The Scottish Parliament
Pàrlamaid na h-Alba

Social Justice, Housing and Local Government Committee

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Cabinet Secretary for Social Justice and Housing
Scottish Government

By email only

5 November 2026

Dear Cabinet Secretary

Pre-budget scrutiny 2027-28

I am writing on behalf of the Social Justice, Housing and Local Government Committee in advance of the Scottish Government's Budget 2027-28. The Committee's pre-budget scrutiny has focused on disability benefit expenditure, and this letter draws attention to the key evidence received and issues raised during that work.

You will appreciate that this scrutiny has been conducted early in the parliamentary session, limiting the extent of evidence available to the Committee. Nevertheless, Members have considered evidence from a range of sources. Whilst this work draws primarily on evidence gathered through the Committee's pre-budget scrutiny, which included two witness panels considering disability benefit expenditure, Members have also considered evidence from the Committee's stakeholder roundtable on social security issues, as well as evidence provided by you in your capacity as Cabinet Secretary for Social Justice and Housing.

Collectively, this evidence has encompassed disability benefit caseloads and expenditure, projected future spending, the implications of divergence between Scottish and UK Government policies, the relationship between population health and disability benefit expenditure, and the wider policy context within which decisions on social security spending are taken.

The Committee recognises the fiscal challenges facing the Scottish Government as it prepares its Budget for 2027-28. Disability benefit expenditure represents one of the fastest-growing areas of devolved spending and, as such, has important implications for

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the overall sustainability of Scotland's public finances. In considering these issues, the Committee has been mindful of the broader context of the Scottish Government's wider Public Sector Reform agenda and its focus on improving outcomes in conjunction with ensuring the long-term sustainability of public spending.

Projected disability benefit expenditure

The Committee notes that the most recent forecasts from the Scottish Fiscal Commission indicate that expenditure on disability benefits is expected to increase significantly over the remainder of the decade. Forecast spending on the four main disability benefits is projected to increase by approximately 28% between 2026-27 and 2030-31, whilst caseloads are forecast to increase by around 16% in the same period. By 2030, approximately one million people in Scotland are expected to be in receipt of a disability benefit. Adult Disability Payment (ADP), as the largest disability benefit within the devolved system, will continue to be the principal driver of expenditure trends.

Evidence received by the Committee indicated that rising disability benefit expenditure is occurring across the United Kingdom and is not unique to Scotland. Witnesses pointed to a range of factors that may be contributing to increased caseloads, including demographic change, deteriorating population health, increased prevalence of long-term conditions, the continuing effects of the COVID-19 pandemic, and greater awareness of eligibility for support. The Committee notes, in particular, evidence outlining an increase in the proportion of disability benefit recipients whose primary condition relates to mental health conditions. In this regard, the Committee notes evidence from SAMH that, according to census data, the proportion of people reporting a mental health condition increased from 4.4 per cent in 2011 to 11.3 per cent in the most recent census, with a "five-times increase in the rate" among young people.

The Committee also notes evidence that many people whose primary condition relates to mental health also have physical health conditions. SAMH told the Committee, "the latest data shows that more than 60 percent of people who have a mental health or behavioural issue as their primary condition also have physical health conditions" and that "many people engaging with ADP will also have multiple conditions".

Evidence received by the Committee suggests that these factors have contributed to expenditure on ADP being higher than had been anticipated in earlier forecasts. As the Scottish Fiscal Commission informed the Committee, "the overall level of spending on ADP […] is higher in 2026-27 than we thought in August 2021 that it would be".

However, the Committee also notes evidence that the gap between expenditure on ADP and the associated Block Grant Adjustment may be smaller than had been anticipated in earlier forecasts. The Committee notes evidence from the SFC that, whilst the introduction of ADP was associated with an initial increase in applications and caseloads, more recent trends in ADP and PIP appear to have become more closely aligned. As the SFC told the Committee:

> "We have seen the trend across the UK. That is based on the deterioration in health and on demographic changes, which have led to overall rises in the PIP caseload alongside ADP. That means that spending and the Office for Budget Responsibility forecasts on PIP have increased, which results in an increase in funding through the block grant adjustment."

The Committee recognises that increasing expenditure in England and Wales has the effect of increasing funding available through the fiscal framework. Nevertheless, the Committee notes evidence that expenditure on ADP is still forecast to exceed Block Grant Adjustment funding. As the SFC explained:

> "We estimate that, in 2026-27, spending on ADP will be about £200 million higher than the block grant adjustment funding. Over the next five years of our forecast, up to 2030-31, we think that the gap will grow to £290 million, but when we made our forecast in August 2021, we thought that the gap might grow to £500 million, so it is smaller."

