What	Supporting households with cost-of-living pressures and rising energy bills - Debate
When	11 March 2025, 14:20 – 17:00
Key messages	• We will continue to protect people across Scotland as far as possible from the harm inflicted by UK Government policies and the ongoing cost of living crisis. • In November, we announced an additional £41 million of support for people with their energy costs, which included additional investment in our Scottish Welfare Fund. • The 25-26 budget will deliver almost £64 billion of funding to protect the policies at the heart of our social contract. • The budget includes providing universal support to pensioners from next winter, through Pension Age Winter Heating Payments – support not available anywhere else in the UK. • The latest price cap rise underlines how vital it is that the UK Government acts provide people with support and deliver on its promise to reduce energy bills by £300.
Official support	section s.38 (1)(b) (personal information) Team Leader, Mob: section s.38 (1)(b) (personal information) section s.38 (1)(b) (personal information) Senior Policy Officer, Mob: section s.38 (1)(b) (personal information) section s.38 (1)(b) (personal information) Policy Officer, Mob: section s.38 (1)(b) (personal information)
Comms Activity	A draft news release, which will include announcement of Wise Group funding will be issued to Special Advisers
Briefing contents	

ANNEX A

[ANNEX A] SPEAKING NOTES

Attached separately:

- Opening speech – Cabinet Secretary for Social Justice – approx. 11.5 mins
- Closing speech – Cabinet Secretary for Net Zero and Energy – approx. 7 mins

ANNEX B

[ANNEX B] MOTION

That the Parliament notes that Ofgem's energy price cap has soared to £1849 for the average household; recognises that this will compound cost of living pressures for households across Scotland; welcomes the Scottish Government's action through significant investment in the recently passed Budget Bill, including delivering pensioner winter fuel payments; highlights additional investment of £41m in winter 24-25, expanding crisis support intervention, together with long-term, sustainable measures through our energy efficiency programme; believes that reforming energy markets and harnessing Scotland's renewable potential will bolster energy security and independence and, in turn, reduce consumer bills; and calls on the UK Government to make urgent progress on delivering its commitment to reduce bills by £300, against which no progress has yet been made.

ANNEX C

[ANNEX C] TOP LINES

Scotland continues to face a cost of living crisis. Inflation has disproportionately hurt the most vulnerable in society and heaped more pressure onto our public services.

KEY ASKS OF THE UKG
We have consistently called for the UK Government to provide additional support to people with the cost of living crisis, including:
- Delivering a social energy tariff providing automatic targeted bill support to those who need it most.
- Reform of the GB energy markets, which is critical to addressing the root causes of fuel poverty in Scotland.
- Delivering the promised review of Universal Credit, addressing punitive caps and limits, and making progress towards an Essentials Guarantee.
- Reversing their approach on the ‘bedroom tax’, Benefit Cap and shortfalls in Local Housing Allowance rates, where we are spending £90.5 million to mitigate the impact of these policies.

SG INVESTMENT / MITIGATION
We will continue to protect people across Scotland as far as possible from the harm inflicted by UK Government policies and the ongoing cost of living crisis.
- As a government, we have spent around £1.2 billion mitigating the impacts of 14 years of UK Government policy such as the bedroom tax and benefit cap.
- This includes almost £154m this year through activities such as our Discretionary Housing Payments and the Scottish Welfare Fund – which we have increased by a further £20m in winter 24/25.
- In 2025-26, we have set out plans to spend £210m, a rise of £56m – which includes spending £70m above the funding received from the UK Government for social security to mitigate against the Winter Fuel Payment cut.

ENERGY COSTS
The latest price cap underlines how vital it is that the UK Government acts now to ensure people are provided with support, especially after promising that energy bills would come down by £300
- Ofgem confirms price cap increase of 6.4% (£111 per year to around £1849) will take effect from April to June 2025.
- Stakeholder reaction to the increase:
    - “urgent need for reform so that affordability support reaches those who need it.” [Consumer Scotland]
    - “introducing a social tariff would provide desperately needed support and reform a market that fails to provide affordable energy to people living on low incomes” [Citizens Advice Scotland]

FUEL POVERTY
Scottish Government analysts have assessed the impact of changes in energy prices on fuel poverty rates in Scotland, by applying 2019 energy prices to the 2023 Scottish House Condition Survey data.
- Average weighted energy prices have almost doubled between 2019 and 2023 (increasing by 96%).

<u>If energy prices returned to 2019 levels, then there would have been 389,000 fewer households in fuel poverty in Scotland in 2023. It would have meant 19% of dwellings were in fuel poverty, instead of the 34% thanks to the rise in energy prices.</u>

- Similarly, if energy prices returned to 2019 levels, then there would have been 308,000 fewer households in extreme fuel poverty in Scotland in 2023. It would mean 7% of dwellings in extreme fuel poverty, instead of the 19.4% thanks to the rise in energy prices.

<u>High energy prices continue to be the single greatest driver of fuel poverty.</u>

- We continue to progress actions within our devolved powers towards raising household incomes and improving energy efficiency.
- The fundamental fiscal and policy levers to make a real difference remain with the UK Government.

2025-26 BUDGET

<u>We have delivered and passed a Budget that is set in the mainstream of Scottish public opinion. It includes:</u>

- Measures to protect business from a challenging trading environment.
- A real terms increase in local government funding to better support local services.
- Investment to reform and improve the National Health Service.
- A significant boost to housing investment and capital projects that will stimulate growth.
- Further steps to eradicate child poverty and create the best foundations for our next generation.
- Investment in the clean, green opportunities of a Just Transition.

<u>We have worked in good faith with opposition parties to deliver a Budget that ensured the support of a majority of this parliament.</u>

- The Scottish Parliament voted to pass the Budget on Tuesday 25 February, which will enable the additional investment in our public services that the Scottish people expect.
- The Bill will now begin the Royal Assent process and we expect the new Act will be in place on 1 April 2025.
- I welcome the cross-party engagement and support, which meant that we delivered Budget by Scotland for Scotland. It is through this compromise that we are delivering spending plans that will most effectively strengthen services and support Scotland’s communities.

<u>Delivering for Scotland</u>

- This is a Budget by Scotland, for Scotland – focusing on delivering progress, and laying the foundations for Scotland’s long-term success.
- It is a Budget for delivery – directly addressing the issues people are concerned about.
- It is a Budget for hope – building on the positive change we’ve delivered for Scotland, creating more jobs, and putting more money in people’s pockets.
- This Budget will protect and build on the substantial investments that this Government has already delivered for the people of Scotland.
- In total, this budget will deliver almost £64 billion of funding in 2025-26, ensuring that we continue to protect the policies at the heart of our social contract.
- This Budget focuses resource across the four priorities set out in the Programme for Government:
    - eradicating child poverty;

  - growing the economy;
  - tackling the climate emergency; and
  - ensuring high quality and sustainable public services.

- This Budget protects the social contract at the heart of this Government's approach:
  - continuing free prescriptions;
  - ensuring that no Scottish student pays tuition fees; and
  - provide access to free bus travel for almost 2.3 million people.

- This Budget will continue to deliver a social security system based on dignity and respect and an NHS free at the point of use. It will also go further, renewing and reinvesting in Scotland.

Challenge to Public Finances

- This Budget is set against continued and unprecedented challenges to public finances. This Government has been clear that the extent of challenges will not be addressed in a single year.
- The UK Autumn Budget was a step in the right direction. Whilst the additional funding received is welcome, the block grant position represents only a 1% increase in real terms for resource (around £400 million) and a 7% increase in real terms for capital (around £527 million).
- As always, this government will balance the Scottish Budget as we have always done, while delivering the investment that Scotland needs.

ANNEX D

[ANNEX D] CHILD POVERTY / SG ACTION TO TACKLE POVERTY AND THE COST OF LIVING

TOP LINES

Eradicating child poverty in Scotland is a national mission and the top priority of the Scottish Government.

- Modelling published in February 2024 estimates that this Government's policies will keep 100,000 children out of relative poverty in 2024-25, with relative poverty levels 10 percentage points lower than they would have otherwise been.
- This includes keeping an estimated 60,000 children out of relative poverty this year through investment in our Scottish Child Payment.
- We will continue to do all we can within our powers and will leave no stone unturned across government as we seek to end child poverty.
- Only with the full economic and fiscal powers of an independent nation can we use all levers other governments have to tackle inequalities, however this will not stop this government from taking all the action we can towards our goal now.

CALLS FOR UKG ACTION / COMPARISONS TO SCOTLAND

The Joseph Rowntree Foundation are clear that only Scotland is expected to see child poverty rates fall by 2029. If the rest of the UK were to see the same reduction 800,000 fewer children would be in poverty.

- It is very welcome to see that child poverty rates in Scotland are expected to fall, thanks in part to measures like our Scottish Child Payment, bucking the trend across the UK, but we are in no doubt that there is still much more to do.
- The UK Poverty 2025 report should act as a wake-up call for the UK Government and shows them exactly what they need to do to support our efforts to end child poverty – including abolishing the two-child limit and delivering progress toward an Essentials Guarantee, which we have repeatedly called on them to do.
- JRF estimate that delivering an Essentials Guarantee could lift 140,000 people in Scotland out of poverty this year, including around 30,000 children.
- Paul Kissack, Chief Executive of the Joseph Rowntree Foundation is clear: [**QUOTE]** *"Policy action must start with the system designed to help people meet their costs of living – social security. At the moment that system is not only failing to do its job but, worse, actively pushing some people into deeper poverty, through cruel limits and caps." [NR 29 Jan]*

The Resolution Foundation estimate that a comprehensive UK child poverty strategy – with action comparable in scale to that of the Scottish Government - could lift 900,000 children out of poverty across the UK by 2029.

