

Social Justice and Social Security Committee**Thursday 18 September 2025****23rd Meeting, 2025 (Session 6)****Pre-Budget Scrutiny – themes for discussion**

The Committee will hear from:

- Leah Duncan-Karrim, Policy and Influencing Lead, One Parent Families Scotland
- Adam Stachura, Associate Director of Policy, Communications and External Affairs, Age Scotland
- Fiona Collie, Head of Public Affairs and Communications, Scotland, Carers Scotland
- Allan Faulds, Senior Policy Officer, Health and Social Care Alliance Scotland (the ALLIANCE)

Introduction

This is the final stakeholder session on pre-budget scrutiny looking at social security spending in 2026-27 and longer-term trends. This morning's session will be an opportunity to consider social security spending focused on particular client groups. This paper sets out brief background before suggesting themes for discussion.

Background

Background on the Scottish Government resource budget and spending on devolved social security is available in [papers for 4 September](#).

The tables below give a brief overview of devolved benefits by client group. All data (except for Young Carer Grant) is from SFC forecasts for 2026-27 and includes the changes expected such as expanded pension age winter heating payment, the two-child limit payment and carer additional person payment.

Table 1: Low-income families with children: £684m in 2026-27. No BGA.

2026-27	Spend £m	Caseload 000s	Eligibility and payment
Scottish Child Payment	£489	333	£28.15 p/wk. Get UC or similar, and have a child under 16
Best Start Foods	£19	50	Get UC or similar with child under 3. £5.60 p/wk (double in child's first year)

Best Start Grants	£22	56	Get UC or similar. Birth: £397.95 (1st child: £795.90), nursery and school: £331.65
Two-child Limit Payment	£155	43	£70.07 p/wk if getting reduced benefit because of 2 child limit

Table 2: Disabled people: £5,949m in 2026-27, £452m 'above BGA'

	Spend £m	Of which 'above BGA'	Caseload 000s	Eligibility and payment
Child Disability Payment	£639	CDP & SADLA combined is £19m below DLA BGA	109	Paid at low, middle or high 'care' rate, and low or high 'mobility' rate. Average payment: £112.43 p/wk
Scottish Adult DLA	£373	See CDP	58	As CDP, average payment: £123.38 p/wk
Adult Disability Payment	£4,020	£412	571	Paid at standard or enhanced 'daily living' and standard or enhanced 'mobility'. Average payment: £135 p/wk
Pension Age Disability Payment	£917	£58	173	Paid at lower or higher rate. Average payment: £101.46

Doesn't include Severe Disablement Allowance (£4m) or Industrial Injuries Disablement scheme (£83m) as these are still run by DWP under agency agreement. Average payments from Fig S5.4 SFC, May 2025 forecast. There isn't a separate 'BGA' for CDP as the DLA BGA covers both CDP and SADLA.

Table 3: Carers, £575m in 2026-27, £124m 'above BGA'

	Spend £m	Of which 'above BGA'	Caseload, 000s	Eligibility and payment
Carer Support Payment, incl. Additional person payment	£505	£54	112	£86.40 p/wk. Caring 35 hrs/wk for a person getting certain rates of disability benefits. Additional £10.35 p/wk if caring for more than one person.
Carer's Allowance Supplement	£68	No BGA	112	Twice annual payment of £304.20 if getting CSP/CA
Young Carer Grant	£1.6m in 2024-25	No BGA	4 (in 2024-25)	In 2025-26: £390.25 pa for for carers aged 16-18 carers, if not getting CSP/CA.

YCG from [Social Security Scotland YCG statistics to end March 2025](#). Eligibility will extend to aged 19 from March 2026.

Table 4: Winter payments £238m in 2026-27, estimated £71m 'above BGA'

	Spend £m	Of which 'above BGA'	Caseload, 000s	Eligibility and payment
Winter heating payment	£30	£24	485	£61.95 p.a. Households getting means-tested benefits incl: pension credit, those on UC with a disabled child, or on UC, not working and have a child under 5.
Child winter heating payment	£12	No BGA	47	£265.25 p.a. Children getting higher care rate of child disability payment.
Pension age winter heating payment	£196 (before £33m payment recovery)	£47 (before payment recovery)	1,061 (of which 189 recovered)	£210.95 or £316.40 p.a for all pension age households, but clawed back via tax for incomes >£35k.

