

Written response to additional questions from the Social Justice and Social Security Committee – 18 March 2022

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1. How is it possible to plan for 6 years ahead given the current levels of economic and price volatility?

Identifying the risks and how they relate to different aspects of social security can help understand the extent of the overall risks to the budget. Some parts of the social security system will not be as exposed to uncertainty, for example underlying caseload of disability benefits. Other parts, for example, the costs of uprating are likely to be quite volatile. For financial planning it is important to look at the scale of possible uncertainty facing each component of the system and then to add those together to look at the spread of upside and downside risks. Expenditure plans can therefore be informed by this knowledge, and enough flexibility to deal with the scale of risks can be part of the plan. This planning is extremely important, otherwise the government risks having to cut spending in other areas at short notice.

2. Will the spending choices of the government will meet the child poverty targets? What would we expect to see in the spending review on child poverty?

The next tackling child poverty delivery plan is being announced next week. After that is published, we will be able to understand more about whether the policies that have been announced are capable of driving sufficient process towards the interim and final targets. We would hope that the delivery plan provides detail on the amount of expenditure associated with policy announcements, and regardless, this information will also need to be in the spending review. Child poverty is a proposed theme for the Spending Review, and we are expecting that this will mean it will be possible to sum the total amount that is committed to being spent on child poverty over the spending review period.

3. How can the Scottish Government monitor and evaluate the effects on public spending, including savings to other budgets, from policies to reduce child poverty?

This is an area that is difficult to do well, and needs to be thought about carefully from the start of any programme. The right information needs to be collected from the beginning for both the group of people who are getting the policy intervention and for the 'control group' that is used to identify what would have happened without the intervention.

As David Phillips has noted in his written evidence, it can be very difficult to find an appropriate control group. They need to be a group with otherwise similar

characteristics. One way of doing this in Scotland may be to construct a control group from across the border in England. Whilst this is not a perfect comparator, children and families there face a similar economic environment. The impact of divergence of policies, due to devolution, could therefore be tested.

At the FAI we believe that it is important that the government is challenged on its monitoring and evaluation plans right at the outset of policy development to ensure the right procedures are being put in place. Too often this is thought about at the end of a policy development process when it is too late to do the analysis well.

Further information on preventative spend studies

I said in my oral evidence that I would provide a written follow up on studies that have looked at quantifying preventative spend. I would like to bring the Committee's attention to this note produced in 2010 by SPICe that provides a good overview of the issues of producing research in this area, and provides some international examples of studies.

<http://www.parlaimaid-alba.org/SPICeResources/Research%20briefings%20and%20fact%20sheets/SB10-57.pdf>

4. Does having a hybrid reserved and devolved social security system make financial sense? And can we ever protect the social security budget from risks effectively while we're so intrinsically tied to UK government policy decisions?

David Phillips has provided an answer to this, and I have nothing further to add to his response.