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 An t-Ionad Fiosrachaidh

Social Justice and Social Security Committee

24th Meeting, 2022 (Session 6), Thursday, 29th September

Pre-budget Scrutiny: 2023-24 budget

Introduction

This is the second of two sessions on pre-budget scrutiny 2023-24. Last week the Committee heard from the Scottish Human Rights Commission, the Scottish Women's Budget Group, the Child Poverty Action Group, the Poverty and Inequality Commission and the Scottish Council for Voluntary Organisations.

This week the Committee will hear from two panels:

Panel 1:

- **Danny Boyle, Senior Parliamentary and Policy Officer, BEMIS**
- **Graham O'Neill, Policy Manager, Scottish Refugee Council**

Panel 2

- **Frank McKillop, Head of Policy and Research, ENABLE Scotland**
- **Gordon MacRae, Assistant Director, Shelter**

In July, the Committee asked witnesses to consider the following as part of its pre-budget consideration:

- How will the spending allocations for 2023-24 set out in the Spending Review impact on poverty?
- If you think there are measures in the RSR that could increase poverty – what can be done to prevent this.
- What level of analysis do you expect to see in the 2023-24 Equalities and Fairer Scotland Budget statement?

This paper provides background context before suggesting themes for discussion with panel 1 (from p. 5) and panel 2 (from p.9).

Background

[Last week's paper](#) gave some background on inflation, the impact of the rising cost of living, 2022-23 budget cuts and government support with energy bills. The following updates that paper – covering the UK fiscal event, new real living wage and sets out more detail on spending review allocations. It also sets out further information on the 'minimum core of rights' which was discussed at last week's meeting.

[Spending Review allocations for 2023-24](#)

The Committee discussed the spending review on [23 June](#).

The spending review in May set out broad spending allocations which will inform the 2023-24 Scottish budget. The 2022-23 and 2023-24 allocations for housing, local government and social security are set out below. The £1 billion increase is entirely due to the increase in social security benefit spend. This is cash terms. Social Security benefits are uprated in line with September CPI. The actual inflationary pressures within other budget lines will depend on, for example, the amount of budget used for staff costs and energy bills.

Table 1: Spending Review allocations. May 2022

	2022-23	2023-24	Difference
	£m	£m	£m
Social Security Assistance	3,949	4,958	1,009
Local Government	10,616	10,616	0
Social Security (administration and development)	404	392	-12
Building Standards	4	4	0
Housing	149	152	3
Tackling Child Poverty and Social Justice	34	37	3
Connected Communities	5	5	0
Equalities	45	44	-1
Third Sector	22	21	-1
Office of the Scottish Charity Regulator	3	3	0
Scottish Housing Regulator	5	5	0
Total	15,235	16,237	1,002

Real living wage

The [Real living wage](#) increased last week by 10% to **£10.90**. The Scottish Government's 'fair work' policy includes promoting the use of the real living wage.

Bank of England economic indicators

The [Bank of England](#) has raised interest rates from 1.75% to 2.25% - the highest level for 14 years - and warned the UK may already be in a recession. In their [letter to the Chancellor of 22 September](#) they expected that inflation would peak at just under 11% in October – having previously forecast 13%.

Programme for Government

On 6 September the Scottish Government announced measures in the [Programme for Government](#) including:

- Rent freeze
- Rail fares freeze to March 2023
- Increasing the Discretionary Housing Payment budget by £5m and allowing it to be used for energy costs as well as rent
- Bringing forward the extension of Scottish Child Payment by two weeks. ([SFC have forecast](#) this will cost £15 million).

2022-23 in-year spending cuts

On 7 September, [John Swinney announced](#) £500m in-year cuts to the 2022-23 saying: “the impact of inflation means that the Scottish Government budget for this year is already worth £1.7 billion less than it was in December.”

Cuts include:

- £53 million cut to employability.
- £37.6 million cut to concessionary travel due to lower than forecast take-up and fares.
- £82 million “consequentials” from UK government spring 2022 cost of living announcements.

The Committee has asked for further detail and invited the Deputy First Minister to attend a meeting.

UK Government fiscal event

On 23 September the UK Government made changes to taxes which have devolved equivalents.

- From April 2023 cut income tax lower rate to 19% and abolished the 45% top rate. The Scottish Government will have to decide whether to change [Scottish income tax](#) in response.
- Immediate cut to Stamp Duty (Scottish equivalent is the [Land and Buildings Transaction Tax](#), so the Scottish Government will have to choose whether to respond to this change)

The results of the Scottish emergency budget review is expected two week's after this UK fiscal event – i.e by 7 October.

