



The Scottish Parliament  
Pàrlamaid na h-Alba

## **Social Justice and Social Security Committee**

Shona Robison MSP  
Cabinet Secretary  
Social Justice, Housing and Local  
Government  
Scottish Government

Social Justice and Social Security Committee  
The Scottish Parliament  
Edinburgh  
EH99 1SP

Via email only

Email: [SJSS.committee@parliament.scot](mailto:SJSS.committee@parliament.scot)

29 October 2021

Dear Cabinet Secretary,

### **Social Justice and Social Security Committee: Pre-budget scrutiny 2022-23**

1. I am writing to you regarding the evidence the Committee has taken to inform its pre-budget scrutiny 2022-23.
2. Usually committees would undertake all-year-round budget scrutiny to inform their pre-budget letter or report. This year the Committee is in a slightly different position having only been established earlier in the year. Its remit is also wider than the former Social Security Committee, which over and above social security now includes:
  - Social justice
  - Child poverty
  - Homelessness and rough sleeping
  - Violence against women and girls and domestic violence
  - Poverty action measures
  - Third sector and social economy

- Kinship carers
  - Minimum income guarantee
  - Refugees and asylum
  - Office of the Scottish Charity Regulator
3. This has presented some challenges for our pre-budget considerations, but also provided some opportunities for the Committee to begin to look at the Scottish budget through a cross-cutting poverty and social justice lens.
  4. The largest area of identifiable spend relevant to the Committee's remit is the approximate £4bn on social security. There are, however, other budget lines with identifiable spend related to the Committee's remit of around £450m. For example, Third Sector (£26m), Office for the Scottish Charities Regulator (£3.6m), Fuel Poverty/Energy Efficiency (£145.6m), Social Justice<sup>1</sup> (£40.9m) and Discretionary Housing Payments (£83.1m).
  5. ***There are arguably many other budget lines that contribute to poverty reduction. The Committee would find it helpful to know what the Scottish Government understands to be the key budget lines relevant to the Committee's remit. We would also appreciate an overview of how you work across government to poverty proof policy decisions across portfolios.***
  6. On the [21 September 2021](#), Kate Forbes MSP, the Cabinet Secretary for Finance and the Economy indicated to the Finance and Public Administration Committee that the Scottish Budget would be published on 9 December 2021 and this would be accompanied by the Medium-Term Financial Strategy (normally published in May). Other documents, such as the Equality and Fairer Scotland Statement should also be available around that time.
  7. Additionally, the Committee notes the UK Government's autumn budget was published on the 27 October 2021. This letter does not take account of any impacts from this announcement.
  8. The Committee hopes it will have an opportunity to consider the import of these documents in advance of its session to discuss your response to this letter and the published draft Scottish budget. We anticipate this session with you will be held early in the New Year.

## **Evidence gathering**

9. The Committee agreed to focus its scrutiny primarily on the spending needed in 2022-23 to meet the interim child poverty targets in 2023-24. To support its

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<sup>1</sup> Includes spend to tackle food insecurity, support advice and advocacy services, and match funding for the STV appeal on child poverty. This budget line includes resource for the Tackling Child Poverty Fund.

consideration of the delivery of the interim child poverty targets, the Committee took evidence from Chris Birt, Joseph Rowntree Foundation (JRF); John Dickie, Child Poverty Action Group in Scotland (CPAG); and Bill Scott, Poverty and Inequality Commission (P&I Commission) on [16 September 2021](#).

