

Social Justice and Social Security Committee
Thursday 6 March 2025
7th Meeting, 2025 (Session 6)

Note by the Clerk on the Social Security Up-rating (Scotland) Order 2025 [draft]

Overview

1. At this meeting, the Committee will take evidence from the Cabinet Secretary for Social Justice on the Social Security Up-rating (Scotland) Order 2025.
2. Following this, a motion will be debated in the name of the Cabinet Secretary inviting the Committee to recommend approval of the instrument.
3. This is a draft Scottish Statutory Instrument (SSI), which requires approval by resolution of the Parliament before it can become law. More information about the instrument is summarised below:

Title of instrument: [Social Security Up-rating \(Scotland\) Order 2025](#)

Laid under: [Social Security Administration Act 1992](#)

Laid on: 24 January 2025

Procedure: Affirmative

Lead committee to report by: 13 March 2025

Commencement: If approved, the instrument comes into force on 1 April 2025.

Procedure

4. Under the affirmative procedure, an instrument must be laid in draft and cannot be made (or come into force) unless it is approved by resolution of the Parliament.
5. Once laid, the instrument is referred to:
 - the Delegated Powers and Law Reform (DPLR) Committee, for scrutiny on various technical grounds, and
 - a lead committee, whose remit includes the subject-matter of the instrument, for scrutiny on policy grounds.
6. The lead committee, taking account of any recommendations made by the DPLR Committee (or any other committee), must report within 40 days of the instrument being laid.
7. The normal practice is to have two agenda items when an affirmative instrument is considered by the lead committee:
 - an evidence session with the Minister and officials, followed by

- a formal debate on a motion, lodged by the Minister, inviting the lead committee to recommend approval of the instrument.
8. Only MSPs may participate in the debate, which may not last for more than 90 minutes. If there is a division on the motion, only Committee Members may vote. If the motion is agreed to, it is for the Chamber to decide, at a later date, whether to approve the instrument

Delegated Powers and Law Reform Committee consideration

9. The DPLR Committee considered the instrument on [4 February 2025](#) and reported on it in its [10th Report, 2025](#).
10. The Committee raised no points in relation to the instrument.

Purpose of the instrument

11. The Order fulfils the duty on Scottish Ministers under sections 150 and 150A of the Social Security Administration Act 1992 to review the rates of social security benefits they are responsible for and provides for the up-rating of certain benefits.
12. The functions of the Secretary of State for Work and Pensions related to Carer's Allowance in Scotland were transferred to the Scottish Ministers on 3 September 2018, and for all other devolved benefits from 1 April 2020. The Scottish Ministers are now responsible for providing these benefits to residents of Scotland.
13. Agency agreements with the Secretary of State for Work and Pensions allow the delivery of these benefits on behalf of the Scottish Ministers, and the Scottish Ministers are committed to up-rating these benefits at the same rate as the Department for Work and Pensions. However, Scottish Ministers must make the 2025 Order as this falls within their devolved competence.
14. As such, various weekly rates for Attendance Allowance, Carer's Allowance, Disability Living Allowance, Industrial Injuries Disablement Benefit, Industrial Death Benefit, Personal Independence Payment and Severe Disablement Allowance will all increase according to the September 2024 Consumer Price Index (CPI) of 1.7%.
15. The Order additionally provides for an increase to the Adult Dependency Increase as an additional weekly payment for some of those who receive the Severe Disablement Allowance.
16. There will also be an increase to other benefits associated with the Severe Disablement Allowance and Industrial Injuries Scheme benefits. The Industrial Death Benefit (IDB) is usually up-rated by the triple lock guarantee by CPI or 2.5%. The UK Government has said IDB will increase by 4.1%, which aligns with growth in Average Weekly Earnings, May to July 2023.
17. The [Policy Note](#) accompanying the instrument is included in the annexe. It includes a summary of consultation undertaken on the instrument, impact assessments carried out, and the anticipated financial effects.

Report

18. Following today's proceedings, a draft report will be prepared by the Clerks. The Committee is invited to decide whether to consider that draft report in private at a future meeting.

