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An t-Ionad Fiosrachaidh

Social Justice and Social Security Committee

**24th Meeting, 2022 (Session 6), Thursday,
29 September**

Budget Savings and Reductions 2022-23

Introduction

On 7 September, [John Swinney announced](#) £500m in-year cuts to the 2022-23 budget. Some of these are relevant to this Committee's remit. (Background on the broader financial and economic context is available in the background section to this week's other themes paper)

The Committee will hear from:

- John Swinney, MSP, Deputy First Minister and Cabinet Secretary for Covid Recovery

The Committee has [asked for further detail](#) which at time of writing has yet to be received. This paper focuses on the following four items:

- £53 million cut to employability.
- £37.6 million cut to concessionary travel due to lower than forecast take-up and fares.
- £82 million "consequentials" from UK government spring 2022 cost of living announcements.
- £3million cut to Education Maintenance Allowance

Suggested themes for discussion

The following suggests 4 themes for discussion.

- **Theme 1: Employability**
- **Theme 2: Education Maintenance Allowance**
- **Theme 3: Concessionary Fares and Rail Fares**
- **Theme 4: Child Poverty ‘consequentials’**

THEME 1: Employability

Employability is a budget line within the Finance and Economy portfolio. The table below sets out the detail at [level 4](#), showing the changes between 2021-22 and 2022-23. The 2022-23 budget was £125m – up from £56m in 2021-22. Within that, Employability and workforce skills increased £72m from £15m to £87m. This was due to:

“Allocation uplift to deliver additional Manifesto commitments such as the Young Person’s Guarantee.”

Employability is now being cut by £53m – in effect reversing most of that uplift.

Table 1: Employability budget 2022-23 as at December 2021. Level 4

	2021-22	2022-23	What it includes
Employability and workforce skills	15.062	86.785	This budget represents a continuation of investment in a wide range of employability services such as No One Left Behind; Parental Employability Support Fund; Discovering Your Potential and the Flexible Workforce Development Fund. In addition, support delivery of new Manifesto commitments such as the Young Person’s Guarantee. Allocation uplift to deliver additional Manifesto commitments such as the Young Person’s Guarantee.
Employability Fair Start Scotland	34.067	30.953	This budget funds the delivery of Fair Start Scotland services, providing person-centred support for people further from the labour market, including disabled people, those with long term health conditions, from minority ethnic communities and with other barriers to moving towards and into fair and sustained work.

			Reduction to reflect revised forecasts from Scottish Fiscal Commission for Fair Start Scotland.
Fair Work	6,952	6.846	This budget represents a substantial continuing investment to support the delivery of fair work actions, a living wage nation and the women returners programme. No material change. Savings have been made within budget from closing completed actions and merging some activities to enable continued support for core commitments.
Total	56.081	124.584	

Child Poverty Delivery Plan and Employability

Employability is a key theme in the child poverty delivery strategy '[Best Start Bright Futures](#)' published in March. That set out the following allocations for 2022-23.

- Up to £81 million to deliver a new employability offer to parents, including keyworker, upskilling and supported opportunities
- Up to £2 million to deliver a new Challenge Fund, to test out new approaches to supporting parents into work
- Up to £15 million to deliver a new Parental Transition Fund to tackle financial barriers to entering the labour market, particularly in the initial period of employment
- £13 million for the Summer 2022 holiday programme and initial investment to support development of school age childcare
- £1.5 million of resource for Connecting Scotland, capital resources will be confirmed later in 2022
- Up to £800,000 to work with employers to reduce labour market barriers and address inequalities for disabled workers, minority ethnic workers, women and the over 50s workforce
- Up to £1 million to support women who have taken a break from paid work back into jobs that match their skills and experience

[Audit Scotland's briefing](#) on child poverty last week stated:

“The significant increase in investment in employability support for parents originally announced in the second delivery plan was universally welcomed. However, this spending was subsequently reduced in the emergency budget review statement on 7 September 2022. Spending on employability could support a more preventative approach.”

Alison Hosie (SHRC) made a similar point in last week's meeting saying: "removing that employability support is removing a poverty prevention lever" ([22 September, 9.15 am](#)).

