



SHELTER SCOTLAND BRIEFING: SCOTTISH BUDGET 2023/24, STAGE ONE DEBATE

Introduction

Shelter Scotland exists to defend the right to a safe home and fight the devastating impact the housing emergency has on people and society. We work in communities to understand the problem and change the system. We run national campaigns to fight for home.

The 2023/24 Scottish Budget represented a crucial opportunity for the Scottish Government to show that they are serious about reducing affordable housing need and tackling the backlog of thousands of homeless households who are in limbo as they are living in temporary accommodation. Unfortunately, the Scottish Government have failed to take that opportunity and appear to be failing to grasp the seriousness of Scotland's housing emergency and the impact it is having on our communities.

We are deeply concerned at the significant 16% year-on-year cut (£112.8m) to the housing capital budget in 2023/24, which has the potential to completely derail the Scottish Government's ability to reduce housing need in this parliamentary term.

The Scottish Government's approach to this year's funding settlement fails to recognise how integral housing is to so many aspects of our society – including health, education, child poverty and meeting our net zero targets. The Scottish Government often talks about living up to the preventative ambitions outlined in the Christie Commission, yet failing to adequately invest in social housing simply damages health and education, and will leave children trapped in temporary accommodation for longer periods of time and cost the government more in the long-term.

We have consistently called on the Scottish Government to acknowledge the urgency of the housing emergency. The issues are well-documented - not only rising inflation, the ongoing impact of the UK government's disastrous 'mini budget', supply chain disruption and the consequences of Brexit, but also the cost-of-living crisis and record numbers of homeless children struggling in temporary accommodation. The Scottish Government can make the choices required and take action to tackle these housing challenges head on. It is disappointing that they have chosen not to.

As the Scottish Budget progresses through its various parliamentary stages, we are calling on the Scottish Government to:

- **Reverse its planned cuts to the housing capital budget to ensure 38,500 social homes are delivered by 2026 to reduce housing need.**
- **Prioritise funding in the Affordable Housing Supply Programme exclusively to delivering homes for social rent and introduce a national acquisition programme.**
- **Fully fund local government and local homelessness services, including carrying out a full audit of existing homelessness spend**
- **Create a new Homelessness Emergency Fund to direct money where it is most needed.**
- **Guarantee the right to a home for everyone experiencing homelessness.**

Social Housing

We have significant concerns at the 16% year-on-year cut to the housing capital budget in 2023/24. Cuts to the budget for social housing at a time when rising costs and inflation are already eroding the spending power of local authorities and RSLs will prove disastrous for attempts to build the social homes we urgently need in Scotland.

Capital Investment in Affordable Homes through the Affordable Housing Supply Programme (AHSP) Budget £m	2022/23 Budget	2023/24 Draft Budget (15 December)	Difference
Capital	601.8 ¹	489.0 ²	-112.8
Transfer of Management of Development Funding (TMDF)	92.2	92.2 ³	0
TOTAL (Capital plus TMDF)	694	581.2	-112.8 (-16.2%)

The TMDF funding, which helps support Edinburgh and Glasgow in delivering new social homes, remains the same year-on-year – a large real terms cut with inflation at the highest level in 40 years. The Scottish Government’s own budget document puts price inflation at 17%.⁴

We acknowledge the current challenges in meeting social housebuilding targets across Scotland – that is why we have offered creative solutions to the Scottish Government to help ensure the social homes we need are still delivered:

- **redirect all public subsidy in the AHSP exclusively to homes for social rent**
- **develop a national acquisition programme to increase the supply of social homes**
- **reverse the cuts announced in the draft budget, which will prove doubly devastating for the delivery of social homes in the current inflationary environment.**

The Scottish Government has claimed that the cut ‘only’ amounts to 4.7%. We believe this claim to be inaccurate.

Scottish Government calculations:

Affordable Housing Supply Programme (AHSP) Budget £m	Previously planned (CSR) 2023/24	15 December Draft Budget 2023/24	Difference £m
AHSP – Cdel	543.570	489.100	-54.570
Transfer of Management of Development Funding (TMDF)	92.245	92.245	0
AHSP – Financial Transactions	153.000	170.600	17.600
TOTAL AHSP	788.815	751.945	-37.320 (-4.7%)

The government’s figures **do not compare budget-to-budget**, but instead compare previously planned spent for 2023/24 in the Capital Spending Review with the draft Budget 2023/24. This is a **comparison of two potential cuts** rather than a year-to-year change.

¹ [Scottish Budget 2022/23](#), Table 5.03, p.40.

² [Draft Budget 2023/24](#), Table 5.03, p.45.

³ [Draft Budget 2023/24](#), Table 5.11, p.48.

⁴ [Draft Budget 2023/24](#), p.13.

