



**Social Justice and Social Security Committee**  
**Thursday 24 September 2025**  
**24<sup>th</sup> Meeting, 2025 (Session 6)**

## **Pre-Budget Scrutiny – themes for discussion**

The Committee will hear from:

- Shirley Anne Somerville, Cabinet Secretary for Social Security and Social Justice
- Julie Humphreys, Director Tackling Child Poverty & Social Justice
- James Wallace, Deputy Director, Social Justice Finance Lead
- Ian Davidson, Deputy Director, Social Security Policy

### **Introduction**

The Committee has held three evidence sessions with stakeholders as part of its pre-budget scrutiny looking at social security spending in 2026-27 and longer-term trends. This paper sets out background before suggesting themes for discussion. It draws on written and oral evidence presented to the Committee as well as the [Cabinet Secretary's oral evidence](#) to the Finance and Public Administration Committee on 16 September.

### **Background**

#### **Scottish Social Security Benefits**

Social Security Scotland benefits and their forecast spend in 2026-27 are listed below:

- **Disability benefits** for children, adults and older people. They are not related to income or whether someone works. (Child Disability Payment £639m, Adult Disability Payment £4,020m, Pension Age Disability Payment £917m, Scottish Adult Disability Living Allowance £373m).
- **Carer benefits** for people caring for someone who gets a disability benefit. Not available to those earning more than a certain amount. (Carer Support Payment £505m, Carer's Allowance Supplement £68m, Young Carer Payment c£1m)
- **Winter payments** – for disabled children, those of pension age and those on a low income (Child Winter Heating £12m, Pension Age Winter Heating £163m (after £33m payment recovery), Winter Heating Payment £30m).
- **Five Family Payments** – for low-income families with children. (Best Start Grants £22m, Best Start Foods £19m, Scottish Child Payment £489m),

- **Two-Child Limit Payment** £155m
- **Funeral support payment** – for those on a low income responsible for paying for a funeral. £14m.

Other devolved social security includes Discretionary Housing Payments (£100m) and the Scottish Welfare Fund (£36m) administered by local authorities and Severe Disablement Allowance (£4m) and Industrial Injuries scheme (£83m) administered by the DWP. (Figures from [SFC June 2025 forecast](#), except PAWHP from [August 2025 update](#)).

## Scottish Government Resource Budget

Social security makes up the third largest area of spending after health and local government. It is growing at a faster rate than other areas of the budget. The Medium-Term Financial Strategy, published in June, set out a growing gap between modelled spending and expected revenues reaching a modelled shortfall of £2,624 million across the whole resource budget in 2029-30 (table 1).

**Table 1: Spending and funding 2025-26 to 2029-30**

£m	2025-26	2026-27	2027-28	2028-29	2029-30	% change 25-26 to 29-30
Social security	6,772	7,544	7,976	8,379	8,825	30%
Health/social care	20,200	21,459	22,487	23,635	24,810	23%
Local Govt.	12,824	13,164	13,516	13,861	14,207	11%
Other	12,828	12,772	13,153	13,577	13,881	8%
<b>Total</b>	<b>52,623</b>	<b>54,938</b>	<b>57,132</b>	<b>59,453</b>	<b>61,723</b>	<b>17%</b>
<b>Funding</b>	<b>52,623</b>	<b>53,975</b>	<b>55,235</b>	<b>57,100</b>	<b>59,099</b>	<b>12%</b>
<b>Shortfall</b>	<b>-</b>	<b>(963)</b>	<b>(1,897)</b>	<b>(2,353)</b>	<b>(2,624)</b>	

Source: Scottish Government, MTFS, Table C.01

## 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.

To put this in context, the additional investment in social security next year is similar in scale to the net resource budget for further and higher education this year (£1.4 billion in 2025-26, Table 6.07 Scottish Government) and is approaching half the amount spent on primary education (Budget estimate 2025-26 is £2.9 billion).