[PADP: SFC August 2025 update, MTFS table 2.03.](#)

Table 5: Other devolved social security, £237m

	£m	notes
Discretionary Housing Payments	£100	Discretionary fund administered by local authorities. £83m to mitigate 'bedroom tax', £9m to mitigate 'benefit cap'. Remainder on Local Housing Allowance and other housing pressures.
Scottish Welfare Fund	£36	Discretionary fund administered by local authorities.
Funeral Support Payment	£14	Social Security Scotland benefit, equivalent to DWP 'Funeral Expenses Payment'. Assistance towards the cost of a funeral for those on means tested benefits.
Severe Disablement Allowance	£4	Administered by DWP under agency agreement. Closed to new claims.
Industrial Injuries Disablement Benefit	£83	Administered by DWP under agency agreement. SG have a working group in the early stages of developing Employment Injury Assistance as a replacement benefit.

Sources: Tables 1 to 5: SFC forecasts May 2025, June 2025, August 2025, except where otherwise indicated.

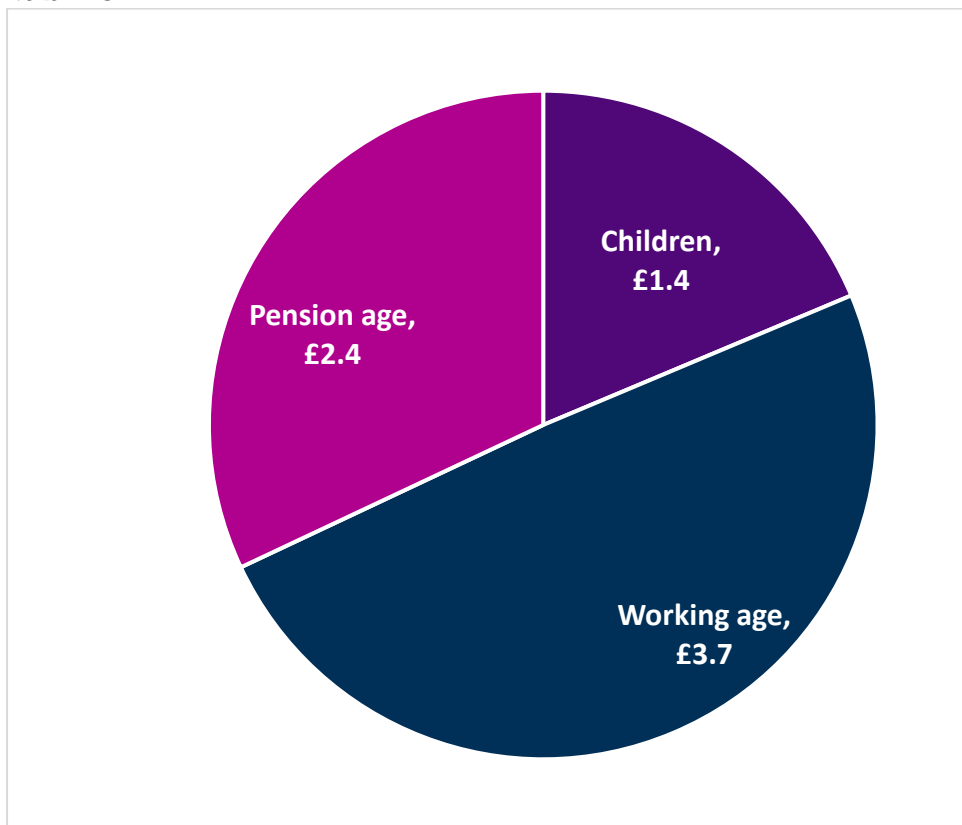
Spend by age group

Another way to look at spending is by age group. Most benefit statistics include a breakdown of clients by age which enables around 97% of spending to be attributed to children, working age and pension age. Around fifth (19%) of spending is on children. They make up a similar proportion of the population (18%). Most of the spending is on the Scottish Child Payment.

