the much wider outcomes and contributions that may be more apparent in the medium to long term. However, that is certainly something that we are conscious of when we are looking at our evaluation and evidence gathering in relation to our performance and value for money.”

We agree with the AGS that it is vital to understand which aspects of the approach are working well and which are not in order for the Scottish Government to make properly informed evidence-based decisions. The Social Justice and Social Security Committee may wish to consider how well the Scottish Government is managing to achieve this as part of its future work.

Error and fraud

The report explains that Social Security Scotland’s arrangements for preventing error and fraud are still being developed. It notes that Social Security Scotland has not had the same powers as the Department for Work and Pensions to require individuals to provide information for the purposes of reviewing cases to estimate levels of client error and fraud. However, a change in legislation The Social Security (Amendments) (Scotland) Act 2025 provided the necessary powers to mandate client participation and provision of information.

However, before Social Security Scotland can conduct any work, each benefit regulation needs to be amended. The report sets out that no timescales have been set out for when benefit regulations will be amended. It states:

“The Scottish Government policy team is responsible for amending the regulations but has not given timescales for when each benefit will be ready. The Scottish Parliament also has to agree any changes to regulations. This means there is no timescale for when Social Security Scotland can consider incorrect payments due to client error or fraud. This means that Social Security Scotland does not have a reliable figure for the amount lost to fraud and error.”

The Committee explored this issue in further detail with the Scottish Government who told us:

“Since the advent of the agency, we have been putting those counter-fraud measures in place. We have a sophisticated counter-fraud team, and we have the ability to report directly to the Crown Office and Procurator Fiscal Service when we see fraud. The checks that we spoke about earlier are one of the mechanisms by which we can identify applications that we suspect of fraud. So, we have the mechanisms in place to detect, to report and to counter, and we have had successful prosecutions for fraud in relation to our benefits”.

“I want to make sure that a distinction is drawn between what is correctly highlighted in the report, which says that we do not have the tools to estimate the level of fraud, and the idea that we are not doing anything about it. The priority is to try to ensure that we do have the tools to estimate the level of fraud. That is really important, because, as you said, there will be fraud in the system—there will always be fraud in the system.”

We support the AGS’s view that Social Security Scotland need clear timelines for updating benefit regulations to it can properly measure error and fraud. The Social Justice and Social Security Committee may wish to monitor progress in this area as arrangements become established.

A fragmented approach

The report states that it is not sufficiently clear how the Scottish Government’s approach to ADP fits as part of a broader system to support disabled people and National Performance outcomes.

Audit Scotland told us that:

“There is an opportunity now to address wider outcomes, such as education and training, the employment gap or the alleviation of poverty and to build on some of the recommendations of others including in Edel Harris’s Independent Review on ADP and the Scottish Human Rights Commission’s narrative about wellbeing budgeting”.

They said:

“There are a few examples of where we think things could improve. Opportunities are set out at paragraphs 97-99 of the report. As well as better signposting, there are opportunities to link better to employment information and to understand the client journeys. There is also the matter of how improvements can be made to the inclusion of third sector organisations and charities which are often very powerful and important in areas relating to support for disabled people”

A recommendation in the report is that the Scottish Government should produce and publish a disability strategy for Scotland that considers how ADP works alongside other services and interventions and contributes towards meeting national outcomes and that, once in place, there should be regular reporting including detailing how ADP spending is working alongside other spending to support disabled people and what difference it is making.

The Scottish Government told us:

“The past number of years have been about establishing a social security system in Scotland and being able to roll out the benefits one by one. Now we are in a phase that is about looking at how that system contributes to wider society in Scotland. Adult disability payment is a part of that journey. The “Disability Equality Plan” was published this year, and an on-going evidence review of it will be published within the next couple of months. The Audit Scotland report is part of the evidence review to see how we are utilising adult disability payment”.

We agree with the AGS that it would be helpful for the Scottish Government to produce and publish a disability strategy for Scotland that takes into account where ADP fits into the wider support framework for disabled people. The Social Justice and Social Security Committee may wish to monitor action that the Scottish Government takes in response to this recommendation.

I hope these findings are helpful in informing your future work.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Richard Leonard'.

Richard Leonard MSP

Convener