Since the latest official BGA figures were published, the funding position has eased following the UK Government decision not to progress with PIP reforms. Tables 3

and 4 compare BGA and spending with and without the financial impact of PIP reform on the BGA.

**Table 3: Additional investment in social security, £m at UK spring statement**

	2025-26	2026-27	2027-28	2028-29	2029-30	%
BGA	5,725	6,191	6,440	6,680	7,001	22%
Spend	6,772	7,544	7,976	8,379	8,825	30%
<b>Difference</b>	<b>1,048</b>	<b>1,353</b>	<b>1,537</b>	<b>1,700</b>	<b>1,823</b>	

Source: Scottish Government, MTFS, table 3.07.

Table 4 below, shows how the difference between spending and funding narrows once the BGAs are increased to reflect the decision not to proceed with PIP reform.

**Table 4: Additional investment in social security, £m, not including UK spring statement impact of PIP reform**

	2025-26	2026-27	2027-28	2028-29	2029-30	%
BGA	5,725	6,191	6,440	6,680	7,001	22%
<i>Of which spring statement impact</i>		-12	-169	-329	-440	
Adjusted BGA	5,725	6,203	6,609	7,009	7,441	30%
Spend	6,772	7,544	7,976	8,379	8,825	30%
<b>Difference</b>	<b>1,047</b>	<b>1,341</b>	<b>1,367</b>	<b>1,370</b>	<b>1,384</b>	

Social security spending is forecast to grow 30% by 2029-30. The difference between BGA and spend is estimated to increase from around £1 billion in 2025-26 to £1.3 billion next year. Without PIP reform, that gap remains relatively steady to the end of the decade by which time the difference between spending and funding is estimated to be around £1.4 billion.

Spend above BGA 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 additional spend on ADP compared to the PIP BGA).
- 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.

## Fiscal Sustainability Delivery Plan

In June, the Scottish Government published its Fiscal Sustainability Delivery Plan (FSDP), setting out savings that would meet the shortfall in the total resource budget

modelled in the Medium-Term Financial Strategy. Under the first of its three pillars ('public sector reform and efficiencies') the FSDP refers to:

- £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.

The FSDP re-affirms the commitment to social security saying:

"We are committed to protecting benefits spending, recognising that this does therefore have an impact on the wider Scottish budget"

## **Previous discussion**

Key themes in the meeting 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 and 18 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 and carers. There is scope to raise more revenue through tax.
- Social security is the 'main lever' for addressing poverty, but we should also consider how other public services (e.g. childcare, transport, employability, social housing) contribute.

On 16 September the Cabinet Secretary was at the Finance and Public Administration Committee to discuss the sustainability of social security spend. Key themes included:

- The approach to recovering overpayments.
- The 'opportunity cost' of reductions to other budgets created as a result of spending on social security.
- The balance of universal and targeted payments, including targeting of SCP.
- The reasons for the increase in ADP caseload.

## Suggested themes for discussion

### Theme 1: Balancing the budget

The Scottish Government is required to present a balanced 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. The Fiscal Sustainability Delivery Plan sets out broad plans to meet the shortfall, and the Scottish Government will publish a spending review alongside the budget.

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 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, col 3](#))

Witnesses discussed the Scottish Government’s plans set out in the FSDP (see background section, above). Professor Mairi Spowage (FAI) considered that:

“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, 4 September, col 9](#))

At the Finance and Administration Committee on 16 September several members described the social security growth as unsustainable and asked whether social security was expected to contribute savings to the overall resource budget shortfall. The Cabinet Secretary stated that social security spend was not unsustainable (FPA Committee 16 September, 13.03pm) having earlier noted that the way to change the trajectory of spend was to change eligibility, reminding members that Parliament had voted for current eligibility (FPA Committee, 16 September, 11.43am).

On 18 September this Committee heard about the need to take a more co-ordinated approach, with Allan Faulds (the ALLIANCE) observing that: “If you cut one area it has knock on effects on other areas.” (10.06am), but rather than suggest which budget should be cut, he considered that there was further scope for increasing tax income – particularly through council tax reform (10.07am).