The Committee also notes evidence that the initial authorisation rate for ADP has fallen from 57% in 2022-23 to 31% in July 2026, and that awards are more likely to be reduced or ended at review for newer clients than across the caseload as a whole. **The Committee would welcome the Scottish Government's assessment of what is driving that change, and the extent to which it accounts for expenditure being lower than earlier forecasts anticipated.**

Implications of UK Government policy decisions

The Committee further notes the ongoing Timms Review of Personal Independence Payment (PIP) and the potential implications that any future changes to eligibility, assessment processes or expenditure levels may have for Scotland's funding position. The Committee heard evidence from the SFC that recent increases in PIP expenditure forecasts have reduced, though not eliminated, the gap between expenditure on ADP and the Block Grant Adjustment. However, witnesses also emphasised that any future changes to PIP expenditure could have implications for the funding available to the Scottish Government through the fiscal framework.

Witnesses also emphasised the importance of contingency planning given the uncertainty surrounding future UK Government decisions. As the Fraser of Allander Institute (FAI) told the Committee:

> "… it would be nice to see an indication from the Scottish Government about whether it has some sort of back-up plan in mind in case that happens in the UK budget this autumn."

In light of this evidence, the Committee would welcome further information on the Scottish Government's approach to preparing for different potential outcomes in relation to the UK Government's future disability benefit expenditure.

The Committee also heard evidence highlighting the importance of supporting disabled people to participate in employment. In that regard, the Committee notes that the outcome of the Milburn Review may also have implications for devolved policy. **The Committee therefore asks that the Scottish Government sets out its assessment of the potential impact of both the Timms and Milburn Reviews, including any associated risks and opportunities arising from future UK Government decisions.**

Understanding the wider impact of disability benefits

A consistent theme in evidence to the Committee was that disability benefit expenditure should not be assessed solely as a budgetary cost. Witnesses emphasised the role that disability benefits can play in supporting disabled people to meet the additional costs associated with their conditions and to participate more fully in society. As part of its social security themed roundtable session, the Committee heard evidence from Glasgow Disability Alliance that although disability benefits are intended to meet the additional costs associated with disability, they are increasingly being used to help meet wider living costs. The Committee also heard evidence from Citizens Advice Scotland (CAS) regarding the positive impact that ADP can have for recipients, noting that, when it operates effectively, it can be a "transformative payment" for households.

The Committee notes evidence that, whilst the primary purpose of ADP is to help disabled people meet the additional costs associated with disability and long-term health conditions, it can also support participation in the labour market. CAS described ADP as an "enabling benefit", that helps some people to "enter and stay in the workforce", with SAMH highlighting that it can help people to "continue to access the labour market". The Committee recognises that supporting some recipients to enter, remain in, or return to work may represent an important wider benefit of the payment, whilst not detracting from its core purpose of helping disabled people meet the additional costs associated with disability.

The Committee also heard evidence concerning the importance of the language used when discussing disability benefits, and how disability benefits are discussed, understood and framed. Witnesses emphasised that disability benefits should not be viewed solely through the lens of public expenditure, but as an investment that supports disabled people to participate in society and contribute to their communities. As CAS told the Committee, "far too much of the conversation remains in that dehumanising and weaponizing space instead of celebrating and acknowledging the deep and valuable contributions that disabled people make to our society and our communities".

The Committee notes the Scottish Government's position that investment in social security contributes to broader social and economic outcomes. The Committee further notes the commitment set out in the SNP Party's 2026 election manifesto to undertake regular reviews of the costs associated with living with a disability and welcomes the assurances provided during your evidence session that this work will be taken forward by the Scottish Government.

Evidence received during scrutiny also highlighted the potential value of further developing the evidence base on the wider outcomes associated with disability benefit expenditure. Witnesses, including the FAI, suggested that a better understanding is needed of how disability benefits interact with employment, health, social care, housing and other public services. The Committee heard that this could help inform assessments of both the effectiveness of disability benefits and wider value for money across the public sector.

Witnesses raised concerns about the potential consequences of considering disability benefit expenditure in isolation from other areas of public spending. As the Scottish Health Equity Research Unit (SHERU) stated:

> "Spending needs to be considered holistically. It is not just about how much money individuals get through disability payments but where else they are being supported by the Government, what services are being provided and whether those services are adequate and timely. Those things make a big difference."

The Committee therefore welcomes the Scottish Government's stated ambition to embed preventative approaches within public spending and notes the establishment of work to support preventative budgeting. The Committee considers that this work has particular relevance to disability policy and would welcome further information on how the Scottish Government is assessing the potential long-term impacts of social security expenditure on demand for other public services.

