

## Social justice budget

### Introduction

The Committee will hear from:

- Shirley-Anne Somerville, Cabinet Secretary, Social Security and Social Justice
- James Wallace, Deputy Director for Communities Finance
- Julie Humphreys, Director for Tackling Child Poverty and Social Justice

This paper provides a short overview of the Social Justice portfolio budget and suggests 5 themes for discussion.

### Background

#### Structure of budget

The social justice and social security portfolio budget for 2025-26 is £8,244 million. Nearly all of this (88% percent, £7,266 million) is for social security. Another 11% is not in this Committee's remit (housing, building standards, cladding, equality and human rights). Although, as homelessness is in the remit, arguably much of the housing budget is relevant. The remaining 1% (£95 million) comprises the elements set out in table 1 below.

**Table 1: Non-social security elements of the social justice budget within the Committee's remit**

Level 2, £m	2023-24 outturn	2024-25 ABR	2025-26 budget
Office of the Scottish Charity Regulator	3.3	3.6	3.8
Tackling child poverty and social justice	37.7	50.0	59.0
Ukrainian resettlement	167.3	51.7	18.2
Third sector infrastructure and development	21.1	14.7	14.1

The main changes in this 1% of budget are:

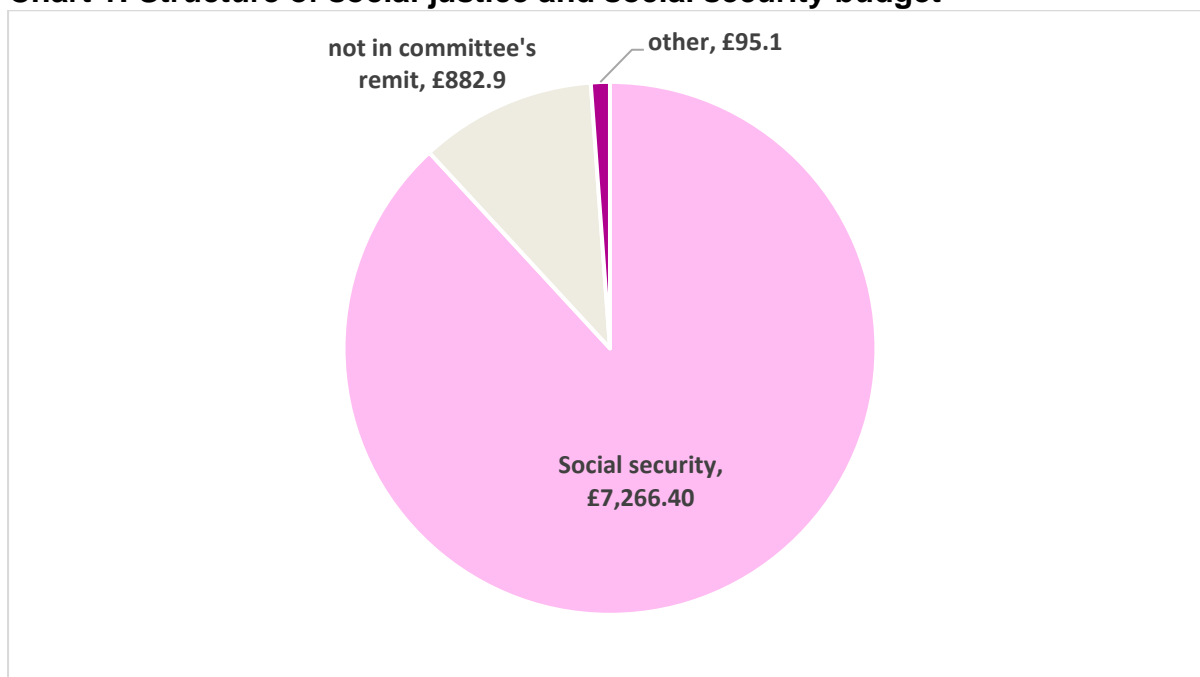
- Third sector budget line was reduced in 2024-25 as £20 million for 'Enterprising third sector' transferred to economy budget.
- Ukrainian resettlement funding has reduced to reflect reduced demand as people move into settled accommodation.

The 'Tackling child poverty budget and social justice' budget of £59.0m includes:

- Baby box £7.9m
- Communities analysis £9.0m (includes an increase for housing data analysis)
- Tackling child poverty accelerator fund, advice services, Social Innovation Partnerships, Fairer Future Partnerships, tackling food insecurity £42.0m.

The domination of social security is illustrated in the pie-chart below.

**Chart 1: Structure of social justice and social security budget**



**Main changes in the budget**

Because social security is the largest element in the budget, it's changes to social security that have the greatest impact on the budget. The table below lists changes in budget lines of more than £40m compared to the 2024-25 budget position at Autumn Budget Revision (ABR).