Adam Stachura (Age Scotland) discussed budget decision making at a local level, describing how such decisions are difficult to scrutinise and could run counter to national aspirations.

“What levers the Scottish Government has against the decision making of local authorities, IJBs, local government and others will have a big impact on peoples’ lives. [...] While the Scottish Government might have measures and levers at their own disposal, other parts of Scottish public life and public services make decisions which might run counter to those aspirations but there are no mechanisms to either challenge or really understand them.” (SJSS Committee, 18 September, 10.03 am).

If decisions at a local level result in reduced local services, it might impact efforts to tackle child poverty or support disabled people and carers. Potentially this could result in increased need for social security spending.

**Members may wish to discuss:**

- 1. Unless revenue is increased, the growing spend on social security means less spending in other budget areas. How will the Government ensure that decisions on savings, including those made at a local level, do not result in increased need for social security spending?**

**Theme 2: Evidence of impact**

The Committee has heard about the growing evidence base on the impact of social security spend, particularly on short- and medium-term impacts of the Scottish Child Payment. For example in their submission JRF state that, due to the Scottish Child Payment, the modelled child poverty rate in 2030-31 is 3 percentage points lower than it would otherwise have been.

**Labour market impacts**

The [evaluation of the Five Family Payments](#) published on 4 September showed mainly positive results. However, it also showed that SCP did affect labour market decisions for a minority of people. 29% of people said it had an impact. Of those:

- 12% said it helped them stop work or work fewer hours
- 23% said it helped them stay in work and work more hours
- 12% said it helped them look for work or start work

(See [table 19, Five Family Payments Evaluation](#))

The interviews illustrate these mixed impacts. One respondent said:

“this year I even asked my line manager not to move me up my annual pay award band because it would have meant maybe a £30 or £40 a month addition on my salary for myself, but it would have cost me around £300 in benefits. So it actually made more sense to not take the band increase.”

On the other hand, another reported that:

“This payment has been a lifeline to me. It's meant I can pay toward my child being in ELC [Early Learning Care] so I can work more hours, or we'd be in the red.”

Some respondents also referred to the financial impact when their child turned 16, with one saying:

“I've had a letter to say SCP for my daughter will stop soon as she turns 16 in December. I strongly disagree with this as she will still be in full time

education and not working so she is still dependent on me. This will have a huge impact on my finances.”

### **Long term impacts**

While the majority of witnesses and submissions emphasised the positive impact of the Scottish Child Payment on reducing poverty, witnesses on 4 September distinguished between getting a family ‘above the poverty line’ in the short term from the investment needed to create long-term improved outcomes. Tom Wernham (IFS) discussed research evidence on cash transfers saying:

“It is difficult to disentangle precisely which factors will really shift the dial on those longer-term questions. It does not necessarily follow that giving those poor families more cash as opposed to other kinds of support will be particularly effective.” ([SJSS Committee, 4 September, col 13](#)).

### **Evaluation and Data Gaps**

Witnesses on 4 September explained some of the data and research gaps that make it difficult to get a robust evaluation of the long-term impact of benefit spending. Tom Wernham described how

“Those longer-term questions are much more difficult to answer well, but the more big data and high quality data that we have, the easier it will be to find opportunities to answer such questions rigorously in the longer term.” (SJSS Committee, 4 September, col 17)

The authors of the [Five Family Payments research](#) discuss the options for evaluating long-term policy impacts of social security spend. They suggest that:

“A step in this direction would be to link data on people claiming Scottish benefits with socioeconomic data on the same people held by Department of Work and Pensions, HM Revenue & Customs and the National Health Service. This would make it possible to make a more objective assessment of the impact of Scottish benefits on claimants’ income, employment and health. Data linkage is a key part of long-term social security policy evaluation, and exploration of data linkage is ongoing”

The Scottish Government has evaluation strategies for its disability benefits (published 2021) and other benefits (published 2019) and has [published evaluations of most benefits](#). As payments started from 2018, these have so far focused on short- and medium-term impacts.