- The Foundation's 'Turning the Tide' briefing published last month warns that current economic forecasts and welfare cuts risk 4.6 million living in poverty by the end of the decade – the most ever recorded.
- As Adam Corlett, Principal Economist at the Resolution Foundation, made clear **[QUOTE]** "*A Government that is serious about reducing child poverty will need to undo some of the policies announced by previous governments, such as scrapping the two-child limit.*" [NR, 26 Feb]

CHILD POVERTY INVESTMENT

The Scottish Budget for 2025-26 outlines wide-ranging investment, balanced across the drivers of poverty reduction, to deliver progress on our national mission to eradicate child poverty. This includes:

- £3 million to develop the systems to deliver the mitigation of the two-child cap.
- Investing £768 million to boost delivery of the Affordable Housing Supply Programme in 2025-26 and helping tackle the housing emergency. This fully restores funding and exceeds 2023-24 levels by over £15 million.
- £37m to deliver the expansion of free school meals programme to those in receipt of Scottish Child Payment in Primaries 6 and 7 - helping provide healthy and nutritious meals to around 25,000 children.
- A further £14.3m to support the school clothing grant – meeting our commitment to increase funding by inflation and increasing this vital support for eligible families to at least £120 for primary school pupils and £150 for secondary school pupils.
- Up to £90m for the delivery of devolved employability services, including specific funding to continue supporting parents to enter employment, and embed child poverty coordinators within local authorities.
- Doubling the budget available to support Fairer Futures Partnerships to £6m, to continue innovative work already underway to ensure families get the help they need, and to explore opportunities to expand this approach to more areas.
- Once again protecting our £50m investment in Whole Family Wellbeing to improve holistic family support so that families get the right support, in the right way and at the right time. Including a multi-year commitment to Children's Services Planning Partnerships that will increase from £32m to £38m in 25-26 and 26-27.
- Continuing to invest around £1 billion per year in delivering 1,140 hours of funded ELC to all eligible children, helping to give them the best start in life, including £9.7m additional funding to local authorities from 2025-26 to increase the pay of childcare workers delivering funded early learning and childcare in private and third sector services to at least the Real Living Wage from next April.
- Investing more to enable the expansion of breakfast clubs across Scotland through our Bright Start Breakfasts fund – to help deliver thousands of new places for primary school children.
- Committing more than £6.9bn for benefits expenditure, almost £1.3bn more than the UK Government gives to the Scottish Government for Social Security. This includes investment of £644 million in our package of benefits and payments only available in Scotland, one of which is the Scottish Child Payment which is forecast to be supporting the families of over 333,000 children in 2025-26.
- Committing to match the UK Government by raising the earnings threshold for Carer Support Payment and Carer's Allowance to £196 from April 2025, which means carers can earn an extra £45 a week whilst receiving these benefits.
- Investing at least £1.5m to continue expanding advice in accessible settings, including community centres and hospitals.
- Investing more than £2.6bn to support public transport and to make our transport system available, affordable and accessible for all. Including providing £415m for concessionary bus travel, providing access to free bus travel for 2.3 million people in Scotland and to extend free bus travel to asylum seekers; and allocating £3m for a £2 bus fare cap pilot.

BREAKDOWN OF COST OF LIVING INVESTMENT

The Scottish Government recognises the pressure on household budgets which is why the 2025-26 budget continues to allocate over £3bn a year to policies which tackle poverty and the cost of living. This includes:

- Delivering the game-changing Scottish Child Payment, which is forecast to be supporting the families of over 330,000 children in 2025-26.
- Providing high quality funded early learning and childcare to all three and four year olds and eligible two year olds. If families paid for this offer themselves, it would cost them on average more than £5,500 per eligible child per year.
- Providing free bus travel for 2.3 million people, including all children and young people under 22, disabled people and everyone age 60 and over.
- Offering free school meals to all 277,632 pupils [2023] in P1 to 5 and in special schools, saving families taking those meals around £400 per year per child.
- Delivering Five Family Payments, including SCP which could be worth over £10,000 by the time an eligible child turns 6 and around £25,000 by the time an eligible child turns 16. This compares to less than £2,000 for eligible families in England & Wales, where support ends when an eligible child turns 4.
- Replacing DWP's Cold Weather Payment with our Winter Heating Payment, providing a reliable annual payment, forecast to support around 473,000 low-income individuals with their heating expenses in winter 2025-26.
- Helping to mitigate the additional heating costs that the households of the most severely disabled children and young people face in the winter months through an annual payment of Child Winter Heating Payment, which is forecast to support over 46,000 people in Winter 2025-26.
- Investing a further £20 million into the Scottish Welfare Fund in 2024/25 to enable councils to provide more vital support to people in crisis. We are also delivering improvements to the delivery and administration of the Fund following the publication of the SWF Action Plan.
- Continuing to invest in Discretionary Housing Payments with £90.5m being made available in 2024/25, an increase of £6.8m from 2023/24, with £74.8m of this going towards fully mitigating the bedroom tax, helping over 94,000 households in Scotland sustain their tenancies
- Providing funding to local government in excess of £350m to deliver the Council Tax Reduction Scheme, ensuring over 450,000 households receive some level of Council Tax Reduction and on average recipients save over £850 a year.
- Making over 1.1 million Carer's Allowance Supplement payments totalling over £300m to over 164,000 Scottish carers since the Supplement's launch in 2018.
- By the end of this year, carers continuously in receipt of Carer's Allowance Supplement will have received over £3,800 above Carer's Allowance since its introduction.

Breakdown of Cost of Living mitigation expenditure – December 2025

Table 1 - Breakdown of forecast expenditure being made to a range of measures which will help mitigate the impacts of the cost of living crisis on households. Final budgets are subject to change.

Note: Policies marked in green are only available in Scotland and those in amber are more generous in Scotland than in the rest of the United Kingdom.

Policy[1]	22/23 resource (£m)	23/24 resource (£m)	Forecast 24/25 resource (£m)	Forecast 25/26 resource (£m)
Access to Free Period Products	6.5	6.5	6.1[2]	6.1[3]
Baby Box	9.0	9.0	6.0	7.9
Best Start Foods	12.6	12.7	15.8	19.3
Best Start Grant	20.8	21.3	20.4	21.4
Bridging Payments (incl. admin)	75.0	-	-	-
Carer's Allowance Supplement	43.9	48.1	53.9	62.0
Child Winter Heating Payment	5.7	7.7	10.2	11.9
Concessionary travel	270.2	362.2	370.0	414.5
Cost-of-living payment or council tax credit (£150)	280.0	-	-	-
Council Tax Freeze	-	-	147.0	-
Council Tax Reduction	351.0	351.0	351.0	351
Discretionary Housing Payments	84.1	83.7	90.5	97.1[4]
Free NHS-funded eye examinations, and NHS optical vouchers etc[5]	111.3	124.9	134.6	133.7
Free Prescriptions	57.0	57.0	57.0	57.0
Dental Examinations[6]	43.0	43.0	51.0	51
Free school meals (universal provision to P4 and P5 and special schools)	42.2	42.2	42.2	42.2
Free School Meals, SCP alignment for P6 & P7	-	-	-	37.0
Free school meals - holiday support for eligible families	21.75	21.75	21.75	21.75

[1] Social Security benefits expenditure forecasts reflect the Scottish Fiscal Commission's December 2023 publication, with the exception of Job Start Payment and Young Carer Grant which are forecast internally by the Scottish Government.
[2] £4.9m of this budget line has been baselined into local authority budgets
[3] £4.9m of this budget line has been baselined into local authority budgets with the remaining £1.2m baselined into budgets for colleges and universities
[4] An additional £2.2m will be made available to local authorities for administration of the DHP scheme.
[5] Free universal NHS-funded eye examinations are unique to Scotland. NHS eye examination and optical voucher expenditure is demand led. 2022/23 and 2023/24 figures are the final expenditure. The 2024/25 figure reflects the latest end year expenditure forecast as of 5 December 2024. The 2025/26 figure reflects the current budget for this expenditure as determined via the Draft Budget 2025/26 published on 4 December 2024.
[6] NHS dental service reform has now been in place for over a year (1 November 2023 implementation). The enhanced examination fee and new review examination deliver improved fee prices for dentist to provide access to care. Spending on examinations is subject to demand led effects and is subject to change through annual pay award.