**Table 2: Changes over £40m compared to Autumn Budget Revision**

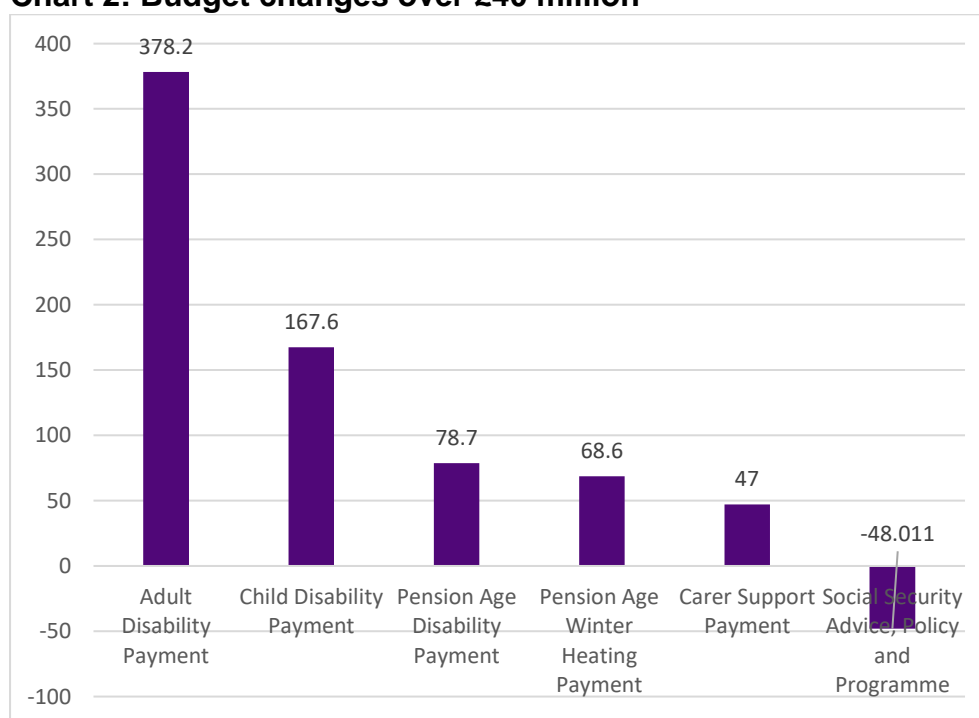
£m	2024-25 ABR	2025-26	change
Social Security Advice, Policy and Programme	226	178	-48
Adult Disability Payment	3,226	3,605	378
Child Disability Payment	450	618	168
Pension Age Disability Payment	755	834	79
Pension Age Winter Heating Payment	32	101	69
Carer Support Payment	412	459	47

Two large changes are not included:

- The line for Discretionary Housing Payments shows an increase of £85 million (from £12 million at 2024-25 autumn budget revision to £97 million in 2025-26 budget). This change reflects the transfer from social justice to local government rather than an actual increase in resource. The SFC forecast budget for DHPs is £91 million in 2024-25 rising to £97 million in 2025-26.
- The other very large change is in affordable housing which is not in the Committee’s remit, however, it is briefly considered below given the relevance to homelessness.

Chart 2 below shows how social security spending is driving budget increases. It also shows a significant (-£48m) reduction in the budget for developing new social security. This is explored more in theme 2 below. It reflects the planned completion of the Social Security Programme which started with the Smith Commission in 2016.

**Chart 2: Budget changes over £40 million**



Notes: shows largest budget changes within Committee's remit in the SJSS portfolio budget, compared to 2024-25 autumn budget revision.

### **Pre-budget Report**

In its pre-budget report the Committee focused on third sector funding. The key themes explored were:

- The need for stable, consistent, multi-year funding that reflects costs incurred.
- The need for improved processes, including timely notification of grants, streamlined application processes and more transparent decision-making.

The Cabinet Secretary [wrote to the Committee on 12 December in response](#). She said:

“I recognise many of the challenges and opportunities reflected in the Committee's report and continue to work with my officials to champion the voice of the sector across Government and ensure that the vital work of third sector organisations is well understood and valued as part of a thriving Scottish society.”

The Scottish Government:

“remains committed to improving grant making and funding relationship for the sector by the end of this parliament.”

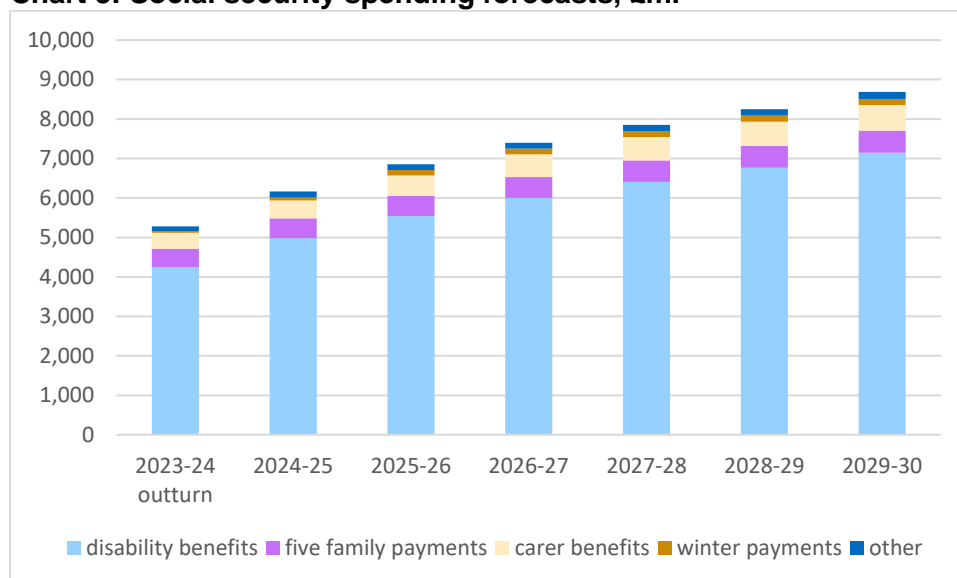
The Cabinet Secretary set out her concerns about the impact of National Insurance increases on the third sector. This issue is explored further in theme 5 below.