In their [Audit of ADP, published on 18 September](#), Audit Scotland discussed how:

“overall, the Scottish Governments’ approach to supporting disabled people is fragmented” [...] the Scottish Government should assess how ADP sits within the wider system of support for disabled people. There is [...] potential missed opportunity [...] to share learning [...] with other areas of the public sector.” (Audit Scotland, para 90).

Recommendations included regular reporting on how ADP spending is working alongside other spending to support disabled people and what difference it is making.

**Members may wish to discuss:**

- 2. What is the Scottish Government's strategy for assessing the long-term impact of their additional spend on social security? Does this include assessing the connections between social security spending and provision of other public services?**
- 3. Most benefits have been evaluated for their short- and medium-term impacts. Can the Cabinet Secretary give an example of how findings from these evaluations have led to changes in policy – particularly where this has affected the budget?**
- 4. The evaluation of the Five Family Payments found that Scottish Child Payment enabled a few parents to reduce their working hours. Is the Cabinet Secretary concerned by these findings?**

### **Theme 3: New social security spending**

At the Finance and Public Administration Committee on 16 September the Cabinet Secretary emphasised that the way to change spending on social security was to change the eligibility, noting that Parliament had agreed all such changes.

Additional spending through extended eligibility being introduced this year and next includes:

- Expanding eligibility for Pension Age Winter Heating Payment to match UK Government policy. Forecast spend of £187m is around £154m more than that the £33m forecast for the previous policy. (n.b the BGA is increasing by £120m and around £30m is expected to be re-couped through the tax system leaving the 'net effect' on the Scottish budget likely to be around £4m). The Committee considered regulations to extend eligibility on 18 September.
- A new payment for carers of more than one person, £11m in 2026/27. The Committee will consider regulations shortly.
- Mitigating the 2-child limit. £155m in 2026/27 resulting in 20,000 fewer children in poverty that year [according to Scottish Government modelling](#). The Committee will consider regulations at a future meeting.

Witnesses on 11 and 18 September strongly endorsed these priorities for new spend.

On 4 September, Professor David Bell commented on new spending generally 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 4 September, col 38](#)).

**Members may wish to discuss:**

5. **The Scottish Government is about to introduce new social security spending on winter heating, carer additional person payment and the 2 child limit payment. Why has the Scottish Government chosen to prioritise these particular payments?**

**Theme 4: Targeting spend where its most needed**

This Committee and the Finance and Public Administration Committee have discussed the importance of ensuring spend is focused on where it is needed.

**Scottish Child Payment**

Taking evidence from the Cabinet Secretary at the Finance and Public Administration Committee members referred to SPICe analysis from July 2025 showing that SCP is [focused on those with below average incomes rather than only those in poverty](#). The modelling showed that most children in poverty got SCP (71%), and with full take-up almost all (95%) children in poverty would receive it. Universal Credit is withdrawn gradually as incomes rise so many families receiving smaller amounts of Universal Credit are above the 'poverty line'. However these families receive the full amount of SCP.

As a result, most (59%) of the children who get SCP aren't in poverty but are in households with below average income and most of the spending on SCP goes to families above the poverty line.

Despite this, Professor Stephen Sinclair (Poverty and Inequality Commission), reflected the views of many witnesses to this inquiry when he said that:

“the Scottish Child Payment is the most efficient and effective way of delivering on the child poverty targets.” (SJSS Committee, 11 September, col 6).

In their written submission, the [Poverty and Inequality Commission](#) argued that the cost-effectiveness of SCP needs to be compared against the alternative ways of achieving the same aim. They considered that:

- There wasn't time to develop an alternative payment in time to meet the 2030 targets.
- It has been known for several years that the SCP will have diminishing returns as its value increases, as more of the payment goes to households above the poverty line.
- Recent modelling from the Fraser of Allander Institute shows that SCP is still cost effective compared to some alternative ways to reduce child poverty – such as employment and improved childcare) “Because the reductions now required to meet the targets are now very large, the investments required in these non-social security interventions will also have to be very large, and as a result social security and the SCP remains cost-effective in comparison.”