10. The Committee also looked more broadly at poverty and its impact on different groups of people and child poverty, exploring living costs and debt. On [7 October 2021](#) the Committee heard from Jon Sparkes, Crisis; Eilidh Dickson, Engender; Satwat Rehman, One Parent Families Scotland (OPFS); and Lawrie Morgan-Klein, StepChange.
11. We took evidence from you on [23 September 2021](#) about the Scottish Government's key priorities, as they relate to the remit of the Committee, and as set out in the [Programme for Government](#). This session also touched on areas the Committee is examining through its pre-budget scrutiny.
12. Finally, the Committee was interested in learning more about trends, risks, and uncertainties in the social security budget, as well as examining available information on Block Grant Adjustment reconciliation, and how these might impact on Scottish Government budgeting. To assist us with this aspect the Committee also took evidence from Claire Murdoch, Professor Alasdair Smith, and Professor David Ulph from the Scottish Fiscal Commission (SFC) also on 7 October 2021.
13. The Committee would like to take this opportunity to thank witnesses for sharing their views and for providing briefing to support their evidence. We draw your attention to the detailed information they provided us, which we hope you will find helpful in informing the Scottish Government's budget considerations.

### **Meeting child poverty targets**

14. In 2017 the Scottish Parliament unanimously passed legislation to reduce child poverty through statutory targets. The interim target for children in relative poverty in 2023-24 is 18%, with a final corresponding target of 10% to be met by Scottish Ministers by 2030. As you'll be aware, the most recent official statistics show that 26% of children in Scotland were living in relative poverty in 2019-20.<sup>2</sup>
15. The Committee notes that we will not know the impact of COVID (and COVID support measures) on the figures and whether they have worsened until official figures are available in March 2022.
16. There was general agreement amongst witnesses, however, that the Scottish

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<sup>2</sup> [Social Justice and Social Security Committee, Thursday 16 September, Scottish Budget 2022-23 Suggested Themes, SJSS/S6/21/4/1](#)

Government is unlikely to meet the child poverty targets.

17. Witnesses agreed that the task will be made harder with the UK Government's removal of the £20 uplift to Universal Credit. Modelling carried out by CPAG, John Dickie said, suggested that as many as 22,000 children in Scotland would be pushed into poverty due to the removal of the uplift.

18. Chris Birt, JRF, summed up the views of most witnesses when he said—

“Families across Scotland face a bleak picture. The UK Government must stop the cut to universal credit and working tax credits.”<sup>3</sup>

19. The Committee shares this concern and, alongside its counterpart committees from other UK legislatures, wrote to the UK Government asking for the cut to be stopped on [20 July 2021](#). The Universal Credit uplift was removed on 6 October 2021.

20. Notwithstanding this setback, witnesses wished to see the Scottish Government continue its efforts to reduce child poverty and shared their views on how the targets could be achieved. Witnesses underlined that these targets were set in statute and therefore the Parliament and the Scottish Government must do everything within their powers to meet those targets.

21. The Poverty and Inequality Commission (which has a statutory role to consider progress in meeting the child poverty targets) stated “greater pace and scale” of action is needed and this needs to be accompanied by “significantly higher levels of investment”.<sup>4</sup>

#### *Role of social security*

22. Witnesses acknowledged the substantial role social security would have to play in meeting the interim child poverty targets. Bill Scott, P&I Commission, observed that in the short-term social security would have to do most of the “heavy lifting” as other policies would take longer to achieve results.<sup>5</sup>

23. Some witnesses called for the Scottish Child Payment to be doubled quickly. John Dickie, CPAG, wanted it “in this budget at the very least.”<sup>6</sup>

24. On 4 October JRF published their [‘poverty in Scotland’](#) report. This stated that even if the Scottish Child Payment is doubled, without further action, the targets will be missed “by about four percentage points”. The report also discussed how poverty rates differ across the ‘priority groups’<sup>7</sup>, and that action

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<sup>3</sup> Social Justice and Social Security Committee, *Official Report*, 16 September 2021, Col 7.

<sup>4</sup> Poverty and Inequality Commission, *Written Evidence*

<sup>5</sup> Social Justice and Social Security Committee, *Official Report*, 16 September 2021, Col 2.

<sup>6</sup> Social Justice and Social Security Committee, *Official Report*, 16 September 2021, Col 4.