## **Themes for discussion**

### **Theme 1: Social security benefits**

Chart 3 below shows how most devolved social security spending is on disability benefits and that spending is forecast to increase.

**Chart 3: Social security spending forecasts, £m.**



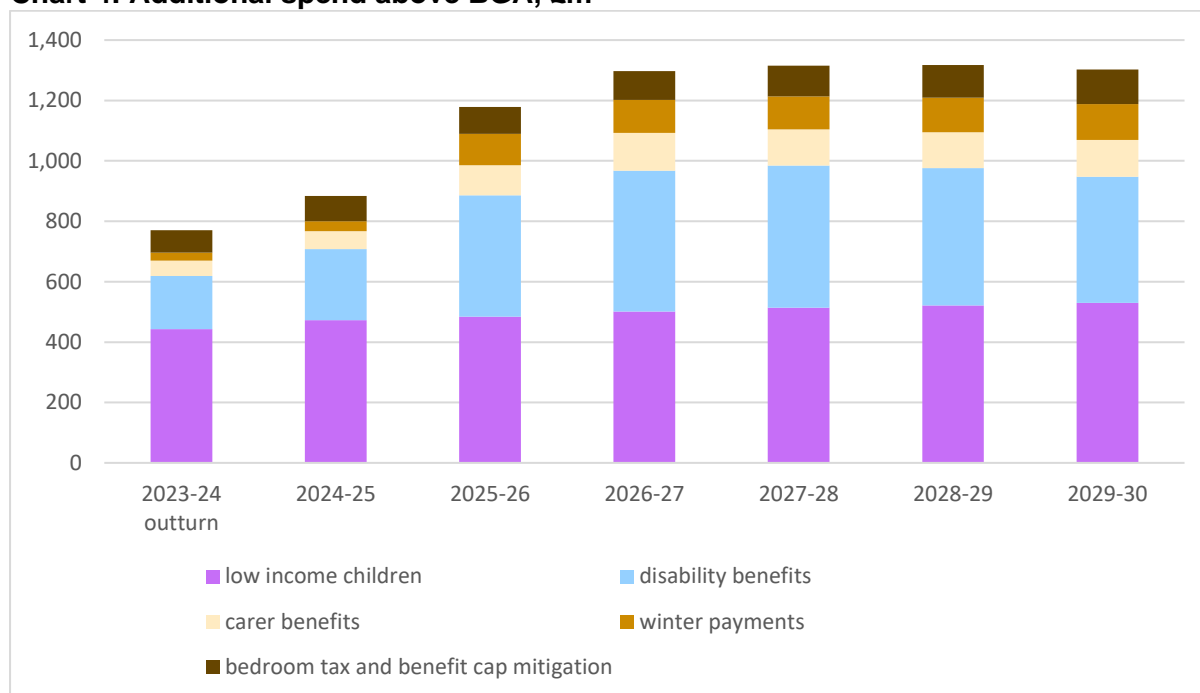
Source: SFC forecasts December 2024. Figure 5.10

In 2025-26 the Scottish Government is spending £1.3 billion more on social security than it receives in social security block grant adjustments (BGA). This is made up of:

- £529m additional spend on benefits which have a BGA (such as Adult Disability Payment)
- £644m spend on benefits that only exist in Scotland (Scottish Child Payment, Carer’s Allowance Supplement, Child Winter Heating Payment, Best Start Grant early learning and school payments, Discretionary Housing Payment spend on bedroom tax and benefit cap mitigation).
- £166m other spend which includes spending on Best Start Grant Pregnancy and Baby Payment, Best Start Foods, Discretionary Housing Payments other than for benefit cap and bedroom tax mitigation, Funeral Support Payment, Employability Services, and Scottish Welfare Fund. Funding for these payments comes through the general Block Grant and it is not possible to provide an estimate of funding received for individual payments.

Chart 4 below shows the spend on the first two categories (spend above BGA and Scotland only benefits) by type of benefit. This shows that, while total devolved social security is focused on disability (chart 3), the additional spend is focused on children in low-income households as well as disabled people (chart 4). This is primarily because of the Scottish Child Payment. It also shows that this additional spend is forecast to stop increasing after 2026-27. However, this doesn’t yet take account of plans to mitigate the two-child limit.

**Chart 4: Additional spend above BGA, £m**



Source: SFC forecasts, fig 5.7, 5.8, 5.10, S5.6, S5.10.