However the impact is difficult to assess as little detail is available. Sara Cowan (SWBG) told the Committee last week that:

"the key concern is that there hasn't been information about the analysis that's been conducted by government in making that choice to cut the employability budget. We would really welcome seeing that analysis" (9.13 am)

Paul Bradley (SCVO) noted that at the time the shift to Local Employability Partnerships was announced, SCVO were concerned that they weren't ready to deliver that level of support. He said:

"I don't know whether that has transpired or not, but I wonder if there is a question around whether progress on that shift to No-one Left Behind and Local Employability Partnerships has been slower than was expected and therefore potentially the saving could be made" (10.55 am)

When the Committee took evidence on Best Start Bright Futures in April, witnesses welcomed the emphasis on employability but stressed the need to move quickly on implementing it. Philip Whyte (IPPR) said:

"We need to see more detail in the delivery plan—not least around employability schemes. We need to get the schemes—benefits, payments and services in kind—out to the families who will benefit, at the scale and pace that those families need." ([SJSS committee Official Report, 21 April 2022 col. 36](#))

Members may wish to discuss:

1. **What is the impact of the £53m employability cut on the plans set out in Best Start Bright Futures?**
2. **Has the Scottish Government done an equalities impact assessment of the cut to employability? If so, can you share this with the Committee?**
3. **Is the cut due to policies taking longer to implement? If so, why has there been a delay?**
4. **Will the budget be re-instated in full in 2023-24?**

THEME 2: Education Maintenance Allowance

The Education Maintenance Allowance is a £30 weekly payment to 16 to 19 year olds with [family incomes of](#) £24,421 or less (£26,884 for families with more than one dependent child).

The EMA budget is being cut by £3 million with the explanation that:

"EMA is a demand-led programme and fluctuates from year to year - saving is predicated on lower forecast demand. No change to qualification criteria.

Total spend on EMA in 2020-21 was £22.1 million. The budget in both 2021-22 and 2022-23 was £25 million.

[Recent statistics](#) estimated that around 15.2% of all Scottish young people aged 16-18 were in receipt of EMA in 2020-21. The proportion has been decreasing since 2016-17, when it was around 18.7% of the 16-18 population.

The Scottish Commission on Social Security have recommended that EMA could act as a ‘follow-on’ payment from the Scottish Child Payment.

“The number of young people receiving an EMA has been declining and take up, at least amongst college students, has been low. Pressure on families to meet basic needs could divert use of the EMA away from its purpose as a support for young people to overcome financial barriers to participating and succeeding in education. SCoSS notes that the £30 value of the EMA has not increased since its introduction in 2004. A review of the EMA, its value, its use and its alignment as a potential follow-on payment to Scottish Child Payment may be timely.”

“Recommendation 6: The Scottish Government should consider what else it can do to actively help families transition from Scottish Child Payment to an Education Maintenance Allowance at age 16.

(SCOSS report on Best Start Foods, Best Start Grants and Scottish Child Payment (Miscellaneous Amendment) Regulations 2022, circulated to members 22 June 2022)

The Scottish Government replied on 21 September saying:

“Whilst we cannot guarantee that all 16 year olds who age out of Scottish Child Payment will be eligible for Education Maintenance Allowance (EMA) we have considered the likelihood that those turning 16 may transition onto EMA and are working to ensure relevant signposting is in place. We are also developing an insight driven communication and engagement plan, which will be a live document continuously reviewed and updated, ahead of the roll out.

We have included an objective in our communication strategy to raise awareness of EMA as a form of support for those ageing out of Scottish Child Payment at age 16. We are currently working on the best approach to achieve this objective. EMA is currently promoted in schools as well as online and via local authority websites. We are working to ensure that any promotion of Scottish Child Payment in schools is conscious of the links to EMA and complements any existing engagement already carried out.”

(Scottish Government reply to SCOSS report on what are now titled [The Miscellaneous Amendment and Transitional Provision \(Scotland\) Regulations 2022](#). Reply circulated to members 21 September 2022.)

[Best Start Bright Futures](#) included the EMA amongst a list of measures tackling the ‘cost of the school day’ (p.60).