Fuel Insecurity Fund	20.0	30.0	-	-
Funded Early Learning and Childcare[7]	1,006.0	996.5	996.5	1,000.0
Funeral Support Payment	9.8	13.2	12.9	13.9
Heat, Energy Efficiency and Fuel Poverty measures	161.0	161.0	191.0[8]	236.0[9]
Islands Cost Crisis Emergency Fund	1.4	1	1	1
Job Start Payment	0.2	0.3	0.3	0.3
School Clothing Grant	11.8	13.0	13.9	14.2
School Meal Debt	-	1.5	2.8	-
Scottish Child Payment	213.2	429.2	456.0	471.0
Scottish Welfare Fund (incl. administration)	43.5	41.0	61.0[10]	41.0
Summer 2022 Holiday Programme	10.0	4	-	-
Warmer Homes Scotland Top up			20[8]	
Water Charge Reduction Scheme	58.0	61.0	67.0	74.0[11]
Winter Funding for Food Groups	1.8	-	-	-
Pension Age Winter Heating Payment (including universal element)	-	-	32.3	100.6
Winter Heating Payment	19.8	23.4	28.8	28.3
Young Carer Grant	0.8	1.4	1.56	1.6
Total[12]	**2,991.35**	**2,967.55**	**3,262.51**	**3,315.75**

[7] Fully baselined into the General Revenue Grant from 2024-25 onwards.
[8] This includes: Area Based Schemes, Warmer Homes Scotland, Social Housing and Home Energy Scotland grants and loans, but excludes energy efficiency measures for Small and Medium businesses and Public Sector
[9] Provisional figure – based on scheme allocation breakdown not yet approved by Cab Sec NZ or AOs (at Dec 2024). CDEL (not resource). Includes: Area Based Schemes, Warmer Homes Scotland, Social Housing and Home Energy Scotland grants and loans, but excludes energy efficiency measures for Small and Medium businesses and Public Sector.
[10] £20m increase announced by the Cabinet Secretary for Social Justice on 28 November 2024 taking allocation from £65m to £85m. Full budget contained within 'Heat, Energy Efficiency and Fuel Poverty measures' line
[11] The 25/26 value will remain a forecast until the end of the financial year. The scheme is funded by household customers rather than Scottish Government.
[12] The totals would be **£2,975.005** (FY22/23) and **£2,896m** (FY23/24) without NHS optical vouchers. This measure was not included in published table Cost of living support - gov.scot (www.gov.scot)

ANNEX E

[ANNEX E] WISE GROUP

- We are making up to £2.185m to support the Wise Group's relational mentoring programme in 2025/26.
- This builds on previous investment of approx. £5.7m since 2023/24. Initial funding of £5m from the Fuel Insecurity Fund supported the programme's first 18 months of delivery. A further £765k was provided through the TCP Fund to continue supporting delivery until the end of March 2025.
- This initial investment has allowed Wise Group to support over 3,000 households across a range of areas including finance, employment and skills and advocacy.

TOP LINES

- We are making up to £2.185m available in 2025/26 to support the Wise Group's relational mentoring programme across six local authority areas: Glasgow, Inverclyde, North and South Lanarkshire, Renfrewshire and Scottish Borders.
- This ongoing support for the programme will allow Wise Group to support more than 2,000 households, providing vital support to individuals and families across a range of areas; including improving their finances, enhancing their skills and supporting their mental health and wellbeing.
- Mentors act as a key and consistent point of contact for participants for as long as is needed, and act as a bridge between participants and wider services and the community.
- Families are reporting improvements across a range of outcomes including mental health, finance and basic needs, family and childcare support and employment and learning.

Q&A

Q. Why is the programme available only in six areas?

- We have opted to continue funding the Wise Group in the areas in which the programme is already operating, with a view to it more deeply embedding and complimenting other local provision.
- Wise Group has developed relationships with local communities, other providers and the wider public service in these areas and it is important we capitalise on these to maximise the impact of our investment.

ANNEX F

[ANNEX F] ENERGY AFFORDABILITY

Ofgem confirms price cap increase of 6.4% (£111 per year to around £1849) will take effect from April to June 2025.

- With the announcement that price cap will increase on 1 April 2025, we stand ready to work with the UK Government to ensure the Chancellors statement later this month provides support to those that need it the most.
- We continue to engage with the UK Government, Ofgem and the energy industry to advocate for reform that protects vulnerable consumers from price shocks, affordability challenges and ever increasing energy debt.
- The Scottish Government believes that a social tariff mechanism is the best way to ensure that energy consumers are protected against high costs and can afford all of their energy needs.
- The powers to implement a social tariff remain with UK Government and we are committed to working closely with them.

The consultation on Ofgem's zero standing charge option within the price cap suggests that any changes will not fix the fundamental issue with the standing charge system.

- The Scottish Government welcomed Ofgem's original consultation on standing charges given how many people are continuing to struggle with high energy bills.
- Standing charges of over £350 on energy bills not only contributes to higher levels of fuel poverty, but they also undermine energy efficiency improvements.
- Failing to address the unfair cost of standing charges and over-complicating bills is not an effective way of dealing with the ever increasing debt in the system.
- Changes to the price cap must in the end deliver a fairer system where standing charges do not burden consumers who are least able to afford them.

We welcomed Ofgem's consultations on debt standards and debt relief and hope change can be delivered urgently.

- The Scottish Government has long called for support in tackling debt in the energy sector and look forward to considering the proposals in detail.
- Domestic consumer debt is at an all-time high and a large proportion of it will never be repaid.
- We stand ready to work with Ofgem and UK Government to ensure that reform can be implemented as soon as possible to reduce the anxiety experienced by those affected by energy debt.

ANNEX G

[ANNEX G] FUEL POVERTY

As per the latest Scottish House Condition Survey Key Findings, in 2023, 861,000 households (34% of all households) were estimated to be in fuel poverty, of which 491,000 (19.4% of all households) were in extreme fuel poverty.

High energy prices continue to be the single greatest driver of fuel poverty. We continue to progress actions within our devolved powers towards raising household incomes and improving energy efficiency – the fundamental fiscal and policy levers to make a real difference remain with the UK Government.

- In 2023, 56% of Scottish homes were rated as EPC band C or better - an increase of around 3 percentage points from 2022. However, we also know that households in the lowest income bands have the highest rates of fuel poverty.
- However, the recently published Scottish House Condition Survey 2023 key findings, highlight that increases in fuel prices have had the largest impact on the change in fuel poverty rates in Scotland between 2022 and 2023, with the average index price of fuel growing by almost 16% in 2023.

We continue to prioritise support for the most vulnerable households with their energy costs this winter. We have provided an additional £41 million this year, by expanding our crisis support intervention, together with long-term, sustainable measures through our energy efficiency programme.

- We have increased investment in our national fuel poverty scheme - Warmer Homes Scotland - by a further £20 million, to £85 million this year (24/25). This is in addition to our significant ongoing investment in our Area Based Schemes. Both of which are helping households living in or at risk of fuel poverty to improve the warmth of their homes and reduce energy costs.
- Our collective Winter Heating Benefits are forecast to provide £65 million in support this winter. This will directly help 630,000 people with their energy bills, across many low income households as well as families with disabled children and young people, whom often require a higher energy usage in their homes
- This is on top of a further £20 million investment in the Scottish Welfare Fund for 2024-25, supporting those in the greatest financial stress.

We have called for reform of the GB energy markets, which is critical to addressing the root causes of fuel poverty in Scotland.

- We believe that a social tariff mechanism is the best way to ensure that energy consumers are protected against high costs and that their household energy needs are more both affordable and sustainable in the longer-term, reducing the likelihood of building up any energy debt.
- We repeatedly called on the previous UK Government to introduce a social tariff as a means of targeted support for those who need it most. We are pleased to be having more constructive discussions with the new administration on delivering this crucial policy, and have committed to sharing the outputs of our newly established Social Tariff working group.
- We also continue to call on the UK Government to accelerate wholesale electricity market reform and the decoupling of the cost of gas from the price of electricity paid by consumers. This is necessary to support long-term energy affordability and protect consumers from volatile global fossil fuel prices.

ANNEX H

[ANNEX H] WINTER HEATING BENEFITS (inc PAWHP)

PENSION AGE WINTER HEATING PAYMENT

The Scottish Government will provide universal support to pensioners from next winter, through Pension Age Winter Heating Payments, support that is just not available anywhere else in the UK.

- Despite repeated calls on the UK Government to reverse their decision to cut Winter Fuel Payments, which the Scottish Parliament has supported, the UK Government have failed to act.
- Next winter, we are forecast to invest £101 million in our universal Pension Age Winter Heating Payment, supporting 812,000 pensioner households. It is anticipated that the Scottish Government will receive £31 million via the Block Grant Adjustment in 2025/26, which reflects the UK Government's restricted policy.
- That means, once again, we are in a position where the Scottish Government is having to mitigate the impact of the UK Government's damaging decisions on social security policy.
- We recognise that households across the country acutely feel the twin pressures of rising energy costs and the cuts to social security budgets made over many years by successive UK Governments - and now exacerbated by the decision of the UK Government to cut Winter Fuel Payments this winter.
- Next winter, the Scottish Government intends to provide £203.40 or £305.10 to pensioner households in receipt of a relevant low-income benefit, depending on their age. All other pensioner households not receiving a relevant benefit will receive £100.
- This approach ensures that those pensioners in receipt of Pension Credit or other means-tested benefits will receive a higher amount of support, protecting their incomes.
- However, we also recognise that many pensioners who are above the income threshold for Pension Credit are also in need of support. Our universal PAWHP will ensure the provision of support to all pensioner households.

WFP - IMPACT OF UK GOVERNMENT DECISION

The Chancellor's decision was taken without notice despite officials from both governments working closely on the social security programme together.

- The UK Government's approach reduces the Block-Grant Adjustment of the UK's Winter Fuel Payment by £147m in 2024/25, over 80% of the cost of the intended universal benefit, Pension Age Winter Heating Payment.

JUDICIAL REVIEW

I am aware of the petition for Judicial Review in respect of Pension Age Winter Heating Payment. It would not be appropriate to comment on litigation before the courts.

- The regulations for Pension Age Winter Heating Payment laid before Parliament on 25 September were accompanied by published impact assessments, as required by Parliament.

PACKAGE OF SUPPORT FOR WINTER 2024/25

We are committed to using all the levers available to us to support those most in need this winter and are investing a further £20 million in the Scottish Welfare Fund this financial year.

- In Scotland we are proud to have the Scottish Welfare Fund (SWF) which has been providing a lifeline to those most in need since 2013 - there is no national equivalent to the SWF elsewhere in the UK.
- The Scottish Welfare Fund provides crisis support and helps eligible people to establish independent living. As set out in the statutory guidance, factors that may increase vulnerability include frailty and old age.
- The current financial pressures facing many households has shone a spotlight on the need for emergency support. We can be proud that we have a service like the Scottish Welfare Fund in place to provide a lifeline for people in need.
- Through our engagement with councils we know that the fund is under sustained pressure. We said that we would keep the sustainability of the budget under review and would intervene to support those most in need.