### ***Up-rating for inflation***

The Social Security (Scotland) Amendment Bill included a duty to uprate all Social Security Scotland benefits by inflation. As discussed on 19 December, as most benefits already require to be uprated this new duty only adds £2m to forecast spend in 2025-26.

The [benefit rates for 2025-26](#) are published in the draft ‘effect of inflation’ report [sent to the Scottish Commission on Social Security on 16 December along with draft regulations](#). These regulations also include provision to uprate the earnings limit in Carer Support Payment. This reflects UK Government policy for Carer’s Allowance.

The Committee will consider these regulations once they are laid in the Parliament.

### ***Future changes to Scottish benefits***

The Scottish Government has focused on establishing ‘Scottish versions’ of disability and carer benefits with minimal changes to eligibility. The emphasis has been on ‘safe and secure transfer’ of clients from DWP to Social Security Scotland systems. Case transfer is due to complete during 2025, which opens up the possibility of changes to benefit design. However, the Scottish Government has been clear that the financial situation may not allow for costly changes.

Current work includes:

- Changes to Carer Support Payment, including the introduction of additional person payment. These changes are already included in spending forecasts and [draft regulations were sent to the Scottish Commission on Social Security in November](#).
- Development of Employment Injury Assistance. The [Cabinet Secretary wrote to the Committee](#) explaining that development work was at an early stage to develop a replacement for industrial injuries benefits that better reflects the modern workplace.

- The independent review of Adult Disability Payment is due to report to Ministers in July. An [interim report was published in November](#).
- The working group on Minimum Income Guarantee was due to report by end 2025.
- The Scottish Government plans to mitigate the two-child limit from 2026-27. The Scottish Fiscal Commission are [due to publish costings on 7 January](#).

### **UK Government reform**

The UK Government plans to publish proposals for health and disability benefit reform this spring. In [November, 'Get Britain Working' the white paper on tackling economic inactivity](#) stated that:

“Building on these reforms, the government will bring forward measures to overhaul the health and disability benefits system so it better supports people to enter and remain in work and to tackle the spiralling benefits bill. A consultation will be published in Spring as part of a commitment to put the views and voices of disabled people at the heart of any policy changes that directly affect them.”

### **Members may wish to discuss:**

- 1. How has the Scottish Government been able to fund the £1.3 billion additional spend on social security benefits in 2025-26? What choices have had to be made in other areas in order to meet this cost?**
- 2. The plan to mitigate the two-child limit will add to the additional spend on social security from 2026-27 onwards. What choices is the Scottish Government having to make in order to afford this?**
- 3. The independent review of Adult Disability Payment and the report on Minimum Income Guarantee may bring forward recommendations that require additional social security spending. Is the Scottish Government comfortable with further increases to social security spending?**
- 4. The UK government is concerned about the rising number of people receiving disability benefits. Is the Scottish Government similarly concerned? If so, what is its policy response?**

## **Theme 2: Social security development and administration**

The Social Security Programme sits within the Scottish Government and is responsible for the policy and development work on new benefits (such as Scottish Child Payment or mitigating the two-child limit) and developing Scottish ‘versions’ of DWP benefits (eg developing Adult Disability Payment as a replacement for Personal Independence Payment).

Social Security Scotland is a separate organisation. It is the executive agency that administers benefits once they are ‘live’. The Committee will take evidence from Social Security Scotland next week.

The programme of social security devolution set out by the Smith Commission is almost complete. The only benefit in that original scheme that has still to be developed is Employment Injury Assistance. There is significant policy development work to undertake on this and it will not be delivered in this Parliament.

Since 2018 the Programme has developed the following benefits.