We agree with the Scottish Government’s Head of Local Government Finance that comparisons should be made year-to-year.⁵

The Scottish Government’s calculations also factor in forms of funding which do not deliver social homes, but other forms of so-called ‘affordable housing’. We have been clear that **this emergency requires exclusive delivery of social homes**, thus that is the area of the budget that is absolutely crucial. The Scottish Government has sought to reassure by noting that they are mitigating the cut with funding from Financial Transactions (which do not deliver **social homes**), funding from the zero-emissions heating budget (which **won’t deliver more homes**, but will improve the quality of those already being built), and funding from the Charitable Bonds scheme which we understand is part of the Financial Transactions budget. The Charitable Bonds scheme, while a welcome addition, is no substitute for a 16.2% year-on-year cut to the capital budget for social homes. **The Scottish Government must reverse this cut.**

Homelessness and Temporary Accommodation

The funding of homelessness services and temporary accommodation in Scotland is extremely hard to follow, making it difficult to know what funding is available and what impact it is having.

This is why we have been calling for **an audit of homelessness funding**, both national and local, to better understand true levels of funding and identify shortfalls. We have also been calling for **additional funding to be put in place in the form of a Homelessness Emergency Fund, to plug gaps in funding locally and direct resources to where they are most needed.**

We are therefore disappointed to see the lack of focus on solving these issues, particularly following recent statistics⁶ showing a rise in homelessness and a **record number of children (9,130) trapped in temporary accommodation** for an increasing amount of time. The Scottish Government’s stated **commitment to tackling child poverty is undermined if we are willing as a country to leave nearly ten thousand children trapped in temporary accommodation** and without suitable and affordable homes.

The newly rebranded ‘Homelessness Prevention Fund’, a combination of previous Temporary Accommodation funding and Hostels Grant funding⁷, represents a spending freeze when compared with 2022/23. When pressure on the system is growing with a record number of open homelessness cases as of September 2022 – up by over 10% in just 6 months – and costs for local authorities are rising, **keeping funding at the same level as last year is an inadequate response to Scotland’s housing emergency.**

The Scottish Government must ensure that homelessness services are fully funded so that rights can be upheld and enforced, and people are able to access temporary accommodation that meets their needs before being quickly resettled into a suitable permanent home. Until we know what funding is in place locally and nationally, it’s almost impossible to know how much more funding is needed to tackle the temporary accommodation emergency.

The difficulty in tracking and following spend outlines the need for a human rights-based approach to budgeting. We agree with the recent pre-budget scrutiny report from the Social

⁵ At the [Local Government, Housing and Planning Committee meeting on 17 January 2023](#), the Scottish Government’s Head of Local Government Finance said: *“Parliament dictates that budget comparisons in the budget document must be from budget to budget. That is a matter of parliamentary demand in order to assist scrutiny. If we were to add things such as the autumn budget revision, those comparisons would be impossible for Parliament and, indeed, us to deal with.”*

⁶ [Homelessness in Scotland, Update to 30 September 2022](#).

⁷ [Draft Budget 2023/24](#), p.51-52.

Justice and Social Security Committee⁸ that the Scottish Government still has some way to go on budgetary transparency in particular.

Freezing funding for homelessness services and cutting funding for the delivery of new social homes is not in line with the Scottish Government's international obligations to progressive realisation of rights. The funding has to be in place to ensure that the new rights and obligations are enforceable – no more so than on the right to adequate housing as we move towards the new Human Rights Bill.

Related areas

- The Scottish Government announced that it would provide an **'extra' £550m for local government**. Whilst this level of funding would be welcome, comments from COSLA suggest that the funding amounts to £71m once spending commitments are taken into account. This will have a negative impact on local authorities' ability to deliver on housing rights, and risks exacerbating the housing emergency.
- It is welcome to see the **budget for the Scottish Courts and Tribunal Service increase** in line with inflation in 2023/24. This reflects the need for the Tribunal services in particular to be properly resourced in order to uphold the positive extension of housing rights in Scotland, including proper consideration of discretionary eviction grounds.
- The **increase in the Scottish Housing Regulator budget** is another positive step to ensuring it can effectively carry out its work in protecting the rights of social tenants and people experiencing homelessness.
- We welcome the **increase to social security payments in line with inflation** from April 2023. This will put more money in people's pockets at a vital time for individuals and families and can be broadly welcomed in the current cost of living emergency.
- The **£5m increase in Discretionary Housing Payments** is welcome, in line with the Scottish Government's expansion of DHP eligibility in the recent Programme for Government. It is important that this fund is continually topped up as necessary, and local authorities are supported to make the application process accessible.
- There is no mention of the **Tenant Grant Fund**. Whilst commitments were made to extend the criteria for the Tenant Grant Fund to enable payments made to address the cost-of-living crisis, there is a severe lack of transparency over what funds remain at a local level, rendering this commitment largely ineffective. Where local authorities no longer have any tenant grant funds left and there are tenants who require this money the fund should be topped up to ensure tenants can access the help they need.

If you require further information, please contact: [REDACTED]

⁸ Social Justice and Social Security Committee, [Pre-Budget 2023-24](#), 8 November 2022.