Nearly half (49%) of spending is on working age people, mostly due to 79% of people in receipt of ADP being of working age. However, working-age people make up 61% of the population, so they receive less 'per head' than other age groups. 11% of the working age population are in receipt of ADP. This increases to 17% of 55 to 64 year olds getting ADP and 17% of those aged 65+ getting PADP.

People of pension age make up around a third of spending (33%) but only a fifth of the population (21%). Pensioners therefore have a higher 'spend per head' on average than other age groups. As Pension Age Winter Heating Payment is paid to all pension age households, they are also the only age group to all receive a devolved social security payment (albeit some will pay this back). Most of the spending is on disability benefits – with everyone getting Pension Age Disability Benefit and Scottish Adult Disability Living Allowance being of pension age along with around 20% of people getting ADP.

Chart 1 Estimated devolved social security spend by age-group, 2026-27, £ billion



Source: SPICe calculations based on SFC forecast spend, caseload and Social Security Scotland statistics. Covers c.97% of spend. For ADP assumes average payment doesn't vary by age. Children is under 18, pension age is 65+.

Spending on benefits 'above BGA'

The Scottish Government's additional investment in social security is £1,353m in 2026-27 plus £100m on DHPs. The Scottish Government notes that this is 'only 3%

of the total resource budget'. (The Scottish Government does not include DHPs in its total social security spend.)

Some payments do not have a 'BGA' but funding was transferred and included in the main block grant to reflect spending on the DWP equivalent. This applies to: Funeral Support Payment, BSG – pregnancy and baby payment, DHPs, SWF and Best Start Foods. It is not possible to provide an estimate of funding received from the UK Government for these individual payments. Therefore the 'spend above BGA' is an overestimate.

Spend above BGA is detailed in tables 1 to 5 above and comprises mainly:

- Scottish Child Payment (£489m in 2026-27)
- A different approach to administering disability benefits (total of £452m spend 'above BGA' on Social Security Scotland disability benefits in 2026-27 of which £412m is on ADP).
- Additional benefits for carers (total of £124m spend above Carer's Allowance BGA in 2026-27)
- Mitigating UK Government welfare measures through £100m spend on Discretionary Housing Payments and £155m on plans to mitigate the two-child limit in 2026-27.

Previous discussion

Key themes in the meetings of 4 September were:

- The Scottish budget is under pressure, including from social security, and prioritising social security will require cuts elsewhere as there is limited potential for increasing taxation.
- There isn't a clear understanding of why the disability caseload has risen and improving long term outcomes for families may require a different balance of services and cash payments.

On 11 September, key themes included:

- Rising social security spending as an investment, and a deliberate policy choice. Further spend is needed to meet the child poverty targets (which the whole parliament signed up to) and to support disabled people. Witnesses considered there was scope for tax reform- particularly on council tax.
- Social security is the 'main lever' for addressing poverty, but we should broaden the discussion – and consider how other public services (eg childcare, transport, employability, social housing) contribute.

Suggested themes for discussion

Theme 1: Impact of additional spending

In the Call for Views respondents set out evidence of impact of devolved social security spend. Social security was discussed in terms of its ability to address poverty and help disabled people live independent lives. Witnesses in the last two weeks have set out the growing evidence of impact, particularly on child poverty and people's experience of applying for disability benefits.

Low-income families with children

A Scottish Government [evaluation of the 'Five Family Payments'](#) (Best Start Foods, Best Start Grants and Scottish Child Payment) was published on 4 September. Findings included:

- The Five Family Payments have helped to increase child-related spend and help their child take part in social and educational activities.
- Best Start Foods help families buy healthy food, although 1 in 3 parents do not use all the money on the card.
- Five Family Payments have helped reduce financial pressures and money-related stress. They have helped reduce debt and borrowing and increased food security.
- Families with a disabled person are particularly likely to be struggling financially and experiencing food insecurity despite the assistance of the Five Family Payments.
- The labour market effects are mixed. In cases where it had an impact, 12% said Scottish Child Payment helped them stop work or work fewer hours, and 23% said it helped them to stay in work.

