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The Scottish Parliament
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Dear Convener,

Thank you for the invitation to provide evidence to the Committee on 9 January 2025. I hope the Committee found my evidence helpful for their budget scrutiny work. During my evidence I undertook to write on a number of points.

Agency Agreements between Social Security Scotland and the Department for Work and Pensions

There are expected to be ten Agency Agreements between Social Security Scotland and the Department for Work and Pensions in 2025/26. Social Security Scotland are currently in the process of setting budgets for 2025/26 and the forecast cost of payments under Agency Agreement is £6.9 million in 2025/26. This forecast includes charges Social Security Scotland expect to incur from the Department for Work and Pensions in relation to live running costs, for example for IT and Banking Services. It may be helpful to know for context that the cost of Agency Agreements has been falling significantly over the years (from a high of £76.3 million in 2021/22), as Social Security Scotland takes responsibility for direct administration of benefits and case transfer continues.

Social Security Independent Advocacy Service

The contract for the Social Security Independent Advocacy Service was extended into its final year from 31 January 2025 to 30 January 2026 because the current provider has met the required Key Performance Indicators. The number of people using the service has also continued to grow year on year.

The Scottish Government is currently developing the specifications for a tender for a new contract to be operational from 31 January 2026 onwards. The Invitation to Tender is planned to go live in Quarter 2 of calendar year 2025 and will be let via a fair and open competition. Key stakeholders are being consulted on the terms of the specification.

Energy efficiency measures assisting low-income families with children

Since the scheme re-launched in October 2023, Warmer Homes Scotland has supported 6,424 households, and installed over 20,000 heating, insulation and renewable measures. Helping those in, or at risk of fuel poverty, to live in warmer homes with an average fuel bill saving of around £400 per year.

It is difficult to assess the impact on child poverty directly given the data collected, however from the re-launch of Warmer Homes Scotland in October 2023 until August 2024, circa 10% of referrals had child related benefits (Child Tax Credit, Scottish Child Payment, Child Disability Payment) as their lead eligibility criteria. This should only be seen as a minimum as some households will receive more than one benefit. Our data only captures the lead benefit so it is likely that additional households with children are also being supported.

In addition, the economic opportunities created by the scheme are allowing young people to learn and develop a skilled trade. The scheme made 174 apprenticeships, 828 new jobs and over 3,500 training and up-skilling opportunities possible. We have targets to achieve similar levels of training and employment opportunities available under the new scheme. So far, 10 new modern apprentices have been onboarded, along with 34 existing modern apprentices, 664 jobs created and 500 scheme-related training opportunities have been undertaken.

In addition to the above, our commitment to Net Zero will support low-income families with children. The Fuel Poverty Strategy 2021 sets out actions the Scottish Government is taking to tackle the main drivers of fuel poverty. Improving energy efficiency is seen as a primary driver to achieve this.

The Scottish Government published its Heat in Buildings Strategy in October 2021, which set out our vision for decarbonising Scotland's buildings by 2045. We remain committed to that vision and continue to lay the foundations to support the growth of clean heating and energy efficiency in Scotland.

Energy efficiency measures, like insulation, reduce the energy demand needed to heat the home meaning it is easier to have a warm home. Removing poor energy efficiency as a driver of fuel poverty is a key focus of our work through the national programmes to support our efforts on eradicating fuel poverty. As part of the Heat in Buildings Bill consultation, the Scottish Government proposed to introduce a minimum energy efficiency standard for all homes to meet Energy Performance Certificate (EPC) band C, or equivalent, by 2028 for the private rented sector and by 2033 for all other homes. Scottish Ministers are considering responses to the Heat in Buildings Bill consultation and will confirm next steps as soon as practicable.

Fairer Funding

I have addressed the committee's request for information on multi-year funding arrangements under separate cover.

I hope that this further information is useful.

Yours sincerely,

SHIRLEY-ANNE SOMERVILLE