**Table 3: Social Security Scotland benefits created since 2018**

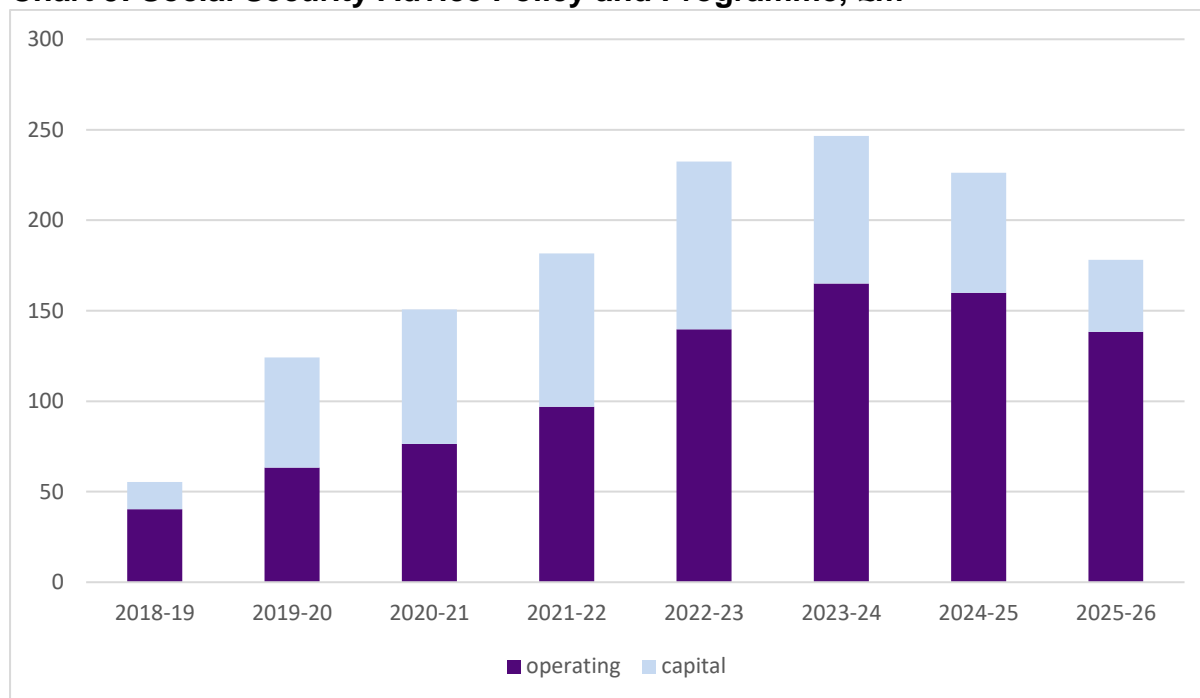
Launch date	Benefits created
2018	Carer’s Allowance Supplement Best Start Grant: Pregnancy and baby
2019	Best Start Grant: early years and school payments Best Start Foods Funeral Support Payment Young Carer Grant
2020	Job Start Payment Child Winter Heating Payment Scottish Child Payment
2021	Child Disability Payment
2022	Adult Disability Payment
2023	Winter Heating Payment
2024	Carer Support Payment
	Pension Age Disability Payment
	Pension Age Winter Heating Payment
2025	Scottish Adult Disability Payment

In addition, the process of transferring disability and carer benefit clients from DWP to Social Security Scotland is due to be completed in 2025-26 (except for employment injury assistance). The [latest statistics for ADP](#) state that by the end of November, 323,500 PIP and adult DLA clients had had their data sent to Social Security Scotland for transferring to ADP. Transfers from Child DLA to CDP are complete and [4,635 people had transferred from Carer’s Allowance to Carer Support Payment by the end of September 2024](#).

Chart 5 below shows that the budget for ‘advice, policy and programme’ amounts to around £1,395 million in total over the period 2018-19 to 2025-26. (£880 million operating and £515 million capital).



**Chart 5: Social Security Advice Policy and Programme, £m**



Sources: 2018-19 to 2023-24 Spring Budget Revisions. 2024-25 Autumn Budget revision. 2025-26 Budget.

Social Security Scotland’s annual report states that a review of the Programme in February 2024 gave a ‘delivery confidence assessment rating of amber.’

“A Gateway Review Strategic Assessment took place in February 2024 on the Scottish Government’s Social Security Programme. Gateway Reviews are a ‘peer review’, in which independent practitioners from outside the Scottish Government’s Social Security Programme use their experience and expertise to examine the progress and likelihood of successful delivery of the Programme.

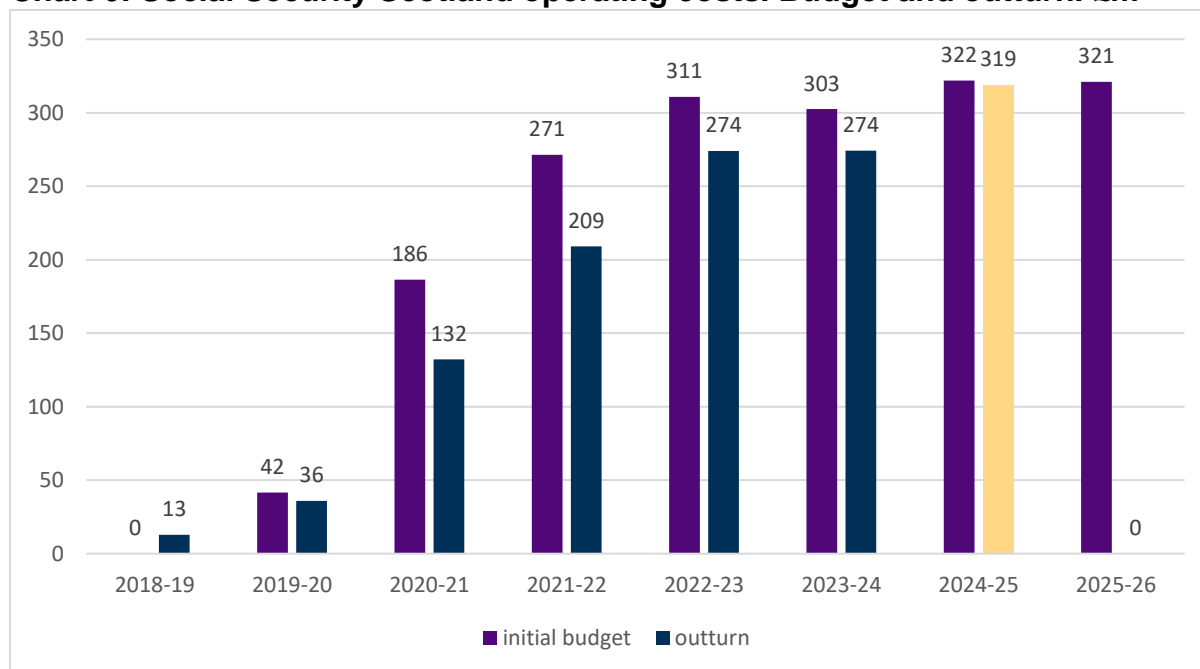
[...]