Disability and carer benefits

Audit Scotland are [due to publish](#) an audit of ADP in September. This includes consideration of the extent to which ADP is contributing towards overall efforts to improve outcomes for people with disabilities. The [Independent Review of ADP](#) was published in July, and the Committee heard from its author, Edel Harris, last week. In making its 58 recommendations, the report stated that:

“Building on great foundations and continuing to focus on a good client experience, simplifying and improving systems and processes and refreshing the eligibility criteria could make a substantial positive difference on the lives of all those who need this additional support.”

Asked last week about her priorities for reform, Edel Harris referred to her recommendations 41, 42, 55 and 56:

- Review eligibility criteria to make them fit for the modern world
- Replace the '50% rule' which doesn't work for people with fluctuating conditions. (A person's difficulties must be present at least 50% of the time) Allow people to define how they manage on their worst days and the impact on other days.
- Review the 'planning and following journeys' part of the mobility component
- Remove the '20m rule' which she described as 'an arbitrary distance' (If a person can walk less than 20m they get the higher rate mobility component of ADP)

An evaluation of Carer Support Payment is due to be published in Spring 2026 (Scottish Government response to SCOSS report on carers regulations). An [evaluation of the Carer's Allowance Supplement](#) was published in 2020 and found.

"While carers were grateful for the payment and could identify positive impacts, they tended to say that the payment had not helped their day-to-day finances – they felt they only benefitted during the months that CAS arrived."

New Social Security Spending

New social security spending being introduced this year and next includes:

- Expanding eligibility for Pension Age Winter Heating Payment to match UK Government policy. £196m in 2026/27
- A new payment for carers of more than one person, £11m in 2026/27
- Mitigating the 2 child limit. £155m in 2026/27 resulting in 20,000 fewer children in poverty that year [according to Scottish Government modelling](#).

Last week witnesses strongly endorsed the introduction of the two-child limit payment, noting the other mitigation measures that the Scottish Government had taken.

On 4 September, Professor David Bell commented that:

"You can see the political case, and the case in justice terms, for doing what is proposed, but it is a difficult time to be introducing new benefits or replacing existing ones." ([SJSS Committee Official Report 4 September 2025, col 38](#)).

Members may wish to discuss:

1. **The Scottish Government is spending nearly £1.4 billion more on social security than it receives through the Block Grant Adjustment. How does this additional spending affect the client group you represent?**
2. **The Scottish Government is about to introduce new social security spending on winter heating, carer additional person payment and the**

two-child limit payment. Given the financial context, do witnesses have any comments on the choice to prioritise these particular payments? Do witnesses have alternative priorities?

Theme 2: Balancing the budget

The [Medium Term Financial Strategy](#) set out that in 2026-27 the Scottish Government needs to find savings of £963 million across the resource budget as a whole in order to balance the budget. The Fiscal Sustainability Delivery Plan sets out broad plans to meet the shortfall, and the Scottish Government will publish a spending review alongside its budget in the new year.

The growth in social security spending is contributing to pressures on the Scottish Budget. On 4 September Professor David Bell told the Committee that:

“my view is that the Scottish budget will be under severe pressure going forward into the next year. That has been highlighted by Audit Scotland and the Scottish Fiscal Commission. It relates to choices that are entirely within the Scottish Government’s its powers to make, but the danger is that the various spending by the different departments is possibly on track to exceed the available budget and resource, which is available through taxes and the block grant from Westminster. That is partly driven by the social security budget and partly by the health and social care budget, both of which will grow in real terms.” ([SJSS Committee, 4 September 2025, col 3](#))

Witnesses discussed the Scottish Government’s plans set out in the FSDP to meet the shortfall across the whole resource budget. These include:

- £0.1 billion savings from a 0.5% per annum public sector workforce reduction, growing to £0.7 billion per annum over five years.
- £0.6 billion from ‘wider public sector efficiencies, productivity and revenue raising, growing to £1.5 billion per annum over five years.
- £0.3 billion savings through the Spending Review, due to be published with the budget, growing to £0.7 billion over five years.

Professor Mairi Spowage (FAI) considered that:

“the plan sets out a number of things, but, from reading the document, I am not clear about how they all hang together, exactly how much money is being targeted to be saved by when, how the Government will go about it and how it will know whether it has been achieved.

[...]

