

Collette Stevenson MSP
Convener
Social Justice and Social Security Committee
sjss.committee@parliament.scot

22 February 2024

Dear Convener,

During my appearance at the Social Justice and Social Security Committee session on 25 January 2024, I undertook to provide further information on the following points, which I hope will be of assistance to the Committee:

Social Security Programme

As asked by Katy Clark, I am content to keep the Committee advised on programme budget variations in respect to the Business Case, throughout the Financial Year.

Benefits

Similarly, I am happy to keep the Committee updated on programme costs and with the delivery of Pension Age Disability Payment and Pension Age Winter Heating Payment.

The committee asked about what provision there is to fund potential additional spending in-year due to social security forecast error. During the financial year any changes between actual and forecast expenditure and changes in the block grant adjustment are managed as part of the Scottish Government's budget management process. Any net increases in demand are managed centrally in the context of the overall Scottish Budget Monitoring process. Where necessary resource borrowing powers and the other tools at the Scottish Government's disposal under the Fiscal Framework can also be deployed.

Tackling Cost of Living

I gave a commitment to provide a breakdown of the cost of living policies and respective budgets included in the £3 billion for 2023/24 and an indication of the forecast spend for 2024/25 for these items. A full itemised list can be found at **Annex A**.

Housing and homelessness

Following on from queries from Jeremy Balfour, I committed to advise why the Scottish continues to have to make difficult decisions.

Scottish Ministers, special advisers and the Permanent Secretary are covered by the terms of the Lobbying (Scotland) Act 2016. See www.lobbying.scot

As I mentioned to the Committee during the session, the UK Government did not inflation-proof their Capital Budget which we forecast will result in nearly a 10% real-terms cut in our capital funding over the medium-term between 2023-24 and 2027-28. The decisions made by the UK Government to reduce our capital funding in real terms year on year, alongside the construction supply chain issues, labour shortages and high inflation means that we cannot deliver on all our capital projects within the funding available. Alongside the real terms cuts to our UK capital funding, our FT allocation has also more than halved since 2023-24 adding to the significant challenge we already face. Unless we receive increased capital borrowing powers or a higher level of funding from the UK Government, the Scottish Government will have to continue making tough decisions to reprioritise our infrastructure projects pipeline to ensure we spend within our means.

I also confirm I am content to provide further detail about how the acquisitions plan is going at the end of the financial year.

Refugees and asylum seekers

The Committee asked for clarity on the following points:

- detail of the £10 million spend on Ukrainian refugees and the connection between UK Government commitments and Scottish Government responsibilities
- information on the continuing revenue and capital support for local authorities to help Ukrainian refugees and about some of the challenges caused by the decreasing level of support from the UK Government for our local authority partners
- further clarification on whether there has been a reduction in the budget for long-term resettlement of Ukrainians

I thought it may be helpful to reflect on how the different schemes developed and the respective roles and responsibilities of governments.

Following Russia's illegal full-scale invasion of Ukraine in February 2022, the UK Government set up the Homes for Ukraine scheme, whereby displaced Ukrainians with a sponsor within the UK could access visas to live and work in the UK for up to 3 years. While in the rest of the UK, Ukrainians must find a private sponsor to stay with before a visa will be granted, at the outset of the crisis the Scottish Government agreed to be a 'super sponsor', meaning that Ukrainians could select the Scottish Government as their sponsor and arrive without needing to find such an individual.

This has successfully resulted in over 26,000 Ukrainians entering the UK on a Scottish visa (either Scottish Government or Individual Sponsor) – more than twice as many per capita than any other part of the UK. Over 20,000 of these arrivals are through the Scottish Government's successful Super Sponsor Scheme. The Scottish Super Sponsor Scheme was paused to new applicants in July 2022 and remains paused to date. The wider Homes for Ukraine scheme is still open for Ukrainians with a private sponsor in any part of the UK including Scotland.