WINTER HEATING PAYMENT

The Scottish Government's Winter Heating Payment provides a reliable annual payment to people on low-incomes to help with their heating expenses every winter.

- Winter Heating Payment guarantees everyone eligible will receive a payment every year, rather than the UK Government approach of requiring a sustained period of cold weather, which previously resulted in absolutely no Cold Weather Payments being made to many low income households across Scotland.
- Management information indicates that as of 28 February 2025 over 456,700 Winter Heating Payments had been made to people for this winter, totalling £26.8 million.
- Forecasts indicate we will invest £28 million next winter for Winter Heating Payment, more than tripling the £8.5 million provided on average by the DWP in each of the last seven years prior to its introduction.
- Between February 2023 and October 2024, over 851,000 Winter Heating Payments have been issued in total, an investment of £44.9 million.
- In recognition of the pressure on household budgets, we have consistently uprated Winter Heating Payment each year since it's introduction and intend to uprate this by 1.7% ahead of winter 2025/26 to £59.75.

WINTER HEATING PAYMENT – PAYMENT TIMING

- Payments for this year's Winter Heating Payment began in December 2024.
- Social Security Scotland received additional data from the DWP at the end of January. This includes client data where a decision has been taken on an application for a qualifying benefit, including Pension Credit, and will continue to ensure payments are made automatically and people do not need to apply.
- SFC forecasts indicate around 456,000 people are entitled to support this winter. As previously committed to, the vast majority of WHPs for this winter were made by the end of February.

CHILD WINTER HEATING PAYMENT

<u>Child Winter Heating Payment intends to help mitigate the additional heating costs that the households of disabled children and young people face in the winter months.</u>

- Management information indicates that as of 28 February 2025 over 39,000 Child Winter Heating Payments had been made to people for this winter, totalling over £9.8 million.
- That is £9.8 million of support, which is not available elsewhere in the UK.
- This winter, Child Winter Heating Payments began for clients in October 2024 ensuring support was available ahead of the coldest months.
- As of 31 October 2024, over 98,000 Child Winter Heating Payments have been issued in total since it’s introduction, an investment of over £21 million.
- The value of Child Winter Heating Payment for 2024/25 was £251.50 and we intend to uprate this to £255.80 for 2025/26. This is a forecast investment of £12 million.

ANNEX I

[ANNEX I] SCOTLAND'S RENEWABLE ENERGY POTENTIAL

TOP LINES

In 2023, 70% of electricity generated in Scotland was from renewable sources – a marked increase compared to 32% in 2013.

- In the first three quarters of 2024, Scotland generated over 25 Terawatt hours (TWh) of renewable electricity. This is 1.5 Terawatt hours more than the previous high which was recorded in the first three quarters of 2022.
- As of September 2024, there was 16.0 Gigawatts (GW) of renewable electricity capacity in Scotland.
- In 2023, an estimated 64.7% of the electricity consumed in Scotland came from renewable sources.
- In 2023, 33 Terawatt hours (TWh) of electricity was generated from renewable sources in Scotland.
- In 2023, Scotland's net export of electricity to the rest of the UK was 15.9 Terawatt hours (TWh).
- As of September 2024, there is an estimated capacity of 57.3 Gigawatts (GW) of renewable electricity projects, including storage, in the planning pipeline.

Scotland's current renewable energy capacity is approximately 16GW, enough to generate an estimated 39.7 TWh of electricity a year and power the equivalent of around 16.9 million homes a year. [*NOTE: This calculation is based on technologies that make up the current installed renewables capacity operating at load factors according to their 5 year average.*]

- Between 1990 and 2022 we have halved Scotland's emissions while growing the economy by 67%.
- In 2021, Scotland's renewable energy sectors and supply chain supported more than 42,000 full time equivalent jobs and in excess of £4.7 billion of GVA.
- The findings of the Fraser of Allander Institute report, published in December 2023, show a thriving renewable energy sector in Scotland that generated over £10 billion of output in 2021 and supports more than 42,000 jobs.
- PWC's Green Jobs Barometer, published last year, shows Scotland continues to lead the way in the creation of green jobs, showing the proportion of jobs advertised being green has tripled since 2021.
- Based on independent analysis from Ernst and Young (EY), low carbon and renewable energy could support nearly 80,000 jobs in Scotland by 2050.

The Scottish Government does not support the building of any new nuclear power stations in Scotland under current technologies.

- In 2023, 19% of electricity was generated from nuclear power in Scotland.
- Meanwhile, 70% of electricity generated in Scotland in 2023 was from renewable sources.
- Independent analysis by Ernst & Young suggests, with the right support, there could be 2044 jobs and £383 million of Gross Value Added in nuclear decommissioning in Scotland by 2045.

Torness

- Between 1976 – 2024, Torness' electrical output was 298 TWh.
- Torness' Direct Gross Value Added (GVA) effect was £10.4 billion, Indirect GVA effect was £2.4 billion and Induced GVA effect was £3.3 billion.
- Torness employs around 550 EDF staff and 200 permanent contract partners.
- The stations are supported by specialists at engineering centres in Glasgow and Gloucester.
- EDF says extending the generating life of Torness for two years could lead to output of an additional 15TWh of zero carbon electricity. That is enough to power 3.8 million homes.

Onshore Wind

- There is currently 10.2GW of onshore wind capacity in Scotland (2024, Q3) which makes up 64% of total Scottish operational renewable electricity capacity.
- As of 2024 Q3, there is 14.5 GW of onshore wind pipeline capacity in Scotland. This consists of:
    - 1.5 GW under construction.
    - 5.4 GW awaiting construction.
    - 7.7 GW in planning.

Solar

- As of September 2024, Scotland has 666 MW of operational solar capacity.
- This equates to 4.2% of Scottish operational renewable energy capacity.
- Since the draft solar vision was published, the operational capacity of solar has increased by 255 MW.
- There is a further 2118 MW of estimated pipeline capacity across 284 projects.
- This includes 856 MW in planning, 1150 MW awaiting construction and 111 MW under construction.
- In total, solar amounts to 7.0% of the renewables pipeline generation in Scotland.

Hydropower

- There is currently 1.67 GW of installed hydro power capacity operational in Scotland.

Pumped Hydro Storage (PHS)

- There is currently 0.74 GW of installed PHS operational in Scotland with a further 3 GW of PHS projects awaiting construction.
- PHS accounts for 740 MW of Scotland's 1193 MW of energy storage.

ANNEX J

[ANNEX J] ENERGY REFORM / CALLS ON THE UK GOVERNMENT

WARM HOME DISCOUNT

- The Scottish Government will carefully examine the implications for Scotland of any changes to the Warm Home Discount (WHD).
- We note the views of stakeholders on both the challenges and opportunities associated with the scheme and will respond in due course.

Background

- The Warm Home Discount is a £150 rebate on energy bills that energy suppliers are obliged to provide to some fuel poor households.
- UKG announced on 25 February that they intend to increase the total amount that energy suppliers are obliged to provide as rebate (scheme budget) for the current Warm Home Discount. This would boost the value of the scheme across GB to enable more – but not all – low income households to receive a rebate of £150 next winter (December 2025 to March 2026),
- UKG is proposing to increase the budget for the scheme and remove the energy efficiency threshold in England & Wales. This is expected to increase the cost of a typical household energy bill by £15. There would be a proportionate increase in the value of the Scottish scheme but households would still need to apply for the rebate – these will not be provided automatically.
- The proposed budget would be enough for around 500-580,000 households to receive a rebate next winter. However SG estimates that 841,000 Scottish households were fuel poor in 2023 and 891,000 Scottish households received means tested benefits in November 2021.
- Scottish Ministers do not have powers to increase the budget for the Scottish scheme or the value of the rebate provided.

REMA AND ZONAL PRICING

section s.29(1)(a) of FOISA (formulation or development of government policy)

The Scottish Government is clear that the current wholesale electricity market is not fit for the delivery of our net zero ambitions, nor our aims to tackle fuel poverty.

- We look forward to the UK Government announcing its final decision on wholesale electricity market reform this summer – this is crucial to maintain investor confidence.
- UK Government reforms should adhere to the two core principles of achieving net zero and ensuring a fair and just transition.
- Reforms must deliver reduced costs for Scottish consumers, to ensure our communities feel the benefit of the energy transition, while also protecting investment in our renewables industry.

We also continue to call on the UK Government to accelerate wholesale electricity market reform and the decoupling of the cost of gas from the price of electricity paid by consumers. This is necessary to support long-term energy affordability and protect consumers from volatile global fossil fuel prices.

- We are aware that the introduction of zonal pricing could have significant impacts for all market participants, from renewable generators and hydrogen producers to suppliers and consumers.
- Mitigations for any potential negative impacts must be put in place and clearly signalled to the market at the same time as the decision is announced.
- We continue to engage with a range of stakeholders to understand the impacts market reforms could have in Scotland and will ensure the interests of these stakeholders are represented in our discussions with UK Government.