I am sceptical about whether it is possible to cut that much from an operating budget without it impacting some of the services that you deliver. ([SJSS Committee Official Report, 4 September, col 9](#))

Human rights approach

The [statutory principles of devolved social security](#) include that:

- social security is an investment in the people of Scotland,
- social security is itself a human right and essential to the realisation of other human rights
- the Scottish social security system is to be efficient and deliver value for money.

Overall, respondents to the Committee's Call for Views, and today's witnesses welcome the growth in social security spending. OPFS suggest that:

“any growth should be sustainable and undertaken through a rights-budgeting lens.”

Similarly, the ALLIANCE discuss how:

“In line with our support for a human rights based approach to social security, and the principle of maximum use of available resources, we believe the priority should be that social security payments are accessible and adequate for their intended purpose. As the UN notes, social security “is crucial for guaranteeing a life in dignity”, as well as “a potent tool to combat discrimination and an essential instrument for reducing poverty and promoting social inclusion.”

Members may wish to discuss:

3. **The Scottish Government has set out plans to meet the expected shortfall between funding and spending across all public services. How can we ensure that any budget cuts, made in part to afford social security spending, do not affect the very people that social security spending is intended to help?**
4. **In what ways would consideration of human rights help identify an approach to balancing the budget?**

Theme 3: Reducing the need for social security

In previous weeks the Committee has discussed social security as preventative spend, as well as what the right balance ought to be between services and cash payments. The submission from Carer's Scotland notes that:

“It is important that both the Scottish Government and the Scottish Parliament and wider society understands and responds to the drivers of demand. Devolved social security has the opportunity to remain stable where both Governments work together as much as possible to seek to ease cost-of-living pressures and deliver effective and preventative health and social care interventions.”

Disability benefits

The UK-wide disability caseload has increased since around 2021/22. The Committee heard on 4 and 11 September that the reasons are not fully understood but are likely to be a combination of:

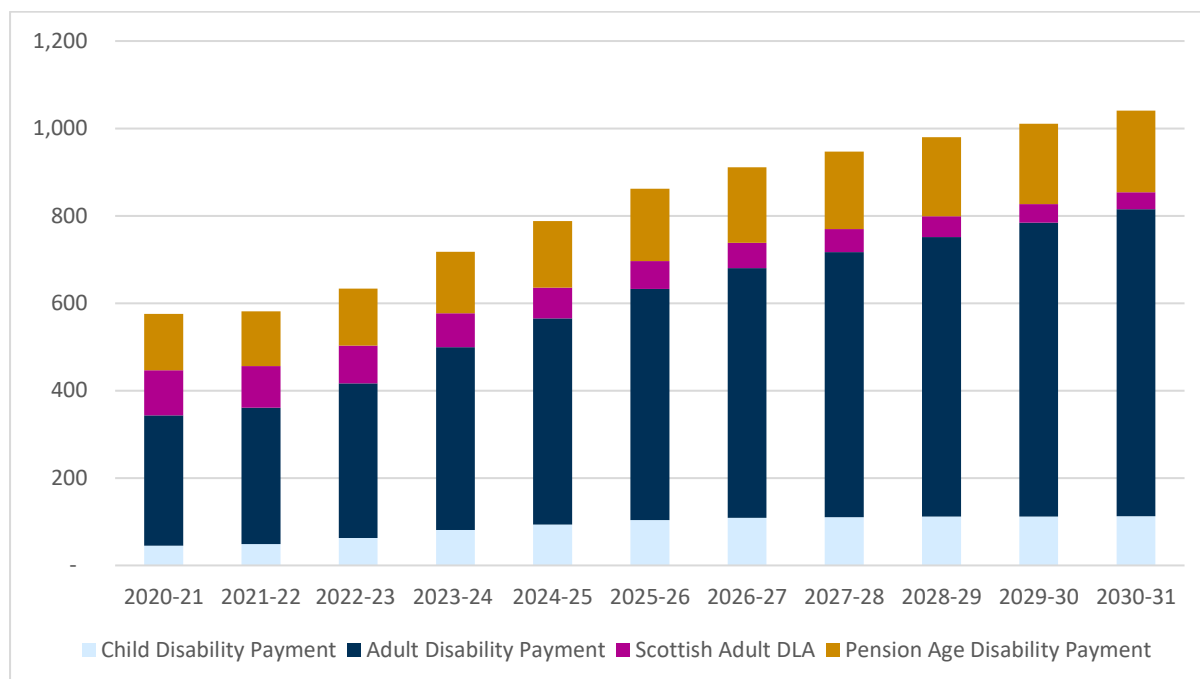
- Poorer health, including an increase in poor mental health
- An ageing population
- Cost of living pressures meaning that those who are eligible are more likely to make the effort to claim financial support
- Approach to reviews, meaning people stay on disability benefits for longer
- Changing approaches to application and assessment, particularly in Scotland, but also to some extent in England and Wales.