Members may wish to discuss

5. **Before making this budget cut to the EMA, did the Scottish Government do any analysis of why the number of young people receiving EMA has fallen in recent years?**
6. **Is cutting the EMA budget consistent with trying to improve take-up amongst those moving on from Scottish Child Payment?**

THEME 3: Concessionary fares and transport costs

Funding for concessionary fares is being cut by £37.6 million with the explanation that:

“Forecast reduction in patronage numbers and fare levels. Risk based forecasting approach. No impact on eligibility.”

The Concessionary fares schemes provide free bus travel to young people under 22, people aged 60+, and disabled people.

The £306 million budget for concessionary travel was included as a policy helping to reduce household costs in the [£3 billion “cost of living support”](#) . £110m of this was for the youth scheme.

[Transport Scotland reported in September 2022](#) that around 21 million journeys had been made under the scheme since January 2022, significantly lower than the 88 million who were estimated to be eligible before the scheme was introduced. [The BRIA to the order](#) which introduced the scheme in its current form stated—

“Transport Scotland estimates the total annual journeys made by all under 22 year olds who will be eligible for free travel when the scheme launches will be in the region of 88 million, with an estimated total annual cost of around £130 million. This estimate is lower than expected normal annual costs as it takes into account the anticipated continuing impact of Covid-19 on the transport sector in the next year. Costs are likely to be as high as £160 million per annum once bus patronage returns to, or exceeds pre-Covid levels.”

A new marketing campaign is being launched to encourage greater uptake.

Last week the Committee heard concerns that lower take-up may be linked to difficulties accessing the scheme. Morag Treanor (Poverty and Inequality Commission) was concerned that:

“many people have not been able to apply for it – particularly people in poverty and deprivation who do not have the required documentation [...] If the reduced forecast demand is due to the people who need it most not being able to access it, then we would be deeply concerned about that.” (11.00am)

Rail Fares Frozen

At Committee last week, Sara Cowan (Scottish Women's budget Group) contrasted the decision to cut the concessionary travel budget with the decision to freeze rail fares until March. The decision on rail fares mirrors the UK Government announcement that rail fares will not be increased until March 2023. The UK Government has also announced that the [increase in March be below inflation](#). Rail fares normally increase in January by the rate of RPI the previous July. In [July 2022 RPI was 12.3%](#). For further background on UK government policy see [House of Commons Library](#).

Members may wish to discuss:

- 7. Which elements of the concessionary travel schemes have lower than expected take-up and why?**
- 8. Before cutting the concessionary travel budget, did the Scottish Government analyse which groups would be most impacted by the decision?**
- 9. What is the Scottish Government doing to make it easier to apply for the new youth concessionary travel scheme?**
- 10. Both the UK and Scottish Governments are freezing rail fares until March 2023. Did that UK decision result in any increase to the Scottish budget?**

THEME 4: Cost of living consequentials and child poverty

The budget cuts include £82m "consequentials", with the following explanation;

"Utilisation of funding provided by the UKG as part of cost of living announcements in spring 2022 on child poverty action plan."

At time of writing it is not clear what this refers to. However, in June, when discussing the spending review, there was some discussion about unallocated Barnett consequentials. Miles Briggs MSP asked Kate Forbes about:

"£41 million that the Scottish Government received from the UK Government to alleviate the cost of living crisis has not been allocated" (SJSS Committee 23 June 2022)

In reply [Kate Forbes told the Committee](#) that: "every single penny that is for cost of living measures will go on cost of living measures." Although she also noted that: "pay is one of our direct cost of living measures."

The '[Household support fund](#)' was established in England in September 2021 as a £500m support fund to help vulnerable households with essentials over winter. The initial funding covered October 2021 to end March 2022. On 23 March the fund was extended to 30 September 2022. The Scottish Government received £41m Barnett Consequentials from this announcement.

Members may wish to discuss:

11. How was the £82m 'consequentials' going to be used before it was cut?

12. Did it include the £41m consequentials received as a result of increases to the Household Support Fund?

13. What other UK policy consequentials did it include?

Camilla Kidner

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23 September 2022