ANNEX K

[ANNEX K] COMMUNITY BENEFITS/ENERGY BILL DISCOUNTS

COMMUNITY BENEFIT

The UK Government has published new GB-wide guidance on community funds for electricity transmission infrastructure alongside plans for a local bill discounts scheme. Under powers in the upcoming Planning and Infrastructure Bill, households within 500 metres of new or upgraded electricity transmission infrastructure will get electricity bill discounts of up to £2,500 over 10 years. **Initial indications suggest that the UK Government proposals could benefit under 1% of all UK households.**

UK Government: Community Benefits for Network Infrastructure

- The UK Government's commitments on community benefits from the electricity transmission network are a welcome step forward in ensuring our energy system delivers benefits for people in Scotland.
- It is vital that communities see the maximum benefit from our clean power revolution, and I continue to urge the UK Government to consult on mandating community benefits from onshore net zero technologies.
- Scotland's energy system exists within a UK framework of energy legislation, regulation and policy reserved to the UK Government. We must work together to benefit our nations.
- We will continue to advocate for Scotland's communities to receive a just and equitable outcome from increased renewables and transmission networks development.

UK Government: Local Electricity Bill Discounts

- We look forward to more seeing detail on the electricity bill discount scheme for transmission network infrastructure proposed by the UK Government.
- High energy prices remain the single greatest driver of fuel poverty in Scotland, which is why we continue to progress actions within our devolved powers towards raising household incomes and improving energy efficiency including reinstating the Winter Fuel Payment for pensioners, and calling for a social tariff to bring bills down.
- In accordance with the Fuel Poverty Act, we are due to publish our first 3-year statutory fuel poverty progress report at the end of this financial year.
- However, the fundamental fiscal and policy levers to make a real difference remain with the UK Government.
- That is why, we continue to press for the introduction of a social tariff mechanism as the best way to ensure that energy consumers are protected against high costs and can afford all of their energy needs.

Community Benefit

- The Scottish Government is taking action to ensure people and communities benefit from a just energy transition.
- We are using all levers available to deliver sustainable, meaningful and impactful outcomes from the transition, informed by the voices of our diverse communities.
- Despite the powers to mandate community benefits being reserved to the UK Government, over £30 million worth of benefits has been offered to communities in the last 12 months supported by our Good Practice Principles.

- Building on this success, we are undertaking a joint review and consultation on our Good Practice Principles for onshore and offshore renewable energy developments, which closes on the 11 April.
- The information and views gathered from this work will inform a refresh of our onshore and offshore Good Practice Principles by the end of 2025.
- We welcome ongoing work by the UK Government to review its approach to community benefit and continue to work with them on any plans to explore options to mandating benefits.

Community Benefits Consultation

- We are consulting on the Scottish Government's Good Practice Principles for onshore and offshore energy developments to ensure our community benefits guidance is fit for the future.
- The consultation will run until 11 April 2025 seeking feedback on best practice.
- It also seeks views on which net zero energy technologies the guidance should apply to.
- This includes different types of onshore electricity storage, hydrogen, heat networks, Carbon Capture, Utilisation and Storage (CCUS), and Negative Emission Technologies.
- The information and views gathered from this work will inform a refresh of our onshore and offshore Good Practice Principles (GPPs) by the end of this year.
- We want to gather a wide range of views from across communities, industry, public and third sector partners to ensure that our guidance supports sustainable and meaningful outcomes.

ANNEX L

[ANNEX L] LOCAL GOVERNMENT FINANCE

TOP LINE

- The 2025-26 budget provides local government in Scotland with record funding of over £15 billion; one of the largest increases in funding in recent times; maintains our commitments to supporting 24-25 pay deals by baselining and reinstating funding; increases funding for local priorities; increases funding for teachers and additional support for learning; and there is additional funding to tackle the climate emergency.

ACCUSATIONS OF A CUT TO LOCAL GOVERNMENT

Comparisons of ABR to budget are seriously misleading in the context of the Local Government Settlement.

- By the conclusion of the 2025-26 SBR, the Local Government Settlement will have increased **by over £1.1bn** compared with the 2024-25 SBR including funding allocated for the 2024-25 pay deals.
- Adjusting for pay and pensions, the Budget provides a **cash terms increase in revenue of £588.7m** – equating to a **cash terms increase of 4.4% and a real terms increase of 2.0%** – including £289m for local priorities.
- We have also allocated an additional £92.7m of General Capital Grant – a real terms increase of 11.5% and we have reinstated £31m used for the 2024-25 pay deal, giving a total Capital increase of £123.7m.
- In total, the spending power of local authorities is **£681.4m higher in 2025-26 than it was in 2024-25 – an increase of 2.4% in real terms.**

COSLA BUDGET REALITY CRITICISM

COSLA's Budget reality is simply not credible.

- I welcome COSLA's acknowledgement that the Settlement has increased substantively – and not fallen as some may claim by misrepresenting the budget.
- But their Budget Reality document not only excludes £289m of funding to support local priorities, but also:
  - support for the expansion of Free School Meals (£15m);
  - to help them fund the real living wage for adult social care workers in commissioned services (£125m);
  - support for provision of Free Personal and Nursing care (£10m);
  - improved pay for early learning and childcare workers in commissioned services (£25.7m);
  - enhanced inter-island connectivity, including extending free ferry travel between islands to under 22s (an additional £8.6m);
  - investment in more teachers to maintain or restore numbers to 2023 levels (an additional £41m) and services for children with increased funding for additional support for learning (an additional £28m); and
  - support development of people working in children's social work (£33m).

- Scotland's councils will also receive additional capital:
  - so they can play their part in tackling the climate emergency (£40m);
  - improve play parks for children (£10m);
  - Orkney and Shetland Islands Councils will receive £10m each of one-off funding to help them explore how best to improve inter-island connectivity for the future.

COSLA asked for…	And we delivered…
Fair and flexible funding	£289 million of undirected General Revenue Grant and £37.1 million of undirected General Capital Grant
No Council Tax Freeze	on this request
More capital funding	A net growth in the General Capital Grant of £108.1 million
Their share of UK Government funding	£681.4 million growth in Local Government spending power
More funding to help with workforce capacity and recruitment	More funding for teachers (£41 million), the real living wage for ASC and ELC (£150.7 million)
More focus on prevention	£28 million on ASL and £40 million for the climate emergency
More funding to tackle the housing emergency	An approximate increase of £140 million in funding for affordable housing
More funding to support Social Care	£125 million real living wage for ASC and £10 million uplift for free personal nursing care whilst also baselining £241.5 million of funding from 2024-25

INDIVIDUAL LOCAL AUTHORITY ALLOCATIONS

<u>Final local authority allocations have been published in the local government finance consultation circular on Thursday 27 February.</u>

- All local authorities will receive their formula share of the total funding available.

<u>Meaningful budget engagement has delivered a record settlement and supports constructive engagement on key areas of challenge.</u>

- This includes increased funding for local priorities, for teachers and additional support for learning; and to tackle the climate emergency.
- We will also consult on potentially developing a cruise ship levy.
- The Finance and Local Government Cabinet Secretary also announced that she will consult publicly on the General Power of Competence in the New Year, to seek clarity on the greater statutory freedoms that local authorities wish to see.
- However, we will need to be cognisant of the risks resulting from equivalent powers in England.

COUNCIL TAX

<u>The budget provides full discretion over Council Tax – no freeze and no cap- but sufficient funding to minimise any proposed increases in Council Tax</u>

- This Local Government Settlement is intended to enable local authorities to deliver the key services and outcomes upon which our communities rely.
- I hope this will enable councils to minimise any proposed increases in the council tax, given the ongoing cost of living pressures affecting people in our communities.

ANNEX M

[ANNEX M] COUNCIL TAX

BACKGROUND All local authorities have announced their 2025-26 Council Tax rates. These announcements indicate an unweighted Scotland-wide average Council Tax increase of 9.6%.

10 Mar – Various - Council Tax increases of over 15%. Numerous articles highlighting increases, including Falkirk Council's 15.6% increase.

3 Mar – Daily Record - SNP Government blamed for council tax rises hitting Scots after '£7.8 billion raid' on town halls

- SNP Government has been blamed for steep Council Tax rises after years of freezing Council Tax and funding cuts to local authorities.

1 Mar - Daily Record - Council Tax rises prompted by 'fear' of SNP Government pre-election freeze.

28 Feb – Daily Express - Scotland's 'eye-watering' Council Tax hikes will hit consumer spending power by £264m.

26 Feb – The Scotsman - John Swinney expresses concern over 'eye - watering' Scotland council tax hikes of up to 15%.

TOP LINES

<u>Council Tax is a local tax, set and administered by individual local authorities, had full flexibility in setting rates for 2025-26.</u>

- Council tax rises have been capped or frozen for 16 of the last 18 council tax years, with local government agreement.

<u>This year we listened to the requests of COSLA and others, and acknowledged that a Council's decision on tax provides important financial and administrative accountability to their local electorate.</u>

- Therefore, local Councils had full flexibility in setting council tax rates for 2025/26.
- We encouraged Councils to consider the impact of Council Tax rises on local people and their household finances.
- Our means tested Council Tax Reduction Scheme continues to protect household budgets from the impact of Council Tax rises.

<u>We have announced an additional £144m towards the cost of the employer National Insurance contributions - equivalent of a 5% council tax rise.</u>

- We know that most local authorities have had to account for the planed hikes in employer National Insurance in Council Tax rises.
- Speculation about councils rising Council Tax to create reserves is unhelpful. This would be deeply unfair to those who are struggling with cost of living pressures.

COUNCIL TAX REFORM

<u>We have announced a joint programme of engagement with COSLA to build 1 consensus around reforms to make Council Tax fairer.</u>

- The Council Tax debate has been characterised by agreement on the need reform, but with differing and competing views on what that reform should look like.

<u>We are committed to ensuring that future reforms are informed by robust data and expert analysis.</u>

- An initial stage of independent research will assess market trends, model potential reforms, and provide an evidence base for discussion.

We recognise that listening to the public and key stakeholders is central to shaping the future of local taxation.