<sup>7</sup> Families who are: Single parents, include a disabled adult or child, 3 or more children, child under one, mother under 25, minority ethnic households.

therefore needed to be targeted. They stated that—

“...even a £40 a week per child Scottish Child Payment for all families would leave the relative child poverty rate for children from a minority ethnic background at 38%.”<sup>8</sup>

25. You advised the Committee—

“We are on track to deliver the Scottish child payment to under-16s by the end of 2022, subject to United Kingdom Government co-operation. We will also double the payment to £20 a week as soon as we can in this session, and we will set out details of exactly when and how when we publish the budget bill. To ensure that we are immediately reaching around 148,000 young people, we are making bridging payments of £520 a year to children who receive free school meals.”<sup>9</sup>

26. The Committee welcomes the funding commitment the Scottish Government has given on the Scottish Child Payment. The Committee received compelling evidence from witnesses that the Scottish Child Payment should be doubled immediately. We are keen to ensure the Scottish Government prioritises its spending in the 2022-23 budget to maximise its potential to meet the child poverty targets as set by the Parliament and believe action needs to be taken urgently.

**27. *The Committee calls on the Scottish Government to double the Scottish Child Payment as soon as possible and looks forward to discussing the Scottish Government’s proposals for this once the budget is published.***

28. The roll out of the Scottish Child Payment continues and is expected in December 2022. Bridging payments for 6-16-year olds are therefore being made to those on free school meals. The Committee notes that not everyone who would get SCP is entitled to free school meals.

**29. *The Committee asks the Scottish Government to look at what support could be provided to families who are in receipt of Universal Credit, but whose children do not qualify for free school meals.***

## Tackling poverty

30. It is difficult to look at tackling child poverty in isolation. While stressing the importance of the Scottish Child Payment, especially in meeting the interim targets, witnesses also emphasised the need for action across a wide range of policies to ensure long term progress in tackling poverty, and to meet the 2030 child poverty targets.

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<sup>8</sup> [Poverty in Scotland 2021](#), the independent annual report, Why the Scottish Government should focus on priority groups, page 20.

<sup>9</sup> Social Justice and Social Security Committee, *Official Report*, 23 September 2021, Col 2.

31. Bill Scott, Inclusion Scotland, believed there was too much reliance on the Scottish Child Payment and that other devolved benefits could deliver more support to priority families at greater risk of poverty. For example, families with disabled children, families with disabled parents and lone parents. He suggested raising child disability payment, adult disability payment for parents of school-age children and carers allowance for lone parents with those benefits, particularly carers allowance, being retained if you allowed lone parents to work more hours and keep more pay.<sup>10</sup>
32. Employment was highlighted as a key route out of poverty. Witnesses said women still faced barriers to entering the labour market and the rise of in-work poverty showed more work is required to support people in work.
33. Satwat Rehman, OPFS, cautioned that it was important to stabilise families' incomes before providing longer-term support for training, qualifications, and employment.<sup>11</sup>
34. Eilidh Dickson, Engender, emphasised the need to take an intersectional approach to labour market support, as younger women were more likely to have children and black and minority women are statistically likely to have larger families, and are more likely to work in sectors most affected by the pandemic-related restrictions.<sup>12</sup>
35. Investment in 'infrastructure' was also pointed to as one of the main ways the Scottish Government could address child poverty.
36. Bill Scott, P&I Commission, explained "because poverty is gendered" investing in infrastructure such as childcare had multiple benefits—
- "Women are more likely to be living in poverty than men. That means that those who face childcare responsibilities, particularly where they are the sole carer, lone-parent households, households in which there is a disabled child or a disabled adult—usually the carer will be an adult woman—all face barriers to accessing employment. Increasing childcare provision at low or no cost to those households enables them to enter the workforce and, even more importantly, if they are in the workforce, to increase their hours without the worry of paying for additional childcare. In the longer term, that is one of the most important investments."<sup>13</sup>
37. Satwat Rehman, OPFS, relayed a quote from a parent—

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<sup>10</sup> Social Justice and Social Security Committee, *Official Report*, 16 September 2021, Col 11.