Over the ten years from 2020 to 2030 the number of people of all ages on the main disability benefits is forecast to increase by 81%. In 2020, there were around 575,000 people in Scotland in receipt of a disability benefit. It is currently around 862,000 and is forecast to increase to just over one million by 2030.

The table below shows SFC forecasts for 2020-21, 2025-26 and 2030-1 for the main, non-means tested disability benefits.

Table 6: Disability benefit caseload, 2020 to 2030, Scotland. 000s.

	2020-21	2025-26	2030-31	change 2020 to 2030	% change 2020-2030
Child Disability Payment	46	104	112	67	146%
Adult Disability Payment	298	529	703	405	136%
Scottish Adult DLA	104	64	39	-65	-63%
Pension Age Disability Payment	128	165	187	59	46%
total	575	862	1,041	466	81%

Chart 2: Disability benefit caseload, 2020-2030, Scotland, 000s

Sources: SFC forecasts December 2022, December 2023, May 2025. CDP includes child DLA, ADP includes PIP, PADP includes Attendance Allowance. Caseload for Adult DLA decreases as it is a closed benefit not open to new claimants since 2018

Some of this increase reflects an increase in applications, but it also reflects people staying on disability benefits for longer. In their August update the SFC explained:

“We assume the number of successful applications for ADP will progressively decrease from recent elevated levels as cost-of-living pressures ease. In June 2025, we still forecast the caseload to rise from 529,000 in 2025-26 to 703,000 in 2030-31 because the number of people entering the payment remains higher than those exiting. This rise in caseload, along with annual uprating of payments, leads to our forecast of ADP spending rising from £3.6 billion in 2025-26 to £5.4 billion in 2030-31.

[...]

in its FSDP, the Scottish Government stated it is assessing the extent to which the current ADP award review process is delivering as intended. Recent statistics show a lower-than-forecast proportion of ADP recipients having their awards reduced or ended following an award review. As a result, more individuals are remaining on the caseload, or having their awards maintained, which contributes to higher overall ADP spending.”

Last week Edel Harris discussed her recommendation that review periods should be longer. She noted that Social Security Scotland are setting the maximum, 10 year, review periods in a lot of cases now (SJSS Committee 11 September, 10.52am).

Last week the Committee also discussed the importance of investing in employability services and in supporting disabled people into work. When considering potential

policy interventions it is important to note that eligibility for ADP is not related to employment. [Citizens Advice Scotland have found](#) that around a quarter of those approaching them for advice about ADP are in employment. This is similar to the [20% of PIP claimants who are in work](#).

Carers

The number of people forecast to receive Carer's Allowance/Carer Support Payment over the decade from 2020-2030 has increased by 41%, from 85,000 in 2020 to a forecast 120,000 in 2030. Eligibility is based on caring for a person who is in receipt of certain disability benefits, having very low earnings from employment (net pay of [£196 per week in 2025-26](#)) and not receiving 'overlapping' benefits such as the State Pension. This means that those unpaid carers who get Carer Support Payment are likely to be those of working age with no or little earnings from employment.

A [recent IPPR/Carers Scotland report](#), advocating the introduction of a Minimum Income Guarantee identified the drivers of poverty for unpaid carers:

"The major drivers of unpaid carer poverty include: long hours of care which make it difficult to stay in employment; high and inescapable costs such as housing, heating, petrol and food bills; and lack of support and access to formal care services, including breaks from caring."

The report describes both social security and social care support as inadequate, reporting views in a focus group that:

"This lack of support has an impact on their ability to remain in or return to paid employment and, for those in employment, impacts upon their career choices."