- The engagement programme will include a formal public consultation, town hall events across Scotland, and focused discussions with experts and key stakeholders.
- The findings from this work will support informed public discussions, leading to a **Scottish Parliament debate in early 2026, to inform the next parliament.**

COMPARISON TO ENGLAND

Council Tax is lower in Scotland than everywhere else.

- Although there are some differences between Scotland and England in how Council Tax works, the average Council Tax bill in Scotland is **£366 less than the average bill in England in 2024/25.**

[NOTE: Council Tax bills in England contain additional elements, and special factors are taken into account when setting Council Tax levels – other authorities levy Council Tax in addition to local councils. Section s.30(b)(i) of FOISA (free and frank advice).]

The Scottish Government continues to protect the most financially vulnerable.

- The Council Tax Reduction Scheme exists to ensure that nobody in Scotland should have to meet a council tax liability they cannot be expected to afford.
- The Council Tax Reduction (CTR) Scheme reduces a household's liability based on an assessment of their income, capital, and other circumstances.
- Over 460,000 households receive some level of CTR, and on average recipients save over £850 a year.

ANNEX N

[ANNEX N] RESERVED BENEFITS

BACKGROUND
25/26 Jan: Rachel Reeves says benefits system is "perverse" because it "incentivises" people to stay out of work if they can qualify for sickness benefits and trails UKG Green Paper plans to cut sickness & disability benefits.
22 Jan: UK Fraud Error & Recovery Bill introduced including provisions on recovery of overpayments, investigating fraud & stopping "benefits cheats" from driving.
26 Nov: UK Government publish 'Get Britain Working' White Paper, setting out plans to bring down economic inactivity rates and move towards the ambition of an 80% employment rate; a further Green Paper is planned for Spring 2025.
17 Sep: DWP publish stats showing that the number of households subject to the benefit cap continues to grow, with some households capped by more than £1,000 every month**.**

TOP LINES
It is vital that social security benefits adequately cover the cost of essentials and better protect our most vulnerable people. We continue to urge the UK Government to make progress towards an Essentials Guarantee which would enable those in receipt of Universal Credit to afford their basic needs.

- As highlighted by JRF in their Poverty in Scotland 2024 report, *"the standard allowance of Universal Credit for a non-working single person falls 64% below the poverty line. For those under-25, the gap is even wider (75%)" [NR, 7 Oct]*
- JRF estimate that delivering an Essentials Guarantee could lift 140,000 people in Scotland out of poverty this year, including around 30,000 children.

UNIVERSAL CREDIT
We welcome the UK Government's plans to carry out a complete review Universal Credit and hope that we hear detail on that soon – for too long UC has been failing those who need it the most.

- We hope this review of Universal Credit will address the issues the Scottish Government have raised in the past, and we would welcome the opportunity to work with the UK Government to achieve that goal.
- Universal Credit provides low levels of support, with over a decade of benefit freezes, caps and limits having all eroded the value of social security and the effectiveness of the safety net it should provide.

The recent statements made by the Chancellor in relation to welfare reform and benefits cuts are deeply concerning. The Scottish Government will oppose reforms which reduce already inadequate levels of financial support to our most vulnerable.

- I look forward to the opportunity to work with UK Government colleagues to understand what impact planned changes might have on delivery of devolved benefits in Scotland.
- As well as the impact on individuals, I am deeply worried by comments that look to reduce to spend on sickness and disability benefits and the potential impact this might have on our block grant and this Governments ability to continue to support those who need it most.

ANNEX O

[ANNEX O] WELFARE REFORM MITIGATION

<u>As a government, we have spent around £1.2bn mitigating the impacts of 14 years of UK Government policy such as the bedroom tax and benefit cap.</u>

- This includes almost £154m this year through activities such as our Discretionary Housing Payments and the Scottish Welfare Fund.
- This money could have been spent on services like health, education and transport, or on further ambitious anti-poverty measures, and would pay for around 2,200 teachers or 2,700 band 5 nurses this year.
- And in 2025-26, we have set out plans to spend £210 million, a rise of £56 million – which includes spending £70m above the funding received from the UK Government to mitigate against the Winter Fuel Payment cut.

<u>In 2024/25 we have made £90.5m available to local authorities to spend on Discretionary Housing Payments (DHPs) – and next year we are proposing to invest over £97m, which would be an increase of nearly £7m over 2024/25 and a greater spend per person than any other UK nation.</u>

- The budget for 2025/26 would see:
  - £79.7m spent mitigating the bedroom tax, helping over 94,000 households in Scotland sustain their tenancies, 14,000 of which are families, with over 20,500 children – the majority are lone parent families (>11k).
  - Over £9.4m spent mitigating the UK Government's benefit cap as fully as possible within devolved powers, supporting around 3,400 families with over 11,000 children.
  - And £7.9m spent mitigating against the impact of other welfare cuts, including shortfalls in Local Housing Allowance rates.
- Since 2017 (including 2024/25) we have invested over £613m in DHPs, which are a vital tool to reduce poverty, safeguard tenancies and prevent homeless-ness. Proposed investment for 2025/26 would bring this figure to over £710m.
- We are providing the necessary funding in this area because it is the right thing to do, providing a lifeline for households struggling to meet housing costs.
- Analysis from the Child Poverty Action Group, Shelter and Women's Aid found that the benefit cap is trapping families in deep poverty; disproportionately impacting survivors of domestic abuse and children; and driving up homelessness by making rents unaffordable. *[CPAG, NR, 17 Sep 24]*

TABLE - BREAKDOWN OF SG MITIGATION SPEND, BY FINANCIAL YEAR

Total investment from 2019-20 onward is shown below. All figures expressed are £m.

Year	19-20	20-21	21-22	22-23	23-24	24-25	25-26
DHP, Bedroom tax	£52.3	£59.7	£71.0	£68.1	£69.7	£74.7	£79.7
DHP, Benefit cap budget					£6.2	£7.75	£9.45
DHP "Other"	£10.9	£18.9	£10.9	£16.0	£7.9	£7.9	£7.9
DHP Admin	£1.2	£1.2	£1.2	£1.7	£2.2	£2.2	£2.2
Scottish Welfare Fund	£33	£57.5	£35.5	£38.0	£35.5	£55.5	£35.5
Scottish Welfare Fund admin	£5.0	£5.5	£5.5	£5.5	£5.5	£5.5	£5.5
Money advice services	£1.5	£1.5	£1.5	£0.7			
UC Scottish choices	£0.2	£0.2	£0.1	£0.1	£0.1	£0.16	
Pension Age Winter Heating Payment							£70.0
Total cost of mitigating	**£104.1**	**£144.5**	**£125.7**	**£130.1**	**£127.1**	**£153.8**	**£210.25**

ANNEX P

[ANNEX P] INCOME TAX

TOP LINES

- The SFC have estimated that our Income Tax policy choices since devolution will raise up to an additional £1.7 billion in 2025-26 compared to if we had matched UK Government policy.
- The SFC estimate our Income Tax policy will raise £20.5 billion for the Scottish Budget in 2025-26, £745 million more than they forecast for 2025-26 at the Scottish Budget last year.
- Income Tax policy for 2025-26 will protect the majority of households, while supporting investment in our public services and the social contract.
- This social contract ensures that the people of Scotland benefit from a wide range of services which are not provided elsewhere in the UK, including our flagship Scottish Child Payment, free prescriptions and free higher education.
- We will continue to deliver on our commitment to protect lower-income households, ensuring more than half of taxpayers pay less than they would elsewhere in the UK for the remainder of this Parliament.

POLICY IN 2025-26

<u>Scottish Income Tax policy is forecast to raise record revenue for the Scottish Budget in 2025-26.</u>

- The SFC estimate our Income Tax policy will raise £20.5 billion for the Scottish Budget in 2025-26, £745 million more than they forecast at the Scottish Budget last year.
- Making an above inflation increase to the Basic and Intermediate rate thresholds of 3.5%, will cost approximately £24 million.
- Maintaining the Higher, Advanced and Top rate thresholds at their current levels will raise an additional £76 million.

TAXPAYER IMPACTS IN 2025-26

<u>More than half of Scottish taxpayers will continue to pay less Income Tax in 2025-26 than if they lived elsewhere in the UK, a position Scottish Government will maintain over the lifetime of this parliament.</u>

- Those earning less than around £30,300 will continue to pay slightly less Income Tax in 2025-26 than if they lived elsewhere in the UK.
- Freezes to the Higher, Advanced and Top rate thresholds are estimated to affect only the highest earning 26% of taxpayers in 2025-26.
- On average, households in the lower half of the income distribution are around £450 better off a year than they would be under UK tax and social security policies.

CALLS FROM TAX JUSTICE SCOTLAND TO RAISE INCOME TAX FURTHER

<u>Our Income Tax policy carefully balances the need to support household finances with raising revenue to invest in our social contract with the people of Scotland.</u>

- A key ask of the STUC and anti-poverty campaigners last year was to introduce the Advanced rate, which we successfully delivered on.
- Given the significant changes made to Income Tax policy at the last budget, we judge this to be a proportionate policy package that will help sustain investment in our public services.

ANNEX Q

[ANNEX Q] FAIRER FUNDING

TOP LINES

We recognise the essential role played by the third sector and acknowledge that it needs support, stability and the opportunity for longer term planning and development. We are delivering against our commitment to develop a Fairer Funding approach for the third sector by providing more multi-year funding to organisations delivering frontline services and tackling child poverty.