As such, the UK Government are responsible for the overarching Homes for Ukraine scheme and the wider immigration system which remains reserved, while the Scottish Government is

Scottish Ministers, special advisers and the Permanent Secretary are covered by the terms of the Lobbying (Scotland) Act 2016. See www.lobbying.scot

St Andrew's House, Regent Road, Edinburgh EH1 3DG
www.gov.scot

INVESTORS IN PEOPLE™
We invest in people Silver



responsible for the administration of the Super Sponsor Scheme, and in particular the provision of temporary accommodation and resettlement support for people who have arrived with a Super Sponsor visa, over and above the baseline level provided by the wider Homes for Ukraine scheme. This work is done in partnership with local councils and their resettlement teams.

As part of the Homes for Ukraine scheme, the UK Government provide funding direct to local authorities on a per person basis for each Ukrainian arrival into the UK, known as tariff funding. This was initially set at £10,500 per arrival for their first year in the UK. In January 2023, a series of changes was made to this funding. Tariff funding for new arrivals was cut from £10,500 to £5,900, and the separate education tariff which provided additional per-person funding for the education needs of Ukrainians aged 2-18 was removed entirely. Further, the UK Government confirmed that in contrast to similar resettlement schemes, there would be no per-person tariff funding for the second and third years of their visa, instead they announced a £150 million UK-wide 'moving on fund' for 23-24 of which Scotland received £30 million – equating to around £1000 per Ukrainian. This was passed to the Scottish Government to administer, who passed it on in full to Scottish local authorities.

The UK Government also funds councils to make thank you payments to individual hosts, at the level of £350 per month, rising to £500 once the Ukrainian being hosted has been present in the UK for 12 months. Through all of these routes, the UK Government has issued funding in Scotland in the region of £225 million to date. However the cuts to the year 1 tariff, removal of the year 2 and 3 tariff and removal of the education tariff have undoubtedly resulted in additional funding pressures on local authorities, significantly impacting their ability to deliver and provide wraparound support for displaced people in their areas.

To date the Scottish Government has committed over £300 million resource and £25 million in capital over financial years 22-23 and 23-24 to support Ukrainian resettlement and has committed £40 million resource and £5 million capital for the Ukrainian Resettlement budget in 24-25.

The Scottish Government's decision to act as a Super Sponsor necessitated setting up temporary accommodation, incurring additional costs not replicated in other areas of the UK, including a hotel estate and 2 passenger ships. This temporary accommodation estate along with Local Authority resettlement support has been successful in preventing homelessness, with presentations among Ukrainians at extremely low levels unlike in England.

The Scottish Government has also funded local authorities over and above the level provided by UK Government funding, providing £12 million in grant funding over 22-23 and 23-24 specifically to boost council resettlement teams to deal with the extra demand for their services due to the Homes for Ukraine scheme.

In 22-23, the Scottish Government also committed to reimburse local authorities for costs incurred due to the placing of temporary welcome accommodation in their areas. While the initial commitment was for £1 million, the success of the super sponsor scheme and the high number accommodated meant that in the event we provided c.£10 million to cover these costs. In 23-24, following the maturing of the scheme and the much reduced demand for temporary accommodation, discussions with COSLA had centred around potential funding of £5 million. However, the budgetary position remains extremely challenging meaning all discretionary spend remains subject to a high degree of scrutiny with difficult decisions on

Scottish Ministers, special advisers and the Permanent Secretary are covered by the terms of the Lobbying (Scotland) Act 2016. See www.lobbying.scot

St Andrew's House, Regent Road, Edinburgh EH1 3DG
www.gov.scot

INVESTORS IN PEOPLE™
We invest in people Silver



prioritisation of limited resource. For this reason, the continuation of the funding was unable to be agreed.

Very early in the programme we recognised that longer term accommodation would be a key part of supporting Ukrainians to successfully look to rebuild their lives in Scotland. The Ukraine Longer Term Resettlement Fund is an innovative capital fund to enable local authorities and registered social landlords to refurbish or buy housing to boost the supply of available social housing, initially for Ukrainians but increasing overall housing supply in the medium-long term. To date, the ULTRF has approved funding to bring over 1200 homes back into use, with over £25 million committed and further applications undergoing due diligence. Following the success of the Fund this has been extended by a further year to allow more homes to be delivered in 2024/25. The availability of these homes is successfully reducing reliance on temporary welcome accommodation, allowing Ukrainians to set down roots and build Ukrainian communities across Scotland.

