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Social Security and Social Justice Committee

**24th Meeting, 2023 (Session 6), Thursday, 5
October 2023**

2024-25 Pre-budget scrutiny

Introduction

1. This paper provides background and suggested areas for questioning for the second panel of witnesses on the pre-budget scrutiny.
2. At its meeting of 29 June 2023, the Committee agreed to hear from stakeholders covering the main aspects of its remit with the first panel discussing in general terms budget priorities and the context for decision making on budgets. The remaining panels would focus more on specific budget priorities covered by the Committee's remit and consider what a wellbeing economy would mean for these areas.

Background

3. For ease of reference the paper repeats the background information provided last week, new material starts on page 5.
4. The Scottish Parliament's budget process, as recommended by the Budget Process Review Group (BPRG) in its 2017 report, is centred around four core objectives to:
 - Have greater influence on the formulation of the Scottish Government's budget proposals,
 - Improve transparency and raise public understanding and awareness of the budget,
 - Respond effectively to new fiscal and wider policy challenges, and
 - Lead to better outputs and outcomes, as measured against benchmarks and stated objectives.

5. The committee has a wide ranging remit including social security, social justice, child poverty, homelessness, third sector, kinship carers, refugees and asylum seekers and the Office of the Scottish Charity Regulator.
6. [In 2023-24, the largest area of identifiable spend relevant to the Committee's remit is the approximate £5bn on social security](#). There are some other areas where spend has been easily identifiable, for example in 2023-24 other budget lines related to the included Third Sector (£22m), Office for the Scottish Charities Regulator (£3m), Social Justice (£40.9m) and Discretionary Housing Payments (£83.1m).
7. Some areas of spend have been more difficult to scrutinise, for example cross-cutting policies such as tackling poverty do not have specific budget lines.
8. The [Scottish Government's Medium-Term Financial Strategy](#) (MTFS), published in May 2023, and the Scottish Fiscal Commission's latest [Economic and Fiscal Forecasts May 2023](#) set out the financial pressures ahead. For example, the Scottish Fiscal Commission noted that social security spending is forecast to increase from £5.3 bn in 2023-24 to £7.8 bn in 2028-29. By 2027-28. It expects the Scottish Government to spend £1.3 bn more on social security than the funding received from the UK Government through the Block Grant Adjustment.
9. The MTFS also raised the theme of tough choices noting that "tough and decisive action must [...] be taken to ensure the sustainability of public finances and that future budgets can be balanced" and also indicates "there will be difficult choices about reprioritisation [of spend] to make".

Last year's pre-budget report

10. In its [pre-budget report](#) for 2023-24, the Committee looked at the spending review, in-year cuts to the 2022-23 budget and expectations for the Equalities and Fairer Scotland budget (EFSBS) statement. Key themes were:
 - Data and analysis needed to take a 'human rights based approach' to budget decisions
 - Cost of living – including for those with no recourse to public funds and the impact on the Third Sector. Recommended uprating of benefits by 10.1%.
 - Homelessness
 - 2022-23 in-year budget cuts to employment support.
11. The Scottish Government responded to pre-budget reports in chapter 3 of the Budget and, more fully, [in a letter received on 10th January 2023](#). Key points made in the response included:
 - Welcoming feedback on the EFSBS, noting that the Scottish Government continues to evolve and develop the approach to equalities and human rights budgeting

- The cost crisis forms the context for the 2023-24 budget. The letter sets out key policies such as the Scottish Child Payment, uprating all benefits by 10.1% (as recommended by the Committee), continuing the £1 billion for early learning and childcare and £20m fuel insecurity fund.
- The Scottish Government recognises the impact of the cost crisis on the third sector saying “we are committed to increasing multi-year settlements”.
- Welcoming the Committee’s support for further devolution of borrowing powers to provide greater fiscal flexibility.

Scottish Government Priorities

12. In the Vision for Scotland, [Equality, opportunity, community: New leadership – A fresh start](#), the First Minister set out the three critical – and – interdependent – missions for the government to be underpinned by refreshed national outcomes:

- Tackling poverty and protecting people from harm
- A fair, green and growing economy
- Prioritising our public services.

13. The document noted the challenging context arising from, for example, the recovery from the COVID pandemic and the cost of living crisis and that this would “mean taking some tough decisions to ensure that we target every pound we spend and invest in order to get the maximum value, ensuring it reaches those that need it the most.”