The review provided a delivery confidence assessment rating of amber indicating successful delivery appears feasible but significant issues already exist requiring management attention.” ([Social Security Scotland annual report 2023-24, p.42](#)).

**Social Security Scotland operating costs**

Social Security Scotland’s operating budget for 2025-26 is £321m. The chart below illustrates how, since it was created in 2018 outturn has been less than budget.

**Chart 6: Social Security Scotland operating costs. Budget and outturn. £m**



Source: Scottish Government budgets, Social Security Scotland annual report (outturn). 2024-25 shows budget and Autumn Budget Revision.

### Employee costs

Social Security Scotland is a large employer – employing around 4,000 people. The [staffing budget for 2024-25 was £238m](#), up from £196m outturn in 2023-24 and £173m in 2022-23.

The increase to employer National Insurance by the UK Government therefore represents a significant extra cost. This has not yet been factored into this year’s budget allocation. The SFC commented that:

“As the Scottish Government does not have clarity on NICs funding, it has presented the 2025-26 Budget with no assumed NICs funding from the UK Government and no associated spending plans. This means that once the UK Government confirms the funding, the 2025-26 Budget will be larger than has been presented. But this funding is unlikely to cover the full cost of the NICs rises which will need to be managed as part of wider pay and workforce plans. This should be noted as a risk to the Budget.” (Scottish Fiscal Commission, December forecasts, para 29)

### Members may wish to discuss:

- 5. The gateway review of the social security Programme in February 2024 concluded that: “successful delivery appears feasible but significant issues exist that require management attention”. How have those issues been addressed?**

6. The main benefit yet to be developed is Employment Injury Assistance. There are also the new plans to mitigate the two-child limit. Are these delaying the closure of the Social Security Programme?
7. What plans are in place to ensure a smooth transition from the Social Security Programme to Social Security Scotland? What additional resource has been put in place for this?
8. How much additional funding will Social Security Scotland need to meet increased National Insurance Contributions? How much of that do you expect will be covered by additional funding from the UK Government?

### Theme 3: Child Poverty

Eradicating child poverty is the Scottish Government's top priority.

Spending on tackling child poverty is spread across many different government departments and ministerial responsibilities. While much of the spend is therefore technically outwith this Committee's remit, the Committee's work on the topic means that it is relevant to its budget scrutiny.

The Scottish Budget's narrative on child poverty (p.3 – 5) highlights various types of spending. Table 4 lists those measures highlighted in the budget narrative that are specifically focused on children in low-income families and can be identified in budget tables. Most of the targeted spend is provided via social security.

In common with the approach taken in the [Best Start Bright Futures Progress Report's summary of investment to support children in poverty](#) the table excludes disability benefits and universal services.

**Table 4: Identifiable spending referenced in Budget narrative targeted to low income families with children. £m**

Measure	2024-25 ABR	2025-26 budget	source
Scottish Child Payment	457.3	471.0	Social security
Free school meals for P6/P7 on Universal Credit	22.0	37.0	Local Government, table 4.12
School age childcare	20.9	25.4	Education and Skills, level 4
Free school meals (holiday provision)	21.8	21.8	Local Government, table 4.12
Best Start Grant	21.3	21.4	Social security
Best Start Foods	18.1	19.3	Social security
Education Maintenance Allowance	18.9	18.7	Education and skills, level 4
School Clothing Grant	13.9	13.9	Local Government, table 4.12

Other spending highlighted is not specifically targeted on low-income families with children. This includes:

- £768m affordable housing
- £800m increase in social security benefit spend
- £464m concessionary travel
- £1 billion early learning and childcare
- £300m on energy efficiency and clean heat
- £90m on employability

**No-one Left Behind employability.**

£81.4m is allocated to local authorities for employability programmes (budget table 4.15). The amount allocated specifically for parental employability is not yet available. It will be published on the Employability Scotland website. In the last two years, the local authority allocation for parental employability, (not including general revenue grant) has been £40.4 million. (Scottish Government personal communication).

**Affordable Housing Supply Programme**

£768 million is allocated in 2025-26. It is difficult to ascertain what proportion of this will benefit low-income families with children. The Best Start Bright Futures progress report 2023-24 estimated 22% of the Affordable Homes budget benefited low-income families with children, based on the proportion of people in poverty who are children.

**Energy efficiency and clean heat measures**

The budget narrative on child poverty states that the 2025-26 budget will:

“invest over £300 million in energy efficiency and clean heat measures which also help reduce household energy bills on a lasting basis and reduce the cost of living for households.” (budget p.4)

£336 million is allocated in the budget for ‘energy efficiency and decarbonisation’. It is unclear from the description how much of this benefits low-income families with children. The ‘level 4’ description is:

“It funds support for households and buildings to install energy efficiency measures and clean heating systems across domestic (private and social housing), non-domestic and public sectors; development of heat network regulations and legislation and funding to support investment in heat networks; provision of programmes of advice and support to encourage the continued uptake of energy efficiency and clean heating.”