<sup>11</sup> Social Justice and Social Security Committee, *Official Report*, 7 October 2021, Col 5.

<sup>12</sup> Social Justice and Social Security Committee, *Official Report*, 7 October 2021, Col 3.

<sup>13</sup> Social Justice and Social Security Committee, *Official Report*, 16 September 2021, Col 15.

“Childcare costs are crippling—I earn what I always considered to be a reasonable salary, but it costs more than I earn to send my two children to nursery for only 3 days a week.”<sup>14</sup>

38. Eilidh Dickson, Engender, called for childcare to be “rapidly enhanced to 50 hours per week of fully flexible, affordable, childcare per child” to correspond with the way women engage with the labour market.<sup>15</sup>
39. Other investment areas witnesses considered could maximise impact on poverty by supporting the transition to employment were better transport links, as well as accessing appropriate social care support for those caring for loved-ones with a disability.
40. You described three key priorities to tackling child poverty—

“It is fair to say that tackling child poverty needs to be done in three ways. The first is to ensure that people have opportunities to get into work that is secure and that pays at least the living wage, and employability programmes are an important part of that. Secondly, we need to reduce costs, which includes the provision of wraparound childcare. Housing costs, which are already lower here than in the rest of the UK, are important in that respect, too. The third area is social security and other supports.”<sup>16</sup>

41. ***The Committee would like further detail on the Scottish Government’s employment plans and to know what you are doing to ensure these have maximum impact on child poverty.***
42. ***Also, the Committee would find it helpful to know what impact a National Care Service will have on employment of women, people with disabilities, and carers wanting to enter the labour market.***
43. The Committee welcomes the Scottish Government’s announcements in its Programme for Government on “wrap-around childcare”, which is intended to be free for children from low income families. It is also welcome that in the coming year the Scottish Government will support several pilot projects and develop a 5-year delivery plan.
44. We believe it is crucial women are supported back into the workplace and childcare has an important role to play. The Committee understands the Scottish Government has an ambition to provide funded early learning to all one- and two-year olds, starting during this Parliament with children from low income households.

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<sup>14</sup> Social Justice and Social Security Committee, *Official Report*, 7 October 2021, Col 12.

<sup>15</sup> Social Justice and Social Security Committee, *Official Report*, 7 October 2021, Cols 12-13.

<sup>16</sup> Social Justice and Social Security Committee, *Official Report*, 23 September 2021, Col 13.

45. ***The Committee welcomes this expansion of free childcare places and would like to know more about the Scottish Government’s timescales for delivery and the funding to support this goal as we hope this is an area that can be prioritised.***

#### *Unpaid carers*

46. On the increase of caring responsibilities, Eilidh Dickson, Engender, advised—

“Women have also experienced labour market disruption because of the distribution of care, which was removed from the state back into the household over the pandemic: care for children, care for older people and care for disabled people.”<sup>17</sup>

47. We also received significant evidence when scrutinising the Scottish Government’s Carer’s Allowance (Supplement) (Scotland) Bill that carers are looking for more assistance in relation to respite care.

48. ***The Committee recognises that Scottish Carer’s Assistance is currently in development. We would welcome further information on what the Scottish Government anticipates the eligibility criteria and payment levels would be.***

49. ***In addition, the Committee asks the Scottish Government whether the budget will include further support for carers, in particular further respite care.***

#### *Homelessness*

50. Witnesses talked about the intergenerational cycle of homelessness and why it is fundamental to ensure secure housing particularly for children’s life chances.

51. Jon Sparkes, Crisis, advised that last year 11,800 children in families were assessed as homeless.<sup>18</sup> He explained research shows that two of the biggest predictors of homelessness as an adult “are poverty as a child and adverse childhood experiences”.<sup>19</sup>

52. On the gendered experiences of homelessness, he advised the biggest reason for women to become homeless related to domestic abuse<sup>20</sup>, whilst “men are more likely to experience repeat homelessness, more likely to be in

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<sup>17</sup> Social Justice and Social Security Committee, *Official Report*, 7 October 2021, Col 3.