Across both Scottish and UK Governments and all sources of funding, Scottish local authorities have received an estimated £270 million in support since the full-scale invasion, alongside the Scottish Government's significant investment in welcome accommodation.

The Committee also asked for clarity in relation to asylum support cessations. As the Homes for Ukraine scheme is a visa scheme and not a refugee or asylum scheme, the UK government's increase in asylum support cessations is a separate issue. However, as the Minister noted during the 10 January debate, this issue has been raised with UK government with a call for funding to support local authorities and for UK government to work constructively with them to ensure that people receiving a positive asylum decision are supported to move-on from asylum accommodation, without creating unmanageable pressure on housing and homelessness services. We remain disappointed that the UK Government will not provide any additional funding as a result of this, and note with concern the potential impacts on newly recognised refugees and communities across Scotland as a result.

I would also like to address the following questions which the Committee did not have an opportunity to ask:

How is the Scottish Government meeting additional demand for Guardianship Scotland?

The Guardianship Scotland service is experiencing increased demands as the numbers of unaccompanied children arriving in Scotland continued to rise throughout 2022-23. Uncontrollable Home Office delays have compounded this challenge and we are currently working with the service provider to assess the impact, and are exploring options to address the continued high levels of demand.

When do you expect to finalise mitigation measures for the Illegal Migration Act?

The Scottish Government has been clear in our opposition to the UK Government's Illegal Migration Act since it was introduced. There is limited information from the UK Government about planned implementation of the Act which makes it challenging for the Scottish Government and our partners to consider what action it may be possible to take. As a result, we cannot set a definitive time by which mitigation measures will be finalised. We continue to

Scottish Ministers, special advisers and the Permanent Secretary are covered by the terms of the Lobbying (Scotland) Act 2016. See www.lobbying.scot

St Andrew's House, Regent Road, Edinburgh EH1 3DG
www.gov.scot

INVESTORS IN PEOPLE™
We invest in people Silver



work across Government to assess all available mitigations, within our devolved powers and within the law, and will continue to engage with stakeholders as we have done since this legislation was introduced. We also continue to deliver a range of interventions in Scotland which mitigate the impact of UK Government immigration policy and support people living in Scotland. This includes through the New Scots refugee integration strategy, the Ending Destitution Together strategy, the Trafficking and Exploitation Strategy and the Scottish Guardianship Service.

Third Sector

In response to Jermy Balfour's questions, I committed to provide more information on third sector multi-year grant funding with examples of multi-year funding that have been introduced for different voluntary sector streams. In addition, I noted that the Committee would find it helpful to know when the Scottish Government anticipates the process of moving funding to multi-year will be complete.

I can confirm that we have been working to put in place a greater number of multi-year grant offers. Following the end of the year we will scope examples of multi-year offers that have been made and I will be pleased to share examples with the committee as soon as I have that information.

I will also provide information on the number of funding notifications made for 2024-25 before end March 2024 and the number of those not made before the end of the financial year to the Committee in due course.

I hope that this information is useful and I look forward to appearing before the Committee in future sessions.

Yours sincerely,



Shirley-Anne Sommerville

Scottish Ministers, special advisers and the Permanent Secretary are covered by the terms of the Lobbying (Scotland) Act 2016. See www.lobbying.scot

St Andrew's House, Regent Road, Edinburgh EH1 3DG
www.gov.scot

INVESTORS IN PEOPLE™
We invest in people Silver



BREAKDOWN OF COST OF LIVING INVESTMENT

The table below presents a breakdown of actual and forecast expenditure made to a range of measures which help mitigate the impacts of the cost of living crisis on households. 2024/25 budgets are subject to Parliamentary agreement and change.