Members may wish to discuss:

9. What is the Scottish Government's estimate of spending in the Scottish Budget which is targeted on children in low-income families?
10. How is the Cabinet Secretary working with colleagues across Scottish Government to ensure that measures such as energy efficiency and affordable housing are implemented in ways that will have the maximum possible impact on low-income families with children?

## Theme 4: Homelessness

Much of the funding for work in tackling and preventing homelessness is not specifically highlighted in the social justice budget given many relevant services are funded through the local government settlement.

The Parliament's declaration of a [national housing emergency](#), in May 2024, and local housing emergencies declared by 13 local authorities have highlighted pressures in the homelessness system and particularly high numbers of people living in temporary accommodation in some areas.

The [Scottish Housing Regulator has reported](#) that systemic failure is now impacting the delivery of homelessness services in some areas of Scotland with others at heightened risk from systemic failure. As the [Regulator's Annual Report and Account 2023-24](#) stated:

“Put simply, for some councils the demands in the homelessness system – the number of people who are homeless, and the level of need they have – exceed the capacity in the system to respond, particularly the availability of suitable temporary and permanent accommodation. The increase in capacity that is needed goes beyond that which the impacted councils can deliver alone. That is what we mean by systemic failure.”

In the 2025-26 budget, the Scottish Government states that:

“Preventing and ending homelessness and supplying affordable housing are key interlinked commitments of the portfolio. We will work with local government to reduce homelessness and promote rapid rehousing including Housing First. Progress towards the delivery of 110,000 affordable homes by 2032 will continue. We will work with local government and registered social landlords, focusing on impact in response to the Housing Emergency. This is integral in tackling poverty and regenerating communities, as well as supporting economic growth and contributing to net zero targets.”

[The Scottish Government has committed to provide £4 million in additional funding to deliver new homeless prevention pilots in Scotland. Crisis has welcomed this funding.](#) In the local government budget there is £30.5m for the homelessness prevention fund ([Table 4.12](#)). This has remained the same amount in cash terms since 2023-24.

Discretionary Housing Payments can also be useful to tenancy sustainment and prevention of homelessness among low-income households.

Also relevant to tackling homelessness is the Affordable Housing Supply Programme (AHSP) budget which delivers new housing, including new build and acquisitions of existing homes.

[In 2024-25, the Scottish Government’s Affordable Housing Supply programme \(AHSP\) budget was almost £600 million, a cut of 21% \(cash terms\) from the previous year.](#) Stakeholders had been critical of this capital cut.

The AHSP budget in 2025-26 is **£768 million – a real terms increase of 26% from this year (see Table 5).**

In the [Budget statement, the Cabinet Secretary for Finance and Local Government, Shona Robison MSP](#), stated that the Budget “returns spending to a level higher than it was at two years ago.” However, in real terms (at 2024-25 prices), the overall budget is 3% lower than it was in 2022-23.

**Table 5: Affordable Housing Supply Programme budget cash terms**

	2021/22	2022/23	2023/24	2024/25	2025/26	Change 24/25 to 25/26 %	Change 23/24 to 25/26 %
	£m	£m	£m	£m	£m		
Total	832	831	752	596	768	29%	2%

**Table 6: Affordable Housing Supply Programme Budget- real terms (2024-25 prices)**

	2021/22	2022/23	2023/24	2024/25	2025/26	Change 24/25 to 25/26 %	Change 23/24 to 25/26 %
	£m	£m	£m	£m	£m		
Total	968	903	770	596	750	26%	-3%

**Sources:** [21-22, 22-23, 23-24, 24-25 Scottish Government level 4 budget data and Scottish Government news release April 2024.](#) Real terms figures calculated using HM Treasury [GDP deflators October 2024](#). Note that for years prior to 25-26 the figures are final year budget figures, in year additions can be made.

In the [24-25 budget extra resources were made available for acquisitions within the AHSP.](#) This was largely allocated to five council areas with sustained temporary accommodation pressures.

George Walker, Chair of the Scottish Housing Regulator recently told the Local Government, Planning and Housing Committee that, in “the short to medium term, there must be a focus on providing more and better-quality temporary accommodation” ([Col 3, 17 December 2024](#)), and that:

“At the moment, systemic failure is occurring in a big sense, because many people, including some of the 10,000 children I referred to, are in unsuitable temporary accommodation, which breaches the unsuitable accommodation order, as you know. In even worse cases, as I highlighted, local authorities do not have any temporary accommodation available, so they cannot house people. We therefore contend that attention needs to be paid to temporary accommodation, more of which needs to be made available. Perhaps moneys need to be spent on that, alongside developing new homes, if we accept the premise that temporary accommodation will be needed for some time.” ([Col 25, 17 December 2024](#)).