<sup>18</sup> Social Justice and Social Security Committee, *Official Report*, 7 October 2021, Col 4.

<sup>19</sup> Social Justice and Social Security Committee, *Official Report*, 7 October 2021, Col 4.

<sup>20</sup> Social Justice and Social Security Committee, *Official Report*, 7 October 2021, Col 4.



that cycle of poverty and homelessness and more likely to sleep rough” and therefore the type of support needed for people is different.<sup>21</sup>

53. Crisis also highlighted that there is a disproportionate representation of ethnic minorities in the homeless population and called for more research to be undertaken.<sup>22</sup>

54. Jon Sparkes, Crisis, told us “there are still record levels of households in temporary accommodation”.<sup>23</sup>

55. In relation to the implementation of unsuitable accommodation orders, you advised the Committee that some local authorities were finding it challenging to meet the end of September deadline, including the City of Edinburgh Council.

**56. *The Committee asks the Scottish Government for an update on local authorities’ progress in not using unsuitable temporary accommodation.***

57. You told the Committee that the Scottish Government was “acting decisively to tackle homelessness and rough sleeping, investing £50 million this parliamentary session in a new ending homelessness together fund”<sup>24</sup> and confirmed in your letter of [1 October](#) that £16m of the previous fund that ran from 2018-2021 remains to be allocated during this financial year. Also, you pointed to the ambitious rapid rehousing plans that local authorities are taking forward and the importance of moving towards a housing-first approach for those who have additional vulnerabilities.

**58. *The Committee would find it helpful to know how the Scottish Government will allocate the remaining £16 million and how the further £50 million resource will be prioritised over the next 5 years.***

59. The Committee also notes the [research](#) carried out for the Salvation Army, which highlighted a number of areas, such as inconsistency of data, ringfencing of funds and calculation of budgets for Rapid Housing Transition Plans.

60. We are acutely aware of the complexities of preventing homelessness. We will be holding a further session on this area to gain further in-depth information to inform future work and budgetary considerations.

**61. *Meantime, the Committee would welcome the Scottish Government’s views on Crisis’ [Plan to End Homelessness](#), based on implementing***

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<sup>21</sup> Social Justice and Social Security Committee, *Official Report*, 7 October 2021, Col 20.

<sup>22</sup> Crisis, Written Evidence

<sup>23</sup> Social Justice and Social Security Committee, *Official Report*, 7 October 2021, Col 10.

<sup>24</sup> Social Justice and Social Security Committee, *Official Report*, 23 September 2021, Col 4.

**measures in Scotland to prevent homelessness, which would cost £76m over 25 years but generate savings of £207m. The Committee also asks what consideration the Scottish Government has given to the nine recommendations made in the Salvation Army research.**

*Affordability, income maximisation and debt*

62. Witnesses told us about the many drivers of poverty, including reductions in household budgets caused by for example high housing costs in the private rented sector, increased fuel prices leading to higher utility bills and other rising consumer costs, which are forcing many people into debt.
63. Regarding the demographics of people using debt advice services, Lawrie Morgan-Klein, StepChange, advised 60% of clients are women, 39% are households with children, and in the last year more 20-30 year olds are seeking advice over-and-above the ongoing shift to a younger clientele from the late middle-aged group.<sup>25</sup>
64. Jon Sparkes, Crisis, advised over the pandemic there has been “record numbers of people falling into rent arrears and teetering on the brink of homelessness” and that according to research carried out by Shelter Scotland the cost to the public purse of someone being evicted is £15,000.<sup>26</sup>
65. For low income households that rely on universal credit, Lawrie Morgan-Klein, Stepchange, said the uplift cut is “calamitous” with clients’ average deficit budget of minus £33 rising to minus £119.<sup>27</sup> Council tax debt was particularly concerning to StepChange because of the range of penalties for non-payment. He urged a more preventative approach to debt.<sup>28</sup>
66. In relation to benefit uptake and income maximisation, Eilidh Dickson, Engender, highlighted that if there were more disaggregated data this would ensure measures were properly targeted. This would also improve the way payments are designed.<sup>29</sup>
67. While Lawrie Morgan-Klein, Stepchange, believed the Scottish Government needs to do more to reach people about their entitlements as the benefits system is complex to navigate.<sup>30</sup>
68. On publication of the Scottish Government’s second Benefit Take-up Strategy on 21 October 2021 you referenced investing £10 million over the current Parliament to increase access to advice in accessible settings to maximise

