

News release

Embargoed until 00:01 hours, 18 September 2025

Plan needed for benefits funding gap

The Scottish Government needs to set out how it will manage a funding gap created by its higher spending on devolved benefits.

Adult Disability Payment (ADP) is the largest of the devolved benefits and the replacement for the UK's Personal Independence Payments (PIP). Eligibility and payments for ADP and PIP are similar, but the ADP application and review processes are designed to be less onerous. Around 500,000 people now receive the benefit. Of those, over 318,000 have been transferred from PIP to ADP, and nearly 160,000 are new ADP applicants.

In 2023/24, the Scottish Government spent £2.6 billion on ADP - £141 million more than the funding available to it through the UK block grant. The Scottish Government has not set out how it will manage this ADP funding gap, which is forecast to grow to £770 million by 2029/30. Ministers also lack a clear strategy to manage any impact on the Scottish budget from UK decisions in devolved areas, such as PIP.

The Scottish Government's approach to ADP has created additional costs but performance data is limited. It is difficult to see which parts of the ADP application and review process make the biggest difference to people, and how much they cost. The government's understanding of how ADP helps improve disabled people's lives is also under-developed. Without all this information, ministers will find it difficult to decide how best to allocate spending to ensure value for money.

Stephen Boyle, Auditor General for Scotland, said:

"Adult Disability Payment is a lifeline for thousands of people in Scotland. It is also the clearest example of how the Scottish Government's commitment to making the social security process less onerous has come at a cost.

"Given that the gap between available funding and ADP spending is forecast to grow significantly, the Scottish Government needs to set out how the gap will be managed over the medium-term, and how this will impact on the lives of disabled people.

"To ensure money is well spent, ministers need to be much clearer on what parts of the ADP application and review process are making the biggest difference to disabled people, and what the costs are compared to PIP."

For further information contact:
Patrick McFall Tel: 07786660171
pmcfall@audit.scot or media@audit.scot

Notes to Editor:

1. The ADP application and review processes are in keeping with Social Security Scotland's statutory principles of dignity, fairness, and respect.
2. The Scottish Government increased efforts to encourage people who are eligible for ADP to apply. Between January 2023 and April 2025, a higher percentage of the working age population in Scotland registered for ADP (8 per cent) compared to PIP in England and Wales (5.3 per cent).
3. The Scottish Fiscal Commission forecasts that the ADP spending gap alone will grow to £770 million in 2029/30. This is contributing to a larger overall fiscal gap for devolved social security spending of £2 billion by 2029/30.
4. The 2016 Scotland Act transferred certain social security powers to the Scottish Government and Social Security Scotland, allowing the creation of tailored benefits and the creation of Scottish replacements for UK benefits.
5. Audit Scotland has prepared this report for the Auditor General for Scotland. All Audit Scotland reports published since 2000 are available at www.audit.scot
 - The Auditor General appoints auditors to Scotland's central government and NHS bodies; examines how public bodies spend public money; helps them to manage their finances to the highest standards; and checks whether they achieve value for money. The Auditor General is independent and is not subject to the control of the Scottish Government or the Scottish Parliament
 - Audit Scotland is a statutory body set up in April 2000, under the Public Finance and Accountability (Scotland) Act 2000. It provides services to the Auditor General for Scotland and the Accounts Commission for Scotland.

ENDS