**Members may wish to discuss:**

**11. Whether councils have sufficient resources to tackle homelessness in their areas given the Scottish Housing Regulator’s view that “For some councils the demands in the homelessness system....exceed the capacity in the system to respond...The increase in capacity that is needed goes beyond that which the impacted councils can deliver alone.”?**

**12. The Affordable Housing Supply Programme budget has increased. In what ways do you think this will help to respond to current housing emergency pressures, particularly the need for temporary accommodation in some council areas? Is there enough balance between funding new homes and homes that can be quickly used for temporary accommodation?**

## **Theme 5: Third sector funding**

The [Committee’s pre-budget work](#) focused on third sector funding. Key themes raised in the report were:

- Multi-year funding and funding core-costs
- Late notification of grants
- Inflationary pressures including from real living wage requirements
- Grant processes – streamlining application processes and increasing transparency of decision-making
- Monitoring equalities impacts
- Disclosure Scotland PVG fees

The Cabinet Secretary wrote to the Committee on 12 December responding to the Committee's report. She "recognises many of the challenges and opportunities reflected in the report." The 2022 Fairer Funding commitment remains in place which seeks to improve the grant making and funding relationship by the end of this parliament. The Cabinet Secretary also raised her concern about the impact of national insurance increases on the third sector.

### ***Multi-year funding***

The Committee asked about progress on awarding multi-year grants. In particular, the Committee asked:

"what actions the Scottish Government has taken to deliver on multi-year funding since April 2023 and whether it has explored the option to provide baseline funding that can be reviewed once budgets are known."

The Cabinet Secretary re-iterated her commitment to stability, resilience and increasing the number of multi-year funding agreements by 2026. However, this was constrained by the "most challenging financial situation since devolution."

The Committee asked the Cabinet Secretary to set out a plan for moving to three year funding 'by default' and to ensure that funding arrangements take account of inflation. The Cabinet Secretary stated that:

"The Scottish Government is exploring options to deliver progress against its fairer funding objectives by 2026, recognising the financial constraints that the government is operating under."

### **Core funding**

The Committee heard in evidence that:

"a shift to unrestricted core funding would be a positive step, as this would enable organisations to cover their core costs, adapt to changing circumstances, and engage in long-term planning."

The Committee asked how many of the Scottish Government's funding arrangements currently include core costs and how many grants are permitted to be used flexibly to cover core costs.

The Cabinet Secretary's reply did not give specific numbers but noted that the Programme for Government: "commits the Scottish Government to making improvements to grant-making" and described how:

"The new Commercial Value for Money team is working with teams across the Scottish Government to review grant spending and identify opportunities to meet priority outcomes while achieving better value for money."



### **Third sector infrastructure**

In its report the Committee:

“calls on the Scottish Government to further support intermediary bodies to play a greater role in working with statutory funders, and other public bodies, such as Integrated Joint Boards, and third sector organisations to ensure funding design meets everyone's needs.”

In reply, the Cabinet Secretary noted that the:

“The Scottish Government both funds and works closely with third sector infrastructure bodies, such as SCVO and the TSI network, to support the wider third sector to contribute to improved outcomes”.

The 2025-26 budget allocates £14.1 million for third sector infrastructure and development, a small decrease in cash terms on the £14.7 million allocated in 2024-25. The level 4 figures in the Scottish budget explain that:

“This budget will also support the continued improvement of how we make grants to the third sector more widely and address the wider challenges the sector faces.”

### **Inflationary pressures**

The report discussed rising costs created by general inflation and the requirement to pay the real living wage under the ‘fair work first’ policy.

Fair Work First conditionality, introduced in July 2023, requires recipients of public sector grants to pay their workers at least the real Living Wage. The real living wage is currently £12.60. The statutory living wage from April 2025 will be £12.21.

The Committee asked the Scottish Government how this is supported through grant funding. In reply the Cabinet Secretary explained that [guidance was updated in November 2024](#), that an evaluation would be carried out and that employers can be exempted from the policy if they genuinely cannot afford to pay the real living wage.

In her covering letter the Cabinet Secretary also referred to the additional cost of meeting increased national insurance contributions from April.

General inflation adds to a range of third sector costs. The Committee asked that this be considered in grant funding. The Cabinet Secretary replied that:

“given the significant financial constraints we continue to face we won’t be able to respond as fully as we would like.”

### **Late notification of grants**

The Committee heard that many organisations received late grant notifications, and asked:

“why it has not been able to resolve this issue and what steps it is taking to ensure this is addressed for the forthcoming financial year”

The Cabinet Secretary’s reply explained that budget difficulties led to late notification of grants for 2024-25, with 58% of third sector grants notified by end March 2024. She noted that:

“Confirmation of funding to all our key partners and stakeholders for 2025-26 will be made as soon as possible after the Budget statement.”

**Members may wish to discuss:**

- 13. Can the Cabinet Secretary provide more detail on the actions being taken to deliver fairer funding? How many grants are currently being provided on a multi-year basis and what is the increase you are aiming to achieve?**
- 14. To what extent will grants made by the Scottish Government to the third sector for 2025-26 take account of increasing employment costs – both from the real living wage and national insurance?**
- 15. Can the Cabinet Secretary confirm whether grant funding for 2025-26 has been notified to all key partners and stakeholders?**

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3 January 2025