- We greatly value the third sector's strategic role in enabling the transformation and delivery of person-centred services for the people of Scotland and recognise that the Sector needs clarity and stability to secure its resilience and to grow its capacity
- We are listening to third sector stakeholders and are committed to developing a Fairer Funding approach for the Sector
- The PfG 2024 commits us to continuing to invest in the third sector and to improvements to grant making, including greater clarity and consistency of existing arrangements
- We are increasing the number of 2-year funding agreements for third sector organisations delivering across Scotland, prioritising a number of pilot grants to organisations that support the delivery of essential services and contribute to the Government's priority of ending child poverty
- The funding, which is subject to budget approval, will support projects in areas including health, education, poverty and culture and have a total value of over £60 million in both 2025-26 and 2026-27
- This is the first step towards mainstreaming multi-year funding agreements across the third sector and balances our ambitions with the challenging financial situation
- The Scottish Government's commitment to increasing multi-year funding has been welcomed by the Scottish Council for Voluntary Organisations and many third sector organisations
- We are also working to improve timely notification of grants to all third sector organisations in receipt of Scottish Government funding
- In addition, we are improving current grant making processes in order to reduce the burden on third sector organisations whilst ensuring value for money

EMPLOYERS NATIONAL INSURANCE CONTRIBUTIONS

We are disappointed that the UK Government failed to engage with us on this change and are concerned about the additional pressure this decision places on third sector organisations across Scotland.

- The Scottish Government greatly values the important role of Scotland's third sector in working across communities to tackle tough social issues at source, and recognises the challenges facing the third sector.
- It is not right that these organisations should be disadvantaged by the UK Government's policy change.
- The Scottish Government has called upon the UKG to take an 'actual costs' approach to compensation for increased costs as a result of the increase in employer's national insurance costs.

- The First Minister's letter to the Chancellor, supported by a range of voluntary organisations made clear our serious concern at the impact of this tax change on the third sector. We called upon the UK Government to ensure that our public services, voluntary organisations and communities do not suffer as a result of this change to reserved UK taxation.
- Indications from the UK Treasury are that we will only receive a Barnett share of the funding provided to UK departments. The amount is still to be confirmed, but we expect this will fall far short of what is needed.
- In the absence of full funding we will be very restricted in the extent to which we can respond. Nevertheless we always assess each proposal for a grant or contract with a view to what realistically can be delivered within the funding available and respond as flexibly as possible.
- We recognise this may mean continued challenges for our third sector partners.
- We are aiming to assist the sector by improving notification of continued funding to third sector organisations and increasing the number of two year grants we can offer as part of our commitment to Fairer Funding.
- We will also continue to support the sector from every part of the Government as we recognise the extent to which the sector is an essential partner in delivering our priorities.

CYPFEI / CYPFAL THIRD SECTOR FUND
CYPFEI & ALEC and CYPFAL supports our aims to Keep the Promise, tackle child poverty, provide family support, implement Children's Rights, and promote positive mental and physical health and wellbeing.

- £18 million in core funding support is provided to 137 organisations
- The most recent progress report from the 137 funded organisations showed that 1.3 million people – children, families, practitioners and adult learners - across Scotland were directly supported.
- This includes 329,450 people supported by organisations tackling child poverty.
- The draft budget outlines that £18.25 million in funding is proposed to enable the continuation of grant awards in 2025-26, at the same level as funding awards in 2024-25.

ANNEX R

[ANNEX R] FIVE FAMILY PAYMENTS

IMPACT OF FIVE FAMILY PAYMENTS

We want to give children the best start in life and are using our social security powers to make this happen.

- Our five family payments - Scottish Child Payment, Best Start Foods and the three Best Start Grant payments - could be worth over £10,000 by the time an eligible child turns six and around £25,000 by the time an eligible child turns 16. This compares to less than £2,000 for families in England and Wales, where support ends when an eligible child turns 4.
- The Five Family Payments are targeted at low income families with children and eligibility is generally linked to being in receipt of Universal Credit or another qualifying benefit.
- Three of the payments are unique to Scotland and there are no limits to the number of children per family who can receive these benefits, unlike with benefits delivered by the UK Government.
- It is estimated that Scottish Child Payment could keep 60,000 children out of relative poverty in 2024/25, with levels of relative child poverty 6 percentage points lower than they would have otherwise been, according to the most recent modelling published in February 2024.

The Scottish Child Payment has been extended and increased significantly since it was launched.

- Since launching in February 2021 at a value of £10 per week it has been extended to cover eligible under 16's, and subject to parliamentary approval, it will be worth £27.15 from April - an increase of over 170 percent since launch.
- More than 326,000 under-16s were benefitting from Scottish Child Payment at the end of December 2024, with £1 billion issued between February 2021 and December 2024.

Best Start Grant aims to help tackle the impacts of child poverty by giving eligible families additional money when their children make transitions in the early years, adding to the family budget and avoiding the need for borrowing.

- The Pregnancy and Baby Payment provides £754.65 for a first child and £377.35 for second and subsequent children to lessen the financial burden on lower income families when they are expecting or have a new child.
- The Early Learning Payment and School Age Payment each provide £314.45 per child to support child development and help with the costs of preparing for school, for example education toys or after school activities.
- Since November 2022 Best Start Grant Early Learning Payment and School Age Payment have been automatically awarded to eligible families who receive Scottish Child Payment, making it easier for people to get the support they are entitled to.
- The UK Government has no equivalent to either the Early Learning or School Age Payments.
- With the Best Start Grant a first child will receive up to £1,383 over 3 payments, compared to £500 under the UK Sure Start Maternity Grant.
- Between launching on 10 December 2018 and 31 December 2024, Best Start Grant has provided over £114.7 million to families, including £35.9 million for the Early Learning Payment and £34.2 million for the School Age Payment.

- In the 2023-24 financial year over 23,000 people received the Early Learning Payment and over 23,000 received the School Age Payment.

MEASURING IMPACT OF FIVE FAMILY PAYMENTS
We have a long-term and wide-ranging evaluation strategy in place to evaluate the impact of the five family payments.

- The interim evaluation of Scottish Child Payment, published 29 July 2022, found that Scottish Child Payment enables children to participate in social and educational opportunities.
- The interim evaluation of Best Start Grant, published in December 2020, found that BSG payments allowed parents/carers to buy what they needed at key transitional stages in their children's life.
- The interim evaluation also detailed that the payment allowed children to take part in social and educational opportunities that families would have otherwise been unable to afford. The payments also allowed for parents and carers to purchase education items to aid children's development
- We have commissioned a further evaluation of the five family payments, which will report later this year.

ANNEX S

[ANNEX S] SCOTTISH WELFARE FUND

We are committed to using all the levers available to us to support those most in need over winter and invested a further £20 million in the Scottish Welfare Fund this financial year – taking this funding to £61 million in 2024-25 to help with the cost of living crisis.

- The Fund has paid out more than £269 million to 366,000 households across Scotland since April 2019 – with more than one million payments already made.
- The Scottish Welfare Fund provides crisis support and helps eligible people to establish independent living.

We have invested £61 million into the Scottish Welfare Fund for 2024-25. Local authorities also have the ability to top up their budgets in line with local need.

- We recognise that this is a difficult time for both central and local government budgets and we have had to make difficult choices. This is why we are pleased to confirm that in 2025-26 the SWF budget has been maintained at £41m, despite significant fiscal pressures.
- The Fund is delivered in partnership with local authorities, who are responsible for managing expenditure throughout the financial year, including determining their priority level for grant applications. Local authorities have the ability to move priority ratings throughout the financial year to help manage demand and their budgets.
- Through our engagement with councils, we know that the fund is under sustained pressure. We will continue to closely monitor spend and demand trends for the Fund and keep the sustainability of the budget under review.
- The current financial pressures facing many households has shone a spotlight on the need for emergency support. We can be proud that we have a service like the Scottish Welfare Fund in place to provide a lifeline for people in need.
- The Scottish Government will continue to use all available levers to support those most in need.

We have delivered a robust Action Plan to implement improvements to the Fund's administration, accessibility and experience.

- We will also introduce improvements to our data, monitoring and audit processes.
- We continue to work closely with stakeholders, including CoSLA and local authority delivery partners throughout the implementation phase. We are taking forward 22 actions that we have committed to in the Action Plan. Progress is well underway, we have re-established a Practitioners Forum for the Scottish Welfare Fund and a standing Statutory Guidance Review Committee with stakeholders that meets regularly.

ANNEX T

[ANNEX T] MITIGATION OF THE TWO CHILD LIMIT

27 Feb: Report by the Guardian that UKG are considering options for two-child limit including exempting children under the age of five, disabled children, or children in families in work; also considering increasing Child Benefit payments. **21 Feb:** Two Child Limit mitigation Public consultation launched. **4 Feb:** Fraser of Allander Institute estimates that the mitigation policy will keep 20,000 children out of poverty in 2026-27 at a cost of £165m. **30 Jan:** Cabinet Secretary for Social Justice holds two child limit roundtable with key poverty stakeholders including Joseph Rowntree Foundation, Child Poverty Action Group and the Poverty Alliance. **7 Jan:** The SFC published supplementary costings forecast on the two-child limit mitigation on 7 January. Full year costs for 2026-27 are estimated at £155 million, increasing to £198 million in 2029-30. **4 Dec:** Plans to mitigate the two-child limit included in the Scottish Budget Statement. Delivery and implementation will begin in 2025/26 with payments made in 2026-27 dependent on DWP cooperation. Mitigation will be a payment equal to the UC child element for each eligible third and subsequent child.