Decision-making, appeals and case resolution

The Committee also heard concerns regarding the operation of decision-making and appeals processes. Evidence highlighted the scale of ADP appeal backlogs, noting that 18,445 appeals had been lodged by July 2026, compared with 6,960 that had been heard, whilst stakeholders reported that waits of more than a year are common. The Committee heard that such delays can exacerbate financial hardship and uncertainty for applicants. The Committee notes that provisions introduced through the Social Security (Amendment) (Scotland) Act 2025 to allow certain appeals to be resolved without a hearing have not yet been commenced and **would welcome an update on implementation timescales and the anticipated impact on outstanding appeals**.

The Committee also heard evidence regarding the absence of a dedicated route for advice organisations to escalate individual cases with Social Security Scotland and **would welcome an update on the outcome of the previous pilot escalation facility and plans for a permanent arrangement.**

Developing the evidence base

A recurring theme throughout the Committee's scrutiny was the need for a stronger evidence base to understand the drivers of rising disability benefit expenditure and the outcomes associated with that expenditure. Whilst data is available regarding

application volumes, caseloads and administrative performance, the Committee heard that there remain highly important gaps in understanding.

For example, the Committee heard evidence that limited information is currently available regarding the extent to which people experience multiple conditions, how unsuccessful applicants subsequently engage with the system, and how disability benefit receipt relates to wider outcomes such as employment and wellbeing. Witnesses also highlighted a lack of Scottish-specific evidence regarding the additional costs associated with certain conditions, particularly with respect to mental health.

The Committee also heard evidence that, whilst a significant amount of information is available regarding the administration of disability benefits, there remains limited evidence regarding their longer-term impact. As Edel Harris OBE observed:

> "We also do not have much data on the number of disabled people in Scotland. Plenty of information is available on client satisfaction, or otherwise, with the process, and there is lots of data on the agency's performance since the devolved social security system was introduced in Scotland, but we have very little information on the difference that the Scottish Government's approach to ADP is making for people."

During your evidence session with the Committee, you indicated that the Scottish Government would provide the Committee with its "direction of travel" in response to the Independent Review of Adult Disability Payment led by Edel Harris OBE. The Committee received that update on 20 October and notes the Cabinet Secretary's decision that:

> "… noting the costs associated with changes to the entitlement criteria, we are not announcing any changes relating to eligibility at this time."

The Committee notes that concerns that the availability of evidence on outcomes are not new and have previously been highlighted, including by Audit Scotland in its 2025 report on ADP. In that context, **the Committee welcomes the Scottish Government's work to refresh its benefits evaluation strategy and would welcome further information on how this work will support the assessment of outcomes for people receiving disability benefits.**

The SFC similarly emphasised the importance of strengthening the evidence base to better understand longer-term trends in disability benefit expenditure. The SFC highlighted the need for closer working between analytical bodies and Social Security Scotland to understand "those longer-term trends and what might be behind them" and noted the value of evidence extending beyond that collected solely for the administration of benefits.

The Committee recognises that expenditure on Adult Disability Payment is forecast to increase significantly during this parliamentary session and notes that research commissioned by the Scottish Government has highlighted gaps in the available evidence regarding the factors driving demand for disability benefits. Given the scale of

this investment, the Committee considers that there is a strong case for further research into the factors driving increases in disability benefit claims, the changing nature of disability and long-term health conditions, and the outcomes that benefit recipients' experience. The Committee also recognises evidence that disability benefits can be transformative when they work effectively, and that individuals are best placed to determine how support is used to meet their own circumstances and needs. The Committee heard evidence that efforts to strengthen the evidence base should be proportionate and respectful, should not place unnecessary burdens on benefit recipients, and should help develop a fuller understanding of both the drivers of rising caseloads and the impact that disability benefits have on people's lives. Such research would support more informed policy development, future budget scrutiny and a better understanding of how disability benefits contribute to wider government objectives.

The Committee would therefore welcome further information on the Scottish Government's plans to strengthen the evidence base relating to disability benefit expenditure, including any plans for quantitative and/or qualitative research. In particular, the Committee would welcome details of any work being undertaken to better understand the drivers of increasing disability benefit caseloads, the additional costs associated with disability and long-term health conditions, the interaction between disability benefits and wider outcomes such as employment and wellbeing, and the relationship between social security expenditure and demand for other public services. The Committee considers that such work should recognise the diversity of circumstances and needs among disability benefit recipients, including the ways in which additional costs can vary between individuals and over time.

The Committee would also welcome information on how the Scottish Government intends to address identified data gaps, including through improved data sharing, analytical work and engagement with people with lived experience, and how this work will support future policy development and budget decisions.

Yours sincerely,



Craig Hoy MSP
Convener
Social Justice, Housing and Local Government Committee