Clerks to the Committee
March 2025

Annexe

POLICY NOTE

THE SOCIAL SECURITY UP-RATING (SCOTLAND) ORDER 2025 SSI 2025/XXX

The above instrument will be made in exercise of the powers conferred by sections 150(9) and 150A(6) of the Social Security Administration Act 1992 ('the 1992 Act'). These powers, in UK legislation, are exercised by the Scottish Government insofar as they are now within devolved competence. The instrument is subject to the affirmative procedure and will come into force from the 1 April 2025. For the purposes of this note, the instrument will be referred to as 'the 2025 Order'.

Purpose of the instrument

This Order fulfils the statutory duty on the Scottish Ministers under sections 150 and 150A of the 1992 Act to review the rates of social security benefits that they are responsible for and provides for the up-rating of certain benefits. Various weekly rates of payment of Attendance Allowance, Carer's Allowance, Disability Living Allowance, Industrial Injuries Disablement Benefit, Industrial Death Benefit, Personal Independence Payment and Severe Disablement Allowance will increase. The Order will also make an increase to the Adult Dependency Increase as an additional weekly payment payable to some recipients of Severe Disablement Allowance. Other associated benefits of the Severe Disablement Allowance and Industrial Injuries Scheme benefits will also increase.

Policy Objectives

The purpose of the 2025 Order is to up-rate the weekly rates of payment of Attendance Allowance, Carer's Allowance, Disability Living Allowance, Industrial Injuries Disablement Benefit, Industrial Death Benefit, Personal Independence Payment and the Severe Disablement Allowance.

The functions of the Secretary of State for Work and Pensions in relation to Carer's Allowance payable to people resident in Scotland transferred to the Scottish Ministers, with effect from 3 September 2018 and for all the other remaining devolved benefits from 1 April 2020. The result is that the Scottish Ministers are responsible for the provision of these benefits to people who usually live in Scotland. Agency agreements have been entered into with the Secretary of State for Work and Pensions, exercising powers arising from the Scotland Act 1998 (Agency Arrangements) (Specification) Order 2018. This has the effect that the Secretary of State delivers these benefits on behalf of the Scottish Ministers. In terms of that agreement, the Scottish Ministers are committed to up-rate these benefits at the same rate as the Department for Work and Pensions (DWP). It is, though, a matter for the Scottish Ministers to make an order effecting the up-rating as the duty to up-rate and the power to make the 2025 Order rest with the Scottish Ministers insofar as these benefits are within devolved competence.

UN Convention on the Rights of the Child (Incorporation) (Scotland) Act 2024 Compatibility

The Scottish Ministers have made the following statement regarding children's rights: In accordance with section 23(2) of the United Nations Convention on the Rights of the Child (Incorporation) (Scotland) Act 2024 (the Act), the Scottish Ministers certify that, in their view, the Social Security Up-rating (Scotland) Order 2025 is compatible with the UNCRC requirements as defined by section 1(2) of the Act.

EU Alignment Consideration

This instrument is not relevant to the Scottish Government's policy to maintain alignment with the EU.

Benefits linked to the general level of prices

Section 150(1) of the 1992 Act requires a review of Attendance Allowance, Carer's Allowance, Disability Living Allowance, Industrial Injuries Disablement Benefit, Personal Independence Payment and the Severe Disablement Allowance and to up-rate them where there has been an increase in the general level of prices. It has been determined that there has been an increase in the general level of prices in the past year. Accordingly, this Order is brought forward in reliance on section 150(2)(a), to increase the relevant sums so far as they fall within the competence of the Scottish Ministers. In line with the approach of the DWP, the up-rate to be applied is according to the September 2024 Consumer Price Index (CPI) as published on 16 October 2024, in this case 1.7%. This is the 12-month inflation rate, which compares prices for September 2024 with the same month a year ago.

Other Miscellaneous Benefits

There is also an increase to the Adult Dependency Increase as an additional weekly payment payable to some recipients of Severe Disablement Allowance. The benefits associated with the Industrial Injuries Scheme such as Exceptionally Severe Disablement Allowance, Reduced Earnings Allowance and Retirement Allowance are also increased. The complete associated benefits are set out in the 2025 Order.

Benefits linked to earnings

Section 150A(1)(c) of the 1992 Act requires a review of the Industrial Death Benefit widow's and widower's pension as these are linked to earnings. The Industrial Death Benefit is normally up-rated through the triple lock guarantee, which ensures that pensions increase by the greatest of average earnings, prices as measured by CPI or 2.5%. The UK Government has determined that IDB will increase by 4.1% in line with the growth in Average Weekly Earnings in the year from May-July 2024. The up-rates will match the rate that the UK Government will apply to all of these benefits in England and Wales. The increase to these benefits will take effect as set out in the 2025 Order. The up-rate will ensure that the benefits will keep pace with price inflation.