The income tax and stamp duty cuts mean more money available to Scotland through the block grant. The detail is discussed by the [Fraser of Allander Institute](#) who discuss the choices open to the Scottish Government, saying:

“It could of course keep Scottish tax policy unchanged. This would enable it to use its additional block grant to invest in public services in Scotland.”

The blog describes other options and the difference between Scottish and rUK tax.

Letter to UK Government

On 20 September John Swinney, together with finance ministers from Wales and Northern Ireland, wrote to the new Chancellor, Kwasi Kwarteng calling for “more targeted action” and increased funding for devolved budgets. The letter said:

“Ministers in the Devolved Governments have exhausted the options available to us to address the cost crisis, stretching every pound available to us to provide support. The main levers that can make a difference are held by the UK Government [...] Additional funding is urgently needed to support our vital public services in the face of rising prices, energy costs and wage pressures, alongside unforeseen pressures. Based on recent inflation and widespread inflationary expectations for the next year or two, our respective three-year spending review settlements are worth considerably, potentially billions, less in real terms than when we received them last October.”

‘Minimum Core’ in international human rights – some examples

Last week there was discussion about the ‘minimum core’ of rights that must be maintained. [A paper written by the Academic Advisory Panel](#) to the National Taskforce for Human Rights Leadership describes this minimum core in a Scottish context. (McCall-Smith, (2020) ‘Minimum Standards for Delivering Economic, Social and Cultural Rights).

For example: The right to an adequate standard of living includes: the right to food, right to water, right to housing and right to protection against poverty and social exclusion. “Adequacy” has been interpreted as: “to ensure, at a minimum, the ‘inherent dignity of the human person.’”

“The minimum core of the right is that the state ensures effective access to the sub-components of the rights.”

For the right to food the minimum core includes: “Individuals should be able to afford food for an adequate diet without compromising on any other basic need.”

The right to adequate housing covers a range of issues including affordability and habitability. It is not just a ‘right to shelter’ but is ‘right to access and live somewhere in security, peace and dignity.’

Panel 1: Suggested themes for discussion

Panel 1 comprises: BEMIS and the Scottish Refugee Council. A submission has been received from the Scottish Refugee Council. They set out criticisms of UK policy and make recommendations for 10 key actions within the limits of devolved powers. These include, for example:

- assess and monitor policies for their impacts on refugees and those in severe poverty, making positive changes accordingly;
- a radical [housing plan](#)
- maximise work opportunities for both people seeking and granted refugee protection;
- ensure all seeking protection are included in non-monetary anti-poverty measures, and those granted protection get all anti-poverty and social security entitlements;
- a revamped national entitlement to free bus travel, to enable social inclusion;

The following suggests four themes for panel 1.

- **Theme 1: Impact of rising cost of living**
- **Theme 2: Spending Review Priorities**
- **Theme 3: Equalities analysis and engagement**
- **Theme 4: In-year budget cuts**

THEME 1: Impact of rising cost of living

Last week the Committee heard how the increased cost of living was impacting on individuals and on the organisations that support them – particularly in the voluntary sector.

The Committee also heard that taking a ‘rights-based approach’ means ensuring that a ‘minimum core’ is provided for. This should include considering the ‘maximum of all possible resources’ – including tax policy.

Members may wish to discuss:

- 1. How is the rising cost of living impacting your organisations and the individuals you support?**
- 2. To what extent do you think the ‘right to an adequate standard of living’ is being affected by the rising in the cost of living?**
- 3. The Scottish Government says it is doing all it can within its limited powers. Do you agree? If not, what more could it do?**

THEME 2: Spending review priorities and data analysis

The spending review set out four priorities:

- Tackling child poverty;
- Addressing the climate crisis;
- Securing a stronger, fairer, greener economy; and
- Delivering excellent public services.

The spending allocations showed increasing budgets for social security and for health and social care and flat cash allocation for local government.

The Scottish Refugee Council set out 10 key actions. One of these is:

“Scottish government ensure all seeking protection are included in non-monetary anti-poverty measures, and those granted protection get all anti-poverty and social security entitlements”

In general, social security support is not available to those with no recourse to public funds. There are a few, very limited, exceptions – including for Best Start Foods and Best Start Grant – pregnancy and baby payment. The submission from the Scottish Refugee Council states:

“we cannot stress enough the need for Scottish government and, indeed, wider governance to take a systemic approach now to mitigate UK state-sanctioned severe poverty or outright destitution and homelessness. A systemic approach would identify and maximise provision of in-kind and non-monetary support to vulnerable persons including children in families and those here alone.”