- SCP can also directly and quickly make a difference to Scotland's income-based child poverty targets, while other approaches are likely to take longer time to show benefit.

### **Universal v. Targeted Payments**

In the Finance and Public Administration Committee, members discussed the affordability of universal policies, including the decision to slow the roll-out of universal free school meals by targeting the expansion on those in receipt of SCP. The Cabinet Secretary noted that such policies mainly sit outside her portfolio, while commenting that:

“there are reasons for universalism to be in place quite rightly, and there are other policies that should be targeted. The Government has no plans to take away benefits or entitlements from people. [...] The cost of living crisis impacts on many people that aren't caught by poverty measures, and it's important that they know [...] that the government is not going to take anything away from them.” ([FPA Committee, 16 September, 12.22 pm](#)).

In this Committee on 18 September, Adam Stachura described the difficulties in targeting benefits effectively when he discussed policy changes to the Winter Fuel Payment. He considered that the danger of targeting is:

“we can miss huge numbers of people who need something by drawing sometimes quite draconian lines about where that line is.

[...]

We don't actually have the right mechanisms at times to work out who is the most needy. Over the last year or so I've found it very hard to get an assessment from politicians, government or others about where is the line of need. I think everyone's circumstances are very different [...] I don't think we have sophisticated means to determine who is needy or not.” (SJSS Committee, 18 September, 09.53am).

### **Members may wish to discuss:**

- 6. Is it worth looking again at how a greater proportion of the total spending on Scottish Child Payment might be directed to those in relative poverty?**
- 7. The Scottish Government has a mix of universal and targeted benefits and policies. What is the underlying rationale for which are universal and which are targeted?**

### **Theme 5: Disability benefit caseload**

The UK-wide disability caseload has increased since around 2021-22.

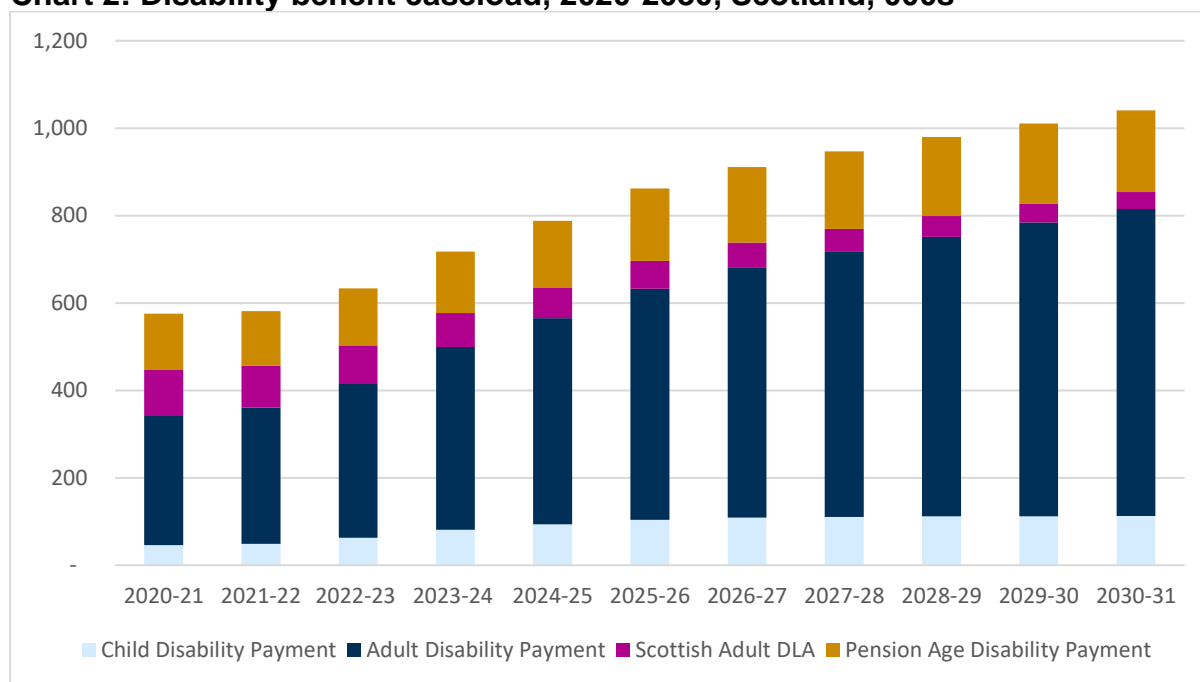
Over the ten years from 2020 to 2030 the number of people of all ages on the main disability benefits is forecast to increase by 81%. In 2020, there were around