The submission from Carer's Scotland describes the pressures on carers:

"Good quality social care can be the difference between being able to stay in employment or having to give up paid work."

The submission describes the estimated value of unpaid care work at £15.9 billion per year, noting that 60% of carers in receipt of means-tested benefits are in poverty. They state that:

"underpinning all decisions around social security must be challenging the poverty that too many people in Scotland experience."

Scottish Child Payment

In contrast to disability and carer payments, the caseload for Scottish Child Payment is forecast to remain fairly stable at around 330,000 after the large increase in eligibility in 2022 to include children aged 6 to 15. Reducing demand for SCP would require fewer people to be eligible for Universal Credit. In general, for those with children, Universal Credit is a benefit [focused on those with below average incomes rather than only those in poverty](#).

Members may wish to discuss:

- 5. What is the scope for reducing the need for spending on disability and carer benefits by improving provision of other services, such as social care and improving population health?**
- 6. What is the scope for reducing the need for spending on Scottish Child Payment through increasing parents' earnings from work?**

Theme 4: Further social security spending

In the Call for Views respondents were asked which increases to social security payments should be considered. The need for further increases, beyond current policy was emphasised by witnesses last week with Chris Birt (JRF) saying:

“The child poverty targets were unanimously agreed by parliament. [...] I don't know how we thought they'd be met without significant additional public investment.” (SJSS Committee, 11 September, 10.21am)

Last week witnesses recommended:

- Increasing the SCP
- Introducing a Minimum Income Guarantee
- Considering whether ADP meets the extra costs of disability
- Supporting people into work

The submissions from today's witnesses included the following suggestions:

- The ALLIANCE call for a review of the adequacy of disability and carer benefits.
- OPFS recommend increasing SCP to £55 by the end of the next parliament with targeted further increases for priority families
- Carer's Scotland suggest extending SCP eligibility to include those in receipt of Carer Support Payment and Child Disability Payment.
- Carer's Scotland consider that Carer Support Payment should be increased and eligibility extended. This should include addressing the 'overlapping benefits rule' that means most unpaid carers in receipt of a state pension are ineligible for Carer Support Payment.
- In the longer term, Carer's Scotland support a Minimum Income Guarantee

Carer's Scotland refer to a [proposal for a pilot MIG developed with IPPR Scotland](#).

“Under this pilot a target group of unpaid carers in Scotland who care for someone 20 hours a week and get Universal Credit or Pension Credit would

benefit from an additional income supplement alongside a focused effort to maximise income from eligible benefits.”

OPFS suggests that more progressive taxation should be considered, saying:

“we are clear that any growth must be affordable, sustainable and accompanied by robust impact assessments [...] We recognise that social security comprises a significant portion of public finances at present, and that by necessity it cannot be limitless, but that this can be supported to grow through a fairer and more progressive approach to tax policy – including a 2% wealth tax on assets over £10 million.”

On 4 September, witnesses briefly discussed wealth taxes. Professor Mairi Spowage (FAI) considered that:

“that sort of thing is very difficult to implement; there is not really any international example of somewhere that has raised significant amounts of revenue by doing it. There are examples to look at, but quite often they are very narrow and do not raise very much revenue in the end. There are possible solutions, but they are not going to yield any revenue any time soon, even if they are possible to implement.” ([SJSS Committee, Official Report, 4 September 2025, col 25](#))

On the other hand, witnesses on 11 September considered that there was considerable scope to reform tax to increase revenue. Stephen Sinclair referred to the [2023 report on tax by the Poverty and Inequality Commission](#) and Chris Birt said:

“We can change council tax, we should. It’s regressive it punishes poorer households. That’s something we just have to take on.” (SJSS Committee, 11 September, 10.24am)

Members may wish to discuss:

- 7. How can we afford additional spending on Scottish social security, beyond what is already included in current policy?**
- 8. Which policies would witnesses like to see prioritised for additional spending? Would they prioritise these above other areas of public spending such as health and social care?**
- 9. Do witnesses have any low cost/high impact suggestions for improvements to Scottish social security?**

Camilla Kidner, Senior Researcher, SPICe, Date: 11 September 2025

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