Members may wish to discuss:

- 4. Do witnesses agree with the four priorities set out in the spending review? (child poverty, climate crisis, economy and public services) Do they have alternative priorities?**
- 5. Has the Scottish Government missed any opportunities to address child poverty and destitution amongst those with insecure immigration status?**
- 6. In what ways would a ‘flat cash’ allocation to local authorities impact on your organisation and people you work with?**

THEME 3: Equalities analysis and engagement

Last week witnesses called for greater transparency in the decision-making process. Some things we don’t know (particularly around intersectional analysis) and sometimes what we do know, we don’t always use. (For example Sara Cowan (SWBG) was surprised that data showing the majority of the social work workforce

was female, did not lead to a conclusion that proposals for a National Care Service would have a gendered impact (SJSS Committee, [22 September](#), 9.36am)).

Alison Hosie (SHRC) referred to how the pandemic, exposed “massive inadequacies” in data in relation to minority ethnic groups which in turn hampered decision making.

Sarah Cowan discussed how Scottish Government analysts had done some intersectional analysis around sex and age but it was more difficult to do analysis for other protected characteristics including ethnicity and religion. (9.33am)

Part of a ‘rights-based approach’ is involving those with lived experience in decision making. Last week, Alison Hosie described their engagement on the spending review as: “not a brilliant process” (9.17am).

Members may wish to discuss:

7. Last week the Committee heard that the Scottish Government should undertake more in-depth analysis of the impact of budget decisions on different groups. **What are witnesses priorities for additional equalities information and analysis in the 2023-24 budget?**
8. **What engagement have you had in discussing priorities around the spending review or Scottish budget?**

THEME 4: 2022-23 budget cuts

On [7 September](#), John Swinney explained that cuts were needed due to inflation, the cost of public sector pay settlements and the cost of supporting Ukrainian refugees. He explained:

“we have taken those savings that we consider have the least impact on public services and on individuals.”

On the cost of supporting Ukrainians he said:

“Almost 18% of all displaced Ukrainians coming to the UK are coming to Scotland. That requires us to find around £200 million not planned for at the time of the budget, just as the invasion began. I hope no one in the chamber, begrudges that support.”

On 22 September, the Scottish Government announced funding to increase the supply of housing:

The “Ukraine Longer Term Resettlement Fund, up to £50 million of funding will be made available to refurbish properties that otherwise would not be available for let.”

Last week Dr Alison Hosie (SHRC) was asked whether support for Ukrainian refugees was an example of a 'rights based' approach. She said:

“what the government has chosen to focus on are issues of human rights concern. I don't however think that they have taken a rights-based approach to the decisions that they have made.” [...] “those decisions are well-meaning, but they aren't taking a structured approach.” (SJSS Committee, [22 September](#) 9.02am)

That relates to the broader theme in last week's evidence that it is difficult to identify to what extent the impact of decisions on priority groups or people with 'protected characteristics' is considered prior to decisions being announced. Witnesses therefore found it difficult to assess the 'hard choices' made to cut employability and concessionary fares.

In their submission the Scottish Refugee Council refer to employability and concessionary travel calling for:

- As part of its employability and work policies, the Scottish government takes specific measures to *maximise work opportunities* for both people seeking and granted refugee protection;
- Scottish government introduces for all low income groups, including those seeking refugee protection, a *revamped national entitlement to free bus travel*, to enable social inclusion

Members may wish to discuss:

- 9.** John Swinney referred to supporting those coming from Ukraine. **What is needed in the 2023-24 Scottish budget to ensure that all refugees and asylum seekers are supported to the fullest extent possible within devolved powers?**
- 10.** The Scottish Refugee Council refer to employability in their '10 key actions'. **What are their views on the cut to the employability budget?**
- 11.** The Scottish Refugee Council includes a 're-vamped national entitlement to free bus travel' as one of ten 'key actions'. **What are their views on the cut to the concessionary travel budget?**

Panel 2: Suggested themes for discussion

Panel 2 comprises: Shelter and ENABLE.

A submission has been received from Shelter. They state that housing and homelessness systems are ‘on the brink of failure’, with a 17% rise in children in temporary accommodation. They welcome the housing measures in the Programme for Government but “we must make sure there are no unintended consequences”.

Their [Scottish Housing Emergency Action Plan](#) proposes:

- Buy and build 38,500 social homes by 2026
- Fully fund local homelessness services
- Guarantee the right to a home for everyone experiencing homelessness

The following four themes are suggested:

- **Theme 1: Impact of rising cost of living**
- **Theme 2: Spending Priorities**
- **Theme 3: Homelessness**
- **Theme 4: Housing costs and child poverty**

THEME 1: Impact of rising cost of living

Last week the Committee heard how the increased cost of living was impacting on individuals and on the organisations that support them – particularly in the voluntary sector.

