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18 December 2023

Dear Convener,

I write in response to a query asked by Bob Doris MSP (Deputy Convener) relating to social security spend, during my appearance on 30 November to discuss the Scottish Employment Injuries Advisory Council Bill.

In line with the Scottish Fiscal Commission May 2023 forecasts, we are committing £5.3 billion in benefits expenditure in 2023-24, rising to £7.4 billion in 2027-28. This is over £750 million above the level of funding forecast to be received from the UK Government through Block Grant Adjustments and is forecast to rise to almost £1.3 billion by 2027-28 – money which will go directly to people who need it the most. This is a significant investment in the people of Scotland and is key to our national mission to eradicate child poverty. It provides vital financial support to households, including those struggling because of the cost of living crisis.

The Scottish Budget 2024-25, which will be presented to Parliament on 19 December 2023, will provide an update on how much the Scottish Government intends to invest in Social Security in 2024-25 and will be published alongside updated forecasts from the Scottish Fiscal Commission.

In addition to this request, the Committee have since asked me how much the Scottish Government is spending on mitigating UK Government social security policies.

More than £733 million has been spent in the last five years to mitigate the effects of UK Government policy. This includes investment in Discretionary Housing Payments (DHPs), the Scottish Welfare Fund, money advice services and Universal Credit Scottish choices. The Scottish Government uses DHPs to fully mitigate the bedroom tax and we have recently provided funding to mitigate the benefit funding cap as far as is possible within devolved powers.

In 2023-24 we are making £83.7 million available to local authorities to spend on DHPs. Since 2018 (including 2023-24) we have invested over £452 million in DHPs, and a further £8.7 million to assist local authorities with the administration of the scheme.

Since introducing Scottish Child Payment in February 2021, Social Security Scotland had issued £458.5 million to clients as of the end of September 2023. While we are doing what we can with our limited powers and fixed budget – the UK Government must do more to fix the deeply flawed and inadequate UK social security system. In 2023/24 we have invested £405 million in supporting low-income families through Scottish Child Payment. We estimate that this could lift 50,000 children out of relative poverty, reducing child poverty levels by five percentage points, according to the most recent modelling published in June 2023.

The Scottish Welfare Fund (SWF) is an essential source of occasional support for those most in need. In 2023-24 we are investing £35.5 million in the SWF. Since 2018 (including 2023-24) we have invested over £232.5 million in the fund and a further £32 million to assist local authorities with the administration of the scheme.

I have also provided an itemised breakdown of Scottish Government spending on mitigating UK Government policies (**Annex A**).

I hope this additional information is helpful and look forward to continuing to work with the Committee in the future.

Yours sincerely,

**SHIRLEY-ANNE SOMERVILLE**

**Annex A: Itemised Scottish Government spending on mitigating UK Government social security policies.**

Year	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	Total
DHP, Bedroom tax budget	£50.1m	£52.3m	£59.7m	£71.0m	£68.1m	£69.7m	£370.9m
DHP, Benefit cap budget						£6.2m <sup>1</sup>	£6.2m
DHP "Other"	£10.9m	£10.9m	£18.9m <sup>2</sup>	£10.9m	£16.0m <sup>3</sup>	£7.9m	£75.5m
DHP Admin funding	£1.2m	£1.2m	£1.2m	£1.2m	£1.7m <sup>4</sup>	£2.2m	£8.7m
Scottish Welfare Fund	£33.0m	£33.0m	£57.5m	£35.5m	£38.0m <sup>5</sup>	£35.5m	£232.5m
Scottish Welfare Fund admin funding	£5.0m	£5.0m	£5.5m	£5.5m	£5.5m	£5.5m <sup>6</sup>	£32.0m
Money advice services <sup>7</sup>	£1.5m	£1.5m	£1.5m	£1.5m	£0.7m	See note 7, below	£6.6m
Universal credit Scottish choices	£0.2m	£0.2m	£0.2m	£0.1m	£0.1m	No forecast available	£0.8m
Total cost of mitigating UK Government welfare reform	£101.8m	£104.0m	£122.5m	£125.7m	£130.1m	£127.0m	£733.1m

1. Prior to 2023-24 benefit cap funding was included in the DHP "Other" line
2. Figure includes additional £8m of Covid-support funds
3. Figure includes additional £2.6m for benefit cap support and £2.5m cost of living support
4. Figure includes £0.5m additional admin funding paid for benefit cap policy roll-out preparation
5. Figure includes £2.5m to support delivery of the Scottish Welfare Fund in 2022-23
6. Forecast
7. From 2018 to late 2022, The Scottish Government allocated funding from their overall welfare and debt advice budget for specific advice relating to UKG Welfare Reforms. From October 2022, this funding stream was brought together with other previously separate funding streams to support the new, streamlined Money Talk Team service delivered by Citizens Advice Scotland.