

Department for Communities – Annual Audit of Financial Statements

Universal Credit (UC) expenditure in Northern Ireland increased by 140 per cent in the wake of the COVID-19 pandemic. That is among the findings of a report by the Comptroller and Auditor General, Kieran Donnelly CB, on the results of his audit of the 2020-21 Department for Communities (DfC) accounts.

DfC, the largest of the nine Northern Ireland Departments, provides support to meet the needs of the most disadvantaged citizens, families and communities across Northern Ireland. One of its key functions is the payment of benefits from the social security system to claimants. During 2020-21, there was a significant increase in UC claims, with new claims peaking at 34,500 in March 2020 (compared to a monthly average of 7,000). The total expenditure on UC claims for the year totalled £716 million (compared with £295 million in 2019-20).

The complexity of benefit systems means that they are susceptible to both intentional and unintentional errors by claimants and errors by Department staff. As a result the C&AG has again qualified his audit opinion on the DfC account. In 2020-21, the amount of estimated overpayments due to fraud and error increased to £166 million (3.8 per cent) from £124 million (3.1 per cent) in 2019-20. There are also underpayments which arose due to error, and these are estimated at £23.8 million (0.5 per cent), a decrease from £26 million (0.7 per cent) last year.

The significant increase in overpayments this year is mainly due to the increase in claimant fraud in UC which rose to £75 million (7.2 per cent) from £31 million (5.2 per cent) in 2019-20. Aside from the considerable increase in numbers of UC claims, the Department also introduced a number of changes to the administration of the benefit and reduced checks for a short period of time to get money to those in need as quickly as possible.

Mr Donnelly's report notes that at the early stages of the pandemic, when there was a significant increase in the amount of new claims, frontline staff within the Department were able to identify 3,500 suspicious claims, of which 60 per cent were found to be wholly or partially suspicious and were not paid as a result. Mr Donnelly commented:

“It is encouraging that in the midst of the pressures arising from the pandemic that Department staff were alert to the possibility of fraud and acted accordingly.”

The report also refers to the wider impact of the pandemic on the Department, which was allocated £271 million in funding to deliver schemes to mitigate against the worst effects of COVID-19. A breakdown summary of this funding can be found below:

COVID-19 Scheme	Funding (£'000)
Grants to Local Councils	85,300
Heating Payment	44,200
Sports Hardship Fund	27,000
Culture Resilience Scheme (Culture Recovery)	23,300
Culture Resilience Fund	4,000
Charitable Grants	20,500
Access to Food Packages	13,500
Supporting People	8,400
Community Support Fund	9,500
Social Enterprise Support	9,300
Homelessness	7,100
Benefit Delivery Response	5,000
Loss of Rental Income (NI Housing Executive Landlord)	4,500
Discretionary Support	3,000
Community, Voluntary and Social Enterprise Sector (Personal Protective Equipment)	2,500
NI Housing Executive Supplier Payments Relief	1,600
Department of Health Jointly Supported Living Scheme Care Costs	1,200
NI Housing Executive Supporting People (Personal Protective Equipment)	1,100
TOTAL	271,000

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Notes for Editors

1. The Comptroller and Auditor General is Head of the Northern Ireland Audit Office (the Audit Office). He, and the NIAO, are totally independent of Government. He certifies the accounts of Government Departments and a range of other public sector bodies. He has statutory authority to report to the Assembly on the economy, efficiency and effectiveness with which departments and public bodies use their resources. His reports are published as Assembly papers.
2. This report is available on the Northern Ireland Audit Office [website](#).
3. The 2020-21 Department for Communities Annual Report and accounts are available on the [DfC website](#).
4. Background briefing can be obtained from the Audit Office by contacting Tomas Wilkinson (028 9025 1073) or Anu Kane (028 9025 4301).