Policy ⁱ	Final 22/23 resource (£m)	Forecast 23/24 resource (£m)	Forecast 24/25 resource (£m)
Access to Free Period Products	6.5	6.5	6.1 ⁱⁱ
Baby Box	9.0	9.0	9.0
Best Start Foods	12.6	14.0	18.1
Best Start Grant	20.8	21.8	21.3
Bridging Payments (incl. administration)	75.0	0.0	0.0
Carer's Allowance Supplement	44.0	47.5	55.1
Child Winter Heating Payment	5.7	7.1	8.7
Concessionary travel	270.2	362.2	370.0
Cost-of-living payment or council tax credit (£150)	280.0	0.0	0.0
Council Tax Freeze	0.0	0.0	144.0 ⁱⁱⁱ
Council Tax Reduction	351.0	351.0	351.0
Discretionary Housing Payments	84.1	83.7	90.5
Free NHS-funded eye examinations and NHS optical vouchers etc ^{iv}	111.3	123.5	123.9
Free Prescriptions	57.0	57.0	57.0
Free dental check-ups ^v	43.0	43.0	62.0
Free school meals (universal provision to P4 and P5 and special schools)	42.2	42.2	42.2
Free school meals - holiday support for eligible families	21.8	21.8	21.8
Fuel Insecurity Fund	20.0	30.0	0.0
Funded Early Learning and Childcare	1006.0	996.5	996.5
Funeral Support Payment	9.8	12.9	12.2
Heat, Energy Efficiency and Fuel Poverty measures	161.0	161.0	178.0
Island Cost Crisis Emergency Fund	1.4	1.0	0.0
Job Start Payment	0.2	1.2	0.4
School Clothing Grant	11.8	13.0	13.9
School Meal Debt	0.0	1.5	1.5
Scottish Child Payment	213.2	426.8	457.3
Scottish Welfare Fund (incl. administration)	43.5	41.0	41.0
Summer 2022 Holiday Programme	10.0	0.0	0.0
Tackling Food insecurity	0.8	1.4	2.0
Water Charge Reduction Scheme	58.0	60.0	67.0 ^{vi}
Winter Funding for Food Groups	1.8	0.0	0.0
Winter Heating Payment	19.8	22.1	24.4
Young Carer Grant	0.8	1.0	1.0
Total	2992.3	2959.7	3175.9

Scottish Ministers, special advisers and the Permanent Secretary are covered by the terms of the Lobbying (Scotland) Act 2016. See www.lobbying.scot

-
- i Social Security benefits expenditure forecasts reflect the Scottish Fiscal Commission's December 2023 publication, with the exception of Job Start Payment and Young Carer Grant which are forecast internally by the Scottish Government.
- ii £4.9m of this budget line has been baselined into local authority budgets.
- iii This Scottish Government has set aside £144m in the Scottish Budget to reach agreement, across local government, to deliver the Council Tax Freeze (equivalent to 5% nationally). Should Councils agree, over 2 million Council Tax payers will benefit from a Council Tax Freeze in 2024-25.
- iv Free universal NHS-funded eye examinations are unique to Scotland. NHS eye examination and optical voucher expenditure is demand led. 2022/23 figures are the final expenditure. The 2023/24 figure is the current end year forecast (as of 15 February 2024). The 2024/25 figure reflects the Draft Budget for 2024/25.
- v NHS dental service reform was delivered on 1 November 2023. The introduction under reform of the new enhanced examination fee and new review examination introduced an improved fee structure for dentist to deliver patient access to care. Spending on examinations in 2023-24 and 2024-25 is subject to demand led effects.
- vi Estimate at this stage. It will depend on how many customers have become eligible for WCRS in the current year. Support is not directly provided by SG, rather it is a cross-subsidy covered by the general household customer base.

Scottish Ministers, special advisers and the Permanent Secretary are covered by the terms of the Lobbying (Scotland) Act 2016. See www.lobbying.scot

St Andrew's House, Regent Road, Edinburgh EH1 3DG
www.gov.scot

INVESTORS IN PEOPLE™
We invest in people Silver