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<sup>25</sup> Social Justice and Social Security Committee, *Official Report*, 7 October 2021, Col 9.

<sup>26</sup> Social Justice and Social Security Committee, *Official Report*, 7 October 2021, Col 9.

<sup>27</sup> Social Justice and Social Security Committee, *Official Report*, 7 October 2021, Col 9.

<sup>28</sup> Social Justice and Social Security Committee, *Official Report*, 7 October 2021, Cols 16-17.

<sup>29</sup> Social Justice and Social Security Committee, *Official Report*, 7 October 2021, Col 15.

<sup>30</sup> Social Justice and Social Security Committee, *Official Report*, 7 October 2021, Col 14.

incomes and tackle poverty. You detailed this included expanding Welfare Advice and Health Partnerships through the funding of £2.9 million over three years to place welfare rights advisors in up to 150 GP surgeries in Scotland's most deprived areas, alongside an expansion of pilots providing advice in education settings.

69. In the current cost of living crisis, the Committee considers it vital that the Scottish Government uses all the levers available to it to ensure people are getting the benefits they are entitled to.

**70. *The Committee welcomes the Scottish Government's investment in welfare rights advice as we recognise how important these services can be to ensuring benefit take up and income maximisation. We look forward to considering these issues further at our future evidence session on the new Benefit Strategy and within the context of the budget when published. We would hope the Scottish Government can work to clarify the fiscal position between the Scottish Government and the UK Government on benefit take-up campaigns.***

#### **Poverty proofing and equality proofing the budget**

71. Witnesses stressed the importance of 'poverty proofing' all policies and reflecting this in the Scottish Government's budget.

72. Bill Scott, P&I Commission, argued in relation to child poverty that this should mean "that every public pound that is spent should have some means of measuring whether it will assist us to achieve the targets".<sup>31</sup>

73. On using the budget process to address gender inequality, Engender stated that "the Scottish Budget process continues to pay inadequate attention to structural gender inequality, and women's and men's different lived experience".<sup>32</sup>

74. It also considered that the Equality and Fairer Scotland Budget Statement—

"needs a clearer purpose and revised timing to substantively inform the development of the Scottish Draft Budget and to be used more effectively by MSPs and parliamentary committees in their budget scrutiny."<sup>33</sup>

75. Moreover, Engender highlighted the "key limitation in undertaking a gender analysis of the Budget is the inconsistency and availability of quality data. Gender-sensitive and sex-disaggregated data is far from the norm in Scotland, and the possibility of further disaggregation by race, class,

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<sup>31</sup> Social Justice and Social Security Committee, *Official Report*, 16 September 2021, Col 3.

<sup>32</sup> Engender, Written Evidence

<sup>33</sup> Engender, Written Evidence

disability, sexual orientation, age or other groups is even more remote".<sup>34</sup>

76. You acknowledged the Scottish Government could get better at poverty proofing the budget. Though you stated that you were keen to have a "laser focus" on child poverty and advised the Committee of a recent agreement whereby the Scottish Government "would interrogate the proposals in the spending review and the budget with regard to the impact of that spend on tackling child poverty".<sup>35</sup>

77. Much of the evidence the Committee has gathered through its scrutiny highlights that women are the largest group likely to experience poverty, along with those with a disability and people from minority ethnic backgrounds.