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%
<b>total</b>	<b>575</b>	<b>862</b>	<b>1,041</b>	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

The Committee heard on 4 and 11 September that the reasons for increase 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.

The [IFS Report - The role of changing health in rising health-related benefit claims](#) states that:

“There has been a lively debate about the underlying causes for the rising number of people claiming health-related benefits and out of work due to ill health. Three potential causes have been most discussed: first, a long-run worsening in health potentially partly related to the COVID-19 pandemic; second, falling real incomes due to rising energy prices in 2022; and third, the nature of the UK’s welfare state, and specifically the benefit system.”

The report finds: “compelling evidence that mental health has worsened since the pandemic”, but that; “On physical health, the evidence is less clear, with the surveys giving a mixed picture.” The report concludes that:

“At a minimum, the evidence is certainly not there to rule out deteriorating health as a contributing factor to the rise in people claiming health-related benefits”

The Audit Scotland report on ADP describes how the census showed a steady increase in the proportion of the Scottish population reporting long-term ill-health from 18.7% in 2011 to 21.4% in 2022.

In Scotland there is the additional influence of Scottish Government policy on ADP which was always expected to result in higher caseload and spend.

The [Scottish Fiscal Commission in their August 2025 update](#) link the faster rise in Scotland to the Scottish Government’s approach to delivery.

“we think the larger increase in caseload in Scotland is the result of the Scottish Government’s approach to delivering the payment. This approach includes support for people through the application process, increased promotion of the payment to increase take-up, and the process for award reviews resulting in a smaller share of people no longer receiving the payment.”

### **Reviews: receiving payments for longer**

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

“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.”

On 4 September Edel Harris discussed her recommendation that review periods should be longer, although she noted that

“the maximum review period, which I think is currently 10 years, is being used in many cases” ([SJSS Committee 11 September, col 25](#)).

The Financial Sustainability Delivery Plan stated that practice on reviews would be looked at to ensure the policy was operating as intended. On 16 September David Wallace informed the Finance and Public Administration Committee that Social Security Scotland had looked at decision making in reviews and was satisfied that the right decisions were being made:

“There is nothing we are currently seeing that would cause us concern about the quality of reviews. [...] We believe that review process is robust.” ([FPA Committee, 16 September, 12.43am](#))

**Members may wish to discuss:**

- 8. What is the Scottish Government doing to get a clear understanding of the drivers of increasing numbers of people receiving disability benefits? How is that work helping to inform policy?**
- 9. To what extent can Scottish Government policies aimed at improving population health slow the growth in the number of people needing support through disability benefits?**

**Theme 6: 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 on 11 and 18 September. For example, Chris Birt (JRF) said:

“The child poverty targets were unanimously agreed by parliament. [...] I don’t know how we thought the targets would be met without significant additional public investment.” ([SJSS Committee, 11 September, col 14](#))

Witnesses have suggested:

- Increasing the SCP
- Increasing Carer Support Payment and extending eligibility
- Introducing a Minimum Income Guarantee
- Considering whether ADP meets the extra costs of disability

- Supporting people into work

Witnesses on 11 and 18 September considered that there was considerable scope to reform tax to increase revenue. For example, Allan Faulds (the ALLIANCE), told the Committee that:

“If the Government fully recognised that there are financial difficulties at the moment perhaps it should not do things like straightjacket itself with the commitment in the tax strategy not to touch income tax for the rest of this term. Perhaps it should finally make some serious progress on reform to local taxation.” (SJSS Committee, 18 September, 10.06am).