14. In [Equality, opportunity, community: New Leadership](#), the Cabinet Secretary for Social Justice confirmed what the Scottish Government hoped to achieve by 2026 (see Annex A). Aims included:

1. Reduced child poverty rates through delivery of our tackling child poverty plan Best Start, Bright Futures, using all available levers
2. Investment of a further £1.3 billion in our game-changing Scottish Child Payment – which is forecast this financial year to lift 50,000 children out of poverty.
3. Building on the successful establishment of our social security system and delivered Scottish Government benefits worth £18 billion to over two million people, treating them with dignity, fairness and respect

15. The focus of the [Programme for Government](#) was on tackling poverty. In terms of social security, this is mostly to be achieved by continuing existing policies. As with last year, the flagship policy is the Scottish Child Payment.

16. Last week the Committee discussed the government’s priorities. The Cabinet Secretary described how the Scottish Government is ensuring that the priority for tackling child poverty is addressed across government. She described how

policies are assessed for their impact, and that decisions must be made in a difficult financial context. She said:

17. “The FM has made it very clear that this is a challenging financial time [...] yes there will have to be tough decisions [...] what we are trying very hard to do [...] is about how we can best use our resources.”
18. She described how work goes on within government to analyse “through the Best Start Bright Futures programme board, the Ministerial group and so on to constantly check in that what we are doing is using the money in the most effective way possible.” ([Committee meeting 14 September, 10.18am](#)). Referring to balancing what stakeholders are asking against the financial context, she emphasised that tough decisions will be required across government.
19. Asked about how policies are assessed to ensure they are focused on where they have the greatest impact, the Cabinet Secretary referred to examples including impact assessments, modelling work underpinning Best Start Bright Futures and the annual reporting on progress on tackling child poverty. That work is used: “to challenge ourselves about what more we can do” ([Committee meeting 14 September, 10.23am](#)).

Public participation

20. As part of its work on human rights budgeting and increasing public participation in the budget process, the Equalities, Human Rights and Civil Justice Committee gathered information through a set of open and broad questions in a survey designed to be answerable within 5-10 minutes. The hope was that this would be more accessible to the public and would help to reach more individuals and hear from people other than ‘the usual suspects’ (organisations and witnesses who contribute regularly to committees).
21. The survey received 121 responses, 114 of which were from individuals. [A summary has been published online.](#)
22. As a brief overview, the responses revealed varied levels of understanding of the budget. Some positive comments included that the Scottish Government has undertaken spending to help people ‘less fortunate’ than them and has mitigated the impact of UK Government policies such as the bedroom tax. Several people raised concerns about the level of tax paid, particularly in relation to the disparity in the level of Income Tax paid in Scotland versus the rest of the UK. Understanding the reasoning for this was a key point – there were many comments that related to wanting to know more about why decisions had been made, the alternatives and the underlying data, but this was mentioned in relation to tax policy more than any other policy area.
23. There were some concerns about the level of legitimacy of the Scottish Government’s spending decisions, and whether it had the mandate from the public and the transparency of decisions. In some cases, people said that in

some cases, basic needs were not being met, with health, social housing and employment being referenced in this context.

24. Respondents were asked “What do you think would make it easier for people to understand and have their say on how well public money is used?” Responses can be grouped under broad headings of Advertising/reach and education, Online engagement and participation, Face to face engagement, Trust and Transparency.

Witness submissions

25. The Committee will be taking evidence from Shelter Scotland, Inclusion Scotland and the Scottish Refugee Council. At the time of preparing this paper submissions had been received from Shelter Scotland and Inclusion Scotland. The following summarises the key points in those submissions.

Shelter Scotland

26. Shelter Scotland’s submission focuses on “Scotland’s Housing Emergency” citing increasing numbers of homeless households and homeless families living in temporary accommodation, a slowdown in new social housing developments following a 16% cut to the budget for social housing delivery last year, failures by councils to uphold rights and warnings of a broken and failing housing system.
27. It argues that the Scottish Government must provide the resources needed to tackle the housing emergency through delivering more social homes, fully funding local homelessness services and ensuring councils have the funding they need to deliver on existing housing rights.
28. Shelter Scotland states that affordable housing investment plays a crucial role in reducing child poverty and that social housing must be the Scottish Government’s number one priority spend for the capital budget. It also argues the affordable housing supply grant money is used to deliver social homes, rather than “affordable homes” (note that affordable homes includes homes for mid-market rented housing).
29. In relation to homeless temporary accommodation, it is, “concerned that the Scottish Government’s response to the Task and Finish Group will not drive the kind of structural change needed to meaningfully tackle the housing emergency.” It also argues that significant investment in frontline services have the resources they need to deliver on existing housing rights and are prepared to deliver the suite of new housing rights such as the UN right to adequate housing.
30. Shelter’s Scotland submission also highlights the unequal impact of the housing emergency. Recent homelessness statistics show that the majority of homeless households have at least one identified support need while African households spend longer in temporary accommodation than people from other

backgrounds. It refers to its recent research on race in housing which makes recommendations and states that the Scottish Government should use the budget to make progress on these recommendations.