**78. *The Committee asks the Scottish Government what it plans to do to better target poverty measures to take account of intersectionality which can compound people's experience of poverty and how it intends to collect the disaggregated data required.***

79. The Committee is struck by the complexity of scrutinising the budget around poverty measures. There needs to be greater transparency and monitoring - something the Session 5 Social Security Committee asked for to have a better understanding of whether a group of policies is having the intended outcome.

**80. *The Committee calls for the Scottish Government to consider how it can better provide transparency and financial information that joins up disparate areas of policy that need to work together to tackle poverty.***

## **Fiscal context**

81. The SFC highlighted how inflation will impact on social security spending. Professor Alasdair Smith explained many payments increase by inflation each year. Although the expectation is that inflation will peak at 4 per cent by the end of this year, it will be the Consumer Price Index in September 2021 that will be used. This, along with a rise over time in the number of claimants, the Commission predicts "spending on devolved social security payments will increase from £3.7 billion in 2021-22 to £5.2 billion in 2026-27".<sup>36</sup>

82. The Consumer Price Index will also impact on people's household budgets, which is relevant to understanding how effective spending on social security spending is.

## ***Adult Disability Payment (ADP)***

83. Although there are no changes in the overall structure of the payment

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<sup>34</sup> Engender, Written Evidence

<sup>35</sup> Social Justice and Social Security Committee, *Official Report*, 23 September 2021, Col 14.

<sup>36</sup> Social Justice and Social Security Committee, *Official Report*, 7 October 2021, Cols 23-24.

resulting from the move from PIP to ADP, the SFC noted there are significant changes in the processes for application, review and appeals and in how the payment is promoted which could impact on the uptake of the benefit. They expected that “by 2026-27, spending on ADP will reach £3 billion, which is about £0.5 billion higher than what would have been spent on PIP”.<sup>37</sup>

84. The SFC also expect spending on Carer’s Allowance to increase as more people become eligible through larger numbers of adults receiving disability payments.
85. They explained that any additional spending on ADP (over what would have been spent on PIP) and the Carer’s Allowance will need to be met from within the Scottish budget, either by raising taxes or by reducing spending elsewhere.

### *Scottish Child Payment*

86. Based on the current policy approach to SCP, the SFC forecasts spending on SCP to increase to £165 million in 2023-24 following the roll-out to children under 16. Spending should be broadly flat thereafter, with uprating increases offset by a falling child population.
87. Professor Alasdair Smith explained forecasts would need to be changed to include the doubling of the SCP once the Scottish Government has provided the detail of the approach. He also underlined that the SCP is not funded by the UK Government.
88. One of the key themes raised during the evidence with the Committee was the sustainability of funding. For example, policies to address homelessness need to be in place for long term in order to have an impact. In addition, any decision to increase benefits rates one year, will have a cumulative impact over time if social security benefits are uprated for inflation.
89. The Committee notes the SFC indicates there will be a £34 million gap in funding of ADP in 2022-23 rising to a £0.5 billion gap in 2026-27. This ‘gap’ arises because ADP will cost more than had PIP. Professor Smith referred to what the Cabinet Secretary for Finance and the Economy said in response to its forecast about delivery of social security in Scotland being “based on dignity, fairness and respect”.<sup>38</sup> The Fiscal Framework terms means that this difference must be funded by the Scottish Government.
90. ***The Committee acknowledges that Adult Disability Payment should not be viewed as a cost, but as an investment in people with disabilities and asks the Scottish Government what plans it has to meet the additional***

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<sup>37</sup> Social Justice and Social Security Committee, *Official Report*, 7 October 2021, Cols 24.

<sup>38</sup> Social Justice and Social Security Committee, *Official Report*, 7 October 2021, Col 29.

***resource implications of the Adult Disability Payment.***

91. In conclusion, the Committee looks forward to receiving a detailed response to the points raised in this letter and to continuing our dialogue on developing the social justice and social security budget for 2022-23.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Neil Gray', written in a cursive style.

**Neil Gray MSP  
Convener  
Social Security and Social Justice Committee**