The Committee heard similar views from witnesses on 11 September. For example, Emma Jackson (Citizen Advice Scotland) referred to work by Tax Justice Scotland and said:

“We need to look at using every other possible lever to raise further revenue. Taxation is a vital tool for tackling inequality, and opportunities exist – they might be difficult, but they exist – to look at wealth and land taxes.” ([SJSS Committee, 11 September, col 16](#)).

Professor 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 cannot change it overnight or tomorrow, but we can change it. [...] We could look at it in a way that reduces the burden on low-income families, which would have a positive impact on poverty, or we could look at it in a way that would increase the spending power of the Scottish Government and local government. Those are things that we have to take on.” (SJSS Committee, 11 September, col 15)

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, 4 September, col 25](#))

**Members may wish to discuss:**

- 10. The Committee has heard calls for substantial extra investment in social security and that there is scope to fund this through the tax system. What is the Cabinet Secretary’s response?**
- 11. This Committee has heard from stakeholders that disability and carer benefits do not adequately reflect the extra costs of being disabled nor the value to the economy of unpaid care. In the long term, should we**

**aim to increase benefits to fully reflect these costs, or do we need to think differently about the purpose of these benefits?**

## **Theme 7: UK Government influence on devolved social security**

### **Changes to social security BGA**

The Social Security 'BGAs' change in proportion to changes in spending on disability, carer and winter heating benefits in England and Wales. BGAs are not 'ring-fenced' to be spent on social security but are added to the Scottish block grant as a whole.

The Cabinet Secretary told the Finance and Public Administration Committee on 16 September that:

"By 2029-39 our additional investment is projected to be just less than 3.5% of the total Scottish government resource budget an increase of under 1% compared to the current financial year." ([FPA Committee, 16 September 11.12 am](#))

Recent changes to UK policy on winter fuel led to around £150m being deducted from the Winter Fuel Payment BGA at short notice in 2024.

The proposed changes to PIP would have resulted in the social security BGAs being £12m lower than previously forecast in 2026-27, and £440m lower than forecast in 2029-30.

The deduction of £440m in 2029-30 is around 5% of the forecast £8,825m social security spend that year, and under 1% of the total estimated resource budget of £61,723m that year.

The PIP changes are no longer going ahead, which significantly improves the funding position for social security in 2029-30. We won't know the official position until the BGAs are re-calculated at the UK budget, but it is likely that, without PIP reform, the difference between PIP BGA and ADP spend will not increase significantly after 2026-27. This may change depending on the outcome of Sir Stephen Timm's PIP review and the Scottish Government response to Edel Harris's recommendations on ADP.

### **Changes affecting passporting**

The UK Government is planning to [abolish the Work Capability Assessment in 2028](#) and make receipt of PIP the criteria for the Universal Credit 'health element'. This raises the question of whether ADP in Scotland will be the gateway to the Universal Credit 'health element'. To date, PIP and ADP have been treated as equivalent.

Sir Stephen Timms is currently reviewing PIP and is due to report to the UK Government by autumn 2026. The [terms of reference](#) focus on:

- The PIP assessment and the assessment criteria

- Whether other evidence should be considered alongside the functional assessment
- How PIP assessment could provide fair access to the right support at the right level across the benefits system
- The role of the assessment in unlocking wider support

**Members may wish to discuss:**

- 12. Do you expect all changes to social security BGAs to be applied to the social security budget, or can ‘shocks’ – such as the impact of policy change on PIP – be made more affordable by being distributed across the Scottish resource budget as a whole?**
- 13. What discussion is the Scottish Government having with Sir Stephen Timms on the potential impact of his PIP review on devolved social security?**

**Camilla Kidner, Senior Researcher,**

**SPICe, Date: 19 September 2025**

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