The Cabinet Secretary for Finance and Local Government announced the proposed rates of the benefits for 2025-26 to the Scottish Parliament during the Scottish Budget on 4 December 2024. In accordance with the 1992 Act, a draft of this Order is laid before the Scottish Parliament for approval by resolution.

Consultation

There is no statutory requirement to consult on this instrument. However, a comprehensive report¹, including analytical evidence, on the measures that could be used to up-rate devolved social security assistance was provided to the Social Security Committee and the Scottish Commission on Social Security in 2019 to allow them to engage on the proposed up-rating policy. The analytical report was prepared to provide a detailed review of relevant inflation measures to inform the options available to up-rate devolved social security assistance. The Policy Paper set out the Scottish Government's proposed approach to up-rating and recommended the use of the annual rate of September CPI with the payment rounded to the nearest multiple of 5 pence. The paper also noted that, during any period when a benefit is delivered by the DWP on behalf of Scottish Ministers under an agency agreement, Scottish Ministers will be obliged to up-rate on the same basis as the DWP. The Social Security Committee noted the Scottish Government's position and had no further views to report beyond the discussion at the Committee on 10 October 2019². The Commission was also supportive of the Scottish Government's up-rating policy in the short term but recommended reviewing the use of CPI in up-rating methodology. Further analysis carried out by the Scottish Government and published on 29 January 2024³ assessed a range of inflation metrics and periods against a carefully chosen set of criteria to determine which approach scored most highly. Although Scottish Ministers are required to up-rate on the same basis as the DWP for the benefits delivered under agency agreements, this analysis concluded that the annual September CPI rate was the highest scoring of available options.

Impact Assessments

Impact assessments were not undertaken for the benefits covered by the 2025 Order as these were pre-existing benefits which were devolved and continue to be provided by the DWP on behalf of Scottish Ministers through agency agreements. A Child Rights and Wellbeing Impact Assessment was carried out for the 2025 Order in accordance with the Act. It was concluded that the 2025 Order has the potential to positively impact articles 23 (best interest of the child), article 23 (children with a disability), article 26 (social security) and article 27 (an adequate standard of living).

As the up-rating of the benefits covered by the 2025 Order ensures that the payments people receive keep pace with inflation, and maintain the current situation, then it is considered that there is no additional significant impact on the private, voluntary or public sector.

Financial Effects

A Financial Memorandum⁴ was completed prior to introduction of the Social Security (Scotland) Bill.

¹ <https://www.gov.scot/publications/scottish-commission-on-social-security-uprating-report-2019/>

² <https://webarchive.nrsotland.gov.uk/3/archive2021.parliament.scot/parliamentarybusiness/report.aspx?r=12322&mode=pdf>

³ <https://www.gov.scot/publications/multi-criteria-decision-analysis-approach-up-rating-devolved-social-security-assistance-january-2024/>

⁴ <https://www.parliament.scot/-/media/files/legislation/bills/previous-bills/social-security-scotland-bill/introduced/financial-memorandum-social-security-scotland-bill.pdf>

The Financial Memorandum considers the costs of up-rating and recognises that the methodology of up-rating of benefits for inflation is a source of financial risk as any future policy differentials between Scotland and the UK for up-rating could result in additional pressures on the Scottish Budget.

However, as this up-rate to the devolved benefits for recipients in Scotland is the same as to recipients in England and Wales this means there will be no impact on the Scottish Budget. The block grant adjustment methodology detailed in the “Agreement between the Scottish Government and the UK Government on the Scottish Government’s fiscal framework⁵” published on 23 February 2016, continues to link adjustments to the Scottish block grant in respect of welfare to spending on equivalent policy areas in England and Wales. This means the Scottish Government is funded to provide the same level of benefits as in England and Wales.

The Cabinet Secretary for Social Justice confirms that no BRIA is necessary as the instrument has no financial effects on the Scottish Government, local government or on business.

Scottish Government
Social Security Directorate
January 2025

⁵https://assets.publishing.service.gov.uk/media/5a7f44a5ed915d74e62296c1/fiscal_framework_agreement_25_fe_b_16_2.pdf