The Committee also heard that taking a ‘rights-based approach’ means ensuring that a ‘minimum core’ is provided for. This should include considering the ‘maximum of all possible resources’ – including tax policy.

Members may wish to discuss:

12. How is the rising cost of living impacting on your organisations and the individuals you support?

13. The Scottish Government says it is doing all it can within its limited powers. Do witnesses agree?

THEME 2: Spending Priorities

As noted above, the Spending Review set out increased budgets for social security and health but ‘flat cash’ settlements elsewhere, including local government.

Shelter note that:

“Freezing local authority budgets at a time of rampant inflation and when the Scottish Government is rightly making moves towards stronger housing rights will pose councils across Scotland further challenges, and it could be argued that they are being set up to fail.”

Arguably, Government priorities are also illustrated by the approach to in-year cuts to the 2022-23 budget. As noted above, these include cuts to employability and concessionary fares.

ENABLE’s employability services “are embedded within 28 local authorities across Scotland and support 5,500 people each year.”

Last week witnesses told the Committee that investing in employability was an important element of ‘preventative spend’ but it was difficult to assess the choices made as there has been little transparency about the decision-making process. The Committee heard how ‘rights based’ budgeting required involvement of those with lived experience and analysis of data before budget decisions were made.

Members may wish to discuss:

14. What are witnesses views on prioritising social security and health spending?

15. Does ENABLE have any comments on the decision to cut employability funding in the 2022-23 budget? Is this likely to have an impact on their services?

16. Last week the Committee heard that there is a lack of transparency around how Scottish budget decisions are made. Do witnesses agree and if so, what additional information would be the most useful?

THEME 3: Homelessness

The Programme for Government announced a moratorium on evictions and a rent freeze. For further background see these SPICe blogs on the [Rent Freeze](#) and [Evictions](#).

Shelter refer to the increasing numbers of people in temporary accommodation and propose: “a homelessness emergency fund.”

They also note that ‘flat cash’ allocations for the Scottish Housing Regulator and Scottish Courts and Tribunal Service could pose a risk for people seeking to get their housing rights enforced.

Echoing last week’s theme of lack of information, Shelter call for a “full audit of all homelessness funding”, saying:

“As it is, we simply do not know if the existing homelessness funding, or the £600m investment noted in the RSR will have the desired impact on poverty.”

Members may wish to discuss:

- 17. Is Shelter confident that a full analysis has been done of possible unintended consequences of the rent freeze? For example might it reduce the supply of properties with possible consequences for levels of homelessness?**
- 18. Shelter propose a ‘full audit’ of funding for tackling homelessness. What are the difficulties in identifying the level of funding? Why is it not already reported?**
- 19. How might the ‘flat cash’ settlement for local government impact homelessness?**

THEME 4: Housing Costs and Child Poverty

A [recent briefing from Audit Scotland](#) made the link between affordable housing and child poverty saying:

“The provision of affordable housing is also key in preventing child poverty as housing is one of the most significant costs for families. The Scottish Government has delivered over 35,000 affordable homes since 2018 and is allocating £830 million to the delivery of more affordable homes in 2022/23.”

The Scottish Government has a [target](#) of:

“delivering 110,000 affordable homes by 2032, of which 70% will be for social rent and 10% in remote, rural and island communities.”

In their submission Shelter discuss the £3.6 billion across the spending review period for affordable housing. They state that: “Meeting an interim social housing target of delivering 38,500 social homes by 2026 must be the Scottish Government’s key priority”. They recommend the Scottish Government:

- Redirect all subsidy from the Scottish Government’s Affordable Housing Supply Programme exclusively to homes for social rent
- Undertake a national social housing acquisition plan to buy homes in areas of greatest need
- Force the reluctant owners of long-term empty homes to sell up or rent them out to people who are homeless or on the housing waiting list

The [Affordable Housing Supply Programme](#) (AHSP) already funds off the shelf purchases for social rent and councils plan for this locally in line with their local housing strategies. [Housing 2040 stated that:](#)

“We will focus the first five years of this period (up to 2026/27) on delivering 50,000 homes and the latter five years (up to 2031/32) on delivering a further 50,000 homes. This later phase will also see an acceleration of funding

towards bringing more existing homes into the programme as well as building new, looking to make **more use of off-the-shelf purchases and buy-backs.**”

Members may wish to discuss:

20. Can Shelter expand on their proposals for changing the approach to affordable housing? What would be the benefit of a national approach to housing acquisition?

21. The Programme for Government announced an increase to DHPs and extended eligibility for the Tenant Grant fund announced in the Programme for Government? What impact might these measures have on tenants? What further measures that could be taken to address the cost of living for tenants?

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23 September 2022