31. It also argues that a human rights-based approach to budgeting is needed to make progress on tackling deeply embedded poverty and that we need move from a position of asking ‘how do we respond to need with the money we have?’, to ‘how much money do we require to respond to need?’ and targeting money where it is needed.

Inclusion Scotland

32. Inclusion Scotland argues that social care should continue to be prioritised in this budget alongside healthcare. It welcomes the commitment to increase the wages of those delivering care service. This has implications for those utilising option 1 as their choice for the delivery of self-directed support. The increase in wages for those staff directly employed by disabled people must also be fully funded.
33. The work on progressing the National Care Service requires additional resources for Disabled People’s and Carers Organisations to ensure that they can be fully involved in the policy and decision-making aspects of the new service. There was disquiet amongst disabled people that they were effectively shut out of the discussions.
34. It welcomes the additional £9m for the Scottish Independent Living Fund which will allow it to assist an additional 1,000 disabled people. In total it will support 3,000 which is the same number of Scots being supported nearly a decade ago when the fund was transferred to Scotland. It believes that funding of the ILF would bring long term savings and suggests that a funding allocation of £32m should be made in the budget, as recommended by the Independent Review of Adult Social Care.
35. In terms of social security, Inclusion Scotland argues that disabled people received the least generous packages of measures announced last year yet they are more likely to be suffering poverty and have significant additional costs. Inclusion Scotland believes that disabled people and their families need to be given additional, targeted, social security support from the Scottish Government otherwise they will experience severe fuel poverty, debt, destitution and death¹.
36. It welcomes increases in the Scottish Child Payment and the commitment to an independent review of Adult Disability Payment but only if it is a full and thoroughgoing review which looks at the adequacy and entitlement criteria for the benefit.

¹ <https://inclusionScotland.org/news/dpo-collective-letter-to-the-first-minister>

37. Inclusion Scotland note that the cost of childcare is one of the biggest barriers to parents to take up job opportunities. The extension of childcare in the PfG was welcomed but it stated that this appeared that the extension would only occur in 6 local authority areas meaning parents in other 26 authorities will not benefit from it. More needs to be done to ensure that the funded childcare that is available is both accessible to and inclusive of disabled children and parents.
38. Inclusion Scotland welcomes the commitment in the Programme for Government to end non-residential social care charging the end of this Parliament but notes that Frank's Law should have ensured that this had happened already and that previous commitments to end social care charging have not been honoured. The Scottish Government funded all local authorities to end social care charging but it has continued in many. It argues that this cannot be allowed to continue as social care charging is effectively an additional tax on disabled people over and above those paid by non-disabled members of Scottish society.
39. On employability, Inclusion Scotland states that funding for employability programmes was cut last year and was not restored to previous levels despite rising costs suggesting it has been deprioritised. The Scottish Government should fund disabled people's organisations to provide the type of person-centred approaches to employability
40. The cost of living crisis impacts disproportionately on low income households and particularly on disabled people. Disabled people need more financial support to cope with increased energy costs and recommends that the winter heating payment should increase from £50 to at least £100.
41. Its submission highlights the additional health related energy costs that disabled people can incur from equipment such as hoists, beds and breathing equipment. The use of these machines can keep people out of hospital. Inclusion Scotland believes that the NHS should be paying these health-related costs and not disabled people and again urges the Scottish to make funding available in the budget to allow local NHS boards to provide this support.
42. In terms of tax and revenue raising matters, its submission argues that disabled people would benefit from more progressive taxation measures such as reform of the Council Tax as they are disproportionately likely to be living in poverty and are also more reliant on local services such as social work, social care, concessionary taxi-cards etc. The proposals such as those made by the Fair Tax Reform Group must be given more serious consideration.

Suggested themes for discussion

The following suggests two themes for discussion

- Theme 1: priorities, responding to challenges and supporting a well-being economy
- Theme 2: Transparency, participation and accountability and human rights approach

Theme 1: priorities, responding to challenges and supporting a well-being economy

Members may wish to discuss:

1. Can you describe how the cost-of-living crisis is affecting your organisation and the clients you support? In what ways do you think the impact of the cost-of-living crisis should influence the Scottish Government's budget decisions?
2. How should the Scottish Government prioritise its budget in light of the Medium-Term Financial strategy's analysis highlighting a funding gap and the need for difficult decisions to be made?
3. **For Inclusion Scotland:** Your submission highlights areas for increased spend such as social care, and additional £23m for the independent living fund, increases in the winter heating payment and increased social security spending for disabled people. Given the tight fiscal framework, how should the Scottish Government fund this proposed additional spend - are there other programmes / spend that could be cut for example?
4. **For Shelter Scotland:**
 - a. Why should affordable housing supply be the Scottish Government's number one priority for capital spend in the budget?
 - b. [The Scottish Housing Regulator's National Report on the Scottish Social Housing Charter 2022-2023](#) highlighted the tough financial decisions social landlords need to make arising from setting below inflation rent rises along with increased costs of maintaining and improving the energy efficiency of existing stock. Registered Social Landlords are reducing and delaying their plans to build new homes. Given the other challenges social landlords face how much difference will an increased capital budget for new homes make, and is there any other action the Scottish Government could take to improve the supply of new social homes?
5. **For the Scottish Refugee Council** – while elements of the budget are most important for supporting refugees and asylum seekers and what impact has this had?
6. **For Inclusion Scotland:** Your submission states that, "More needs to be done to ensure that the funded childcare that is available is both accessible to and inclusive of disabled children and parents" What do you think needs to be done and how can the Scottish Government address this in its budget?

7. **For Inclusion Scotland:** What are your views on how the social security budget benefits disabled people and their families. What specific additional targeted social security support is needed from the Scottish Government?
8. **For Shelter Scotland:** Why are you concerned that the Scottish Government's response to the Temporary Accommodation Task and Finish group will not drive the structural change needed to tackle the housing emergency? How can the forthcoming budget decisions help to drive this structural change?
9. Are you concerned about any unequal impact of Scottish Government policies and budget decisions on protected groups, such as those from ethnic minorities? If so, how can this situation be improved?

Theme 2: Transparency, participation and accountability and human rights approach

Members may wish to discuss:

10. Has there been any improvements in the transparency of the budget and what more needs to be improved? Given the financial and time pressures in preparing the budget, what is the realistic scope for further transparency in the process?
11. How should the Scottish Government involve the public in setting the overall priorities for spending? What is the realistic scope for meaningful public participation in more detailed consideration of budget decisions?
12. What does the Scottish Government need to do in order to take a human rights approach to the 24-25 budget?

Kate Berry and Camilla Kidner
SPICe Research 28 September 2023

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Annex A: Extract from Equality, opportunity, community: New leadership – A fresh start

As the Cabinet Secretary for Social Justice, working with my Cabinet colleagues, I commit that by 2026 I will have:

4. Reduced child poverty rates through delivery of our tackling child poverty plan Best Start, Bright Futures, using all available levers.
5. Invested a further £1.3 billion in our game-changing Scottish Child Payment – which is forecast this financial year to lift 50,000 children out of poverty.
6. Built on the successful establishment of our social security system and delivered Scottish Government benefits worth £18 billion to over two million people, treating them with dignity, fairness and respect.
7. Transferred the awards of over 700,000 people from the Department for Work and Pensions to Social Security Scotland.
8. Worked with partners including Local Government to identify ways to reduce the number of people living in temporary accommodation, taking account of the recommendations of the Homelessness Prevention and Strategy Group (HPSG) Temporary Accommodation Task and Finish Group.
9. Acted decisively to protect lives by assessing and remediating medium and high rise multi-residential buildings with unsafe cladding and by holding developers to account for their commitments to residents and homeowners.
10. Provided sanctuary to people displaced by war in Ukraine, and ensured support is available for those fleeing conflict and persecution to integrate into our communities in line with the New Scots Strategy.
11. Delivered world leading Human Rights legislation, subject to the agreement of parliament, protecting economic, social and cultural rights and established an Equality and Human Rights Mainstreaming Strategy across the public sector.
12. Established the first independent Anti-Racism Observatory for Scotland, recommended by the Expert Reference Group on COVID-19 and Ethnicity, signalling our commitment to anti-racism.
13. Progressed Fairer Funding arrangements, including exploring options to implement multi-year funding deals, enabling the third sector to secure the resilience and capacity it needs to support the transformation and delivery of person-centred services for Scotland's people and support our thriving social enterprise economy.
14. Supported people and employers to navigate the complex UK immigration system when moving to Scotland, through the establishment of a Talent Attraction and Migration Service, and begun to address community depopulation challenges, including through tailored, community-driven migration solutions which support local economies and public services, through an Addressing Depopulation Action Plan.