<u>Our efforts to tackle child poverty are being undermined by the social security policies of the UK Government, not least the two-child cap – that prevents parents from claiming universal credit for more than two children</u>

- That's why in the coming financial year we will develop the systems needed to effectively scrap the impact of the two-child cap in 2026.
- But if we are able to safely get the systems up and running earlier, then we will make our first payments earlier – helping to lift thousands more children out of poverty.
- The SFC estimate that 42,000 children in Scotland will benefit from mitigation of the two-child limit in 2026-27 – this will help to keep thousands of children out of poverty and reduce the depth of poverty faced for many more.
- Mitigation will be a payment equal to the UC child element for each third and subsequent child – currently £287.92 each month, rising to £292.81 in April 2025. Which means that this new support could be worth over £3,500 per year, per eligible child.

<u>Our public consultation was launched on 21 February, to cover the pros and cons of different approaches to mitigating the two-child cap, the work being undertaken to put a payment in place, and the timetable for this work.</u>

- We intend to work closely with key stakeholder organisations and others as part of the public consultation process in the coming months, to ensure the voices of those likely to be most affected are heard.

<u>The Scottish Government has consistently called on the UK Government to end the two-child cap but it is clear that we can no longer wait for the UK Government to take action. That's why we are taking decisive action as early as possible to scrap the cap in Scotland.</u>

- The Scottish Government is keen to progress this work as soon as possible. And we welcome the positive response from Liz Kendall, the UK Work and Pensions Secretary to the Cabinet Secretary for Social Justice's request for data sharing and joint working.

The Scottish Government welcomes reports that the UK Government is seriously looking at the impact of the two-child limit. But the evidence is clear, the two child limit has to go.

- Piecemeal exemptions and time limits are unlikely to have the impact needed to undo the damage caused to families across the UK.
- As the Resolution Foundation have noted, ending the two-child limit and benefit cap [**QUOTE**] "*are the bare minimum required for a credible [child poverty] strategy*"

Mitigation of the cap is not a straightforward task. It will require significant policy and technical work to develop and implement an appropriate solution.

- This includes cooperation from the UK Government around systems development, data sharing and legislation. For context, the initial roll-out of Scottish Child Payment for under 6's was delivered in around 18 months from its announcement to its delivery. This is unprecedented in the UK.
- Officials from both governments have met to discuss and the Cabinet Secretary for Social Justice is seeking a Ministerial meeting so this vital policy can be progressed as a priority.

The Scottish Government is committed to doing all it can to ensure that the finances remain on a sustainable trajectory. We will continue to take forward our strategy for doing this, which will be updated in the next Medium Term Financial Strategy due to be published later this year, alongside the fiscal sustainability delivery plan.

- The Scottish Fiscal Commission estimates that the cost of mitigating the two-child limit will be £155 million in 2026-27, increasing to £198 million in 2029-30 as the number of affected households increases.
- The forecast includes £3 million in 2026-27, rising to £9 million in 2029-30, for behavioural change – for example families choosing to work fewer hours to remain eligible for UC or parents choosing to receive a mitigation payment from the Scottish Government instead of applying to DWP for an exemption.

ANNEX U

[ANNEX U] WELFARE AND DEBT ADVICE SERVICES

TOP LINES

- Advice services are critical to Scotland's communities, supporting people to understand their rights and entitlements, maximising incomes and helping to reduce poverty.
- In 2025-26 the Scottish Government will allocate around at least £13.6 million for the provision of free income maximisation support, welfare and debt advice, an increase on our allocation for these services in 2024-25.
- We know that seeking advice can help to prevent problems from escalating and can help people to access the help, support and services they need.
- Our investment supports advice services which are delivered in a range of ways, including face-to-face, telephone and on-line.
- We provide funding to a range of advice providers including Citizens Advice Scotland and their network of Bureaux, StepChange Debt Charity, Advice Direct Scotland, One Parent Families Scotland and others.
- Our investment in advice services includes our continued support for Welfare Advice and Health Partnerships which sees welfare rights advisers embedded within primary health care services including GP surgeries.
- Building on the success of the Welfare Advice and Health Partnerships, we will continue to invest in our Advice in Accessible Settings Fund to increase the provision of advice within services that people already go to.
- We remain committed to supporting advice services as they continue to provide much needed support to households across Scotland.
- In 2023-24 an estimated £4.86 million of the Scottish Government's support for welfare, debt advice and income maximisation services was spent on low income households. £2.30 million of this benefited children living in low income households.
- Through the Primary Care Improvement Fund, we also continue to support Community Link Workers in general practice, who provide people with holistic social support, including connecting them with advice services.

ADVICE IN ACCESSIBLE SETTINGS FUND

<u>To build on the success of the Welfare Advice and Health Partnerships work, we allocated up to £1.5 million in 2024-25 to increase the provision of advice within services that people already go to through our Advice in Accessible Settings Fund. We will continue our support for this Fund in 2025-26.</u>

- Delivered by Advice UK, the Advice in Accessible Settings Fund supports partnership working between advice agencies and other services in order to increase the accessibility and awareness of advice.
- Projects supported by the fund are delivering holistic advice services, including debt advice, in education, health and other community settings.
- Since the fund was launched in July 2023 it has supported more than 6,700 clients and unlocked more than £12 million in financial gains.
- Families receiving support from these services include lone parents, minority ethnic families and families with disabled children.
- The fund is supporting and encouraging partnerships between advice providers and a range of other community-based services including youth charities, housing and homelessness services, faith-based charities, specialist mental health services and carers support services.

ANNEX V

[ANNEX V] AFFORDABLE HOUSING

The 2025-26 budget allocation of £768m represents an increase of over £200m when compared to the original 2024-25 published budget of £556m.

- This investment will help tackle the housing emergency while contributing towards our target of 110,000 affordable homes by 2032.
- The 2025-26 draft budget **more than reinstates** the Affordable Housing Supply Programme to 2023-24 levels - with £15.8m more being available to invest when compared to 2023-24 levels. Of the total 2025-26 draft budget, a much higher proportion is also capital than was the case in 2023-24 with £106.4m more capital and £90.6m less Financial Transactions (FTs).
- We will continue to work with partners to increase the delivery of more affordable homes, the majority of which will be for social rent, including supporting acquisitions of existing properties. This will include meeting the existing commitment to the targeted use of £40m for acquisitions and voids.
- We will be considering how we utilise our Financial Transactions to best effect.
- We will be continuing our funding support for the Rural and Islands Housing Fund and the Rural Affordable Homes for Key Workers Fund.
- Our area teams will work closely with local partners to ensure programme delivery in 2025-26, looking at ways to maximise delivery.

Housing is critical to delivering on FM's four priorities, particularly in relation to eradicating child poverty and growing Scotland's economy.

- An estimated 2,776 households with children have been helped into affordable housing in the year to September 2024.
- And keeping social rents lower than market rents benefits approximately 140,000 children in poverty each year.

AFFORDABLE HOUSING RECORD

In 2021, we committed to deliver 110,000 affordable homes by 2032 with at least 70% for social rent and 10% in rural and island areas.

- From 23 March 2022 to the end of September 2024, 24,382 homes have been delivered towards this target, of which 18,539 (76%) are homes for social rent.

The Scottish Government has a strong track record of delivering affordable homes. Overall, we have supported the delivery of more than 135,048 affordable homes since 2007, over 95,500 of which were for social rent, including over 26,000 council homes.

- We know that we need social and affordable homes to end homelessness.
- On average, between 2007-08 and 2023-24, affordable housing supply in Scotland has been 73% higher per 10,000 population than in Wales and 47% higher per 10,000 population than in England.
- The £80m over two years announced on 26 April takes our investment in affordable housing in 2024-25 to nearly £600m, which will deliver social and affordable homes across Scotland.
- The £40m for 2024-25 is being directed towards acquisitions and voids to help address temporary accommodation pressures or, where appropriate, to bring long-term empty social rented homes back into effective use.

ANNEX W

[ANNEX W] HOMELESSNESS & TEMPORARY ACCOMMODATION

TOP LINES

- We will provide record funding of more than £15bn to councils in 2025-26 to support the delivery of a range of services, including homelessness services – an increase of £1,008 million on 2024-25.
- Over and above the funding for homelessness provided through the local government settlement, we have a £100m multi-year ending homelessness together fund for specific action to prevent homelessness, end rough sleeping and reduce temporary accommodation use.
- Our Housing Bill will deliver measures on rent controls, as well as new homelessness prevention duties – all of which is helping protect tenancies and keep people in their homes.
- We will invest an additional £4m in 2025-26 in homelessness prevention pilots, in preparation for the homelessness prevention duties in the Housing (Scotland) Bill
- In addition, we are making £1m available in 2024-25 to registered social landlords and third sector partners to fund work to help sustain tenancies and prevent homelessness.
- We will also invest over £97m in discretionary housing payments in 2025-26 - an increase of nearly £7m on 2024-25 and more per person than any other UK nation

HOUSING EMERGENCY

We recognise these are exceptionally challenging times. That is why we declared a housing emergency in May and have been working at pace since then with stakeholders to take urgent action.

- Housing is critical to the delivery of FM's Four Missions, particularly tackling child poverty, and it features prominently in this year's Programme for Government.
- We are operating in a very difficult financial environment but despite that — we have allocated additional capital of £40m to the Affordable Housing Supply Budget across each of the next two financial years.
- FM is discussing options to give greater budgetary certainty over the next few years for the sector to help with planning.
- We need homes to end homelessness but we cannot do this alone. Working with representatives from across the housing sector is crucial to best respond to the emergency situation.
- That is why the Government is working closely with a range of stakeholders to examine some of the key issues and deliver change to people who need it most.

ACTION TO PREVENT HOMELESSNESS

The homelessness prevention duties in the Housing (Scotland) Bill will place a stronger emphasis on preventing homelessness, based on the principles of shared public responsibility, earlier intervention and providing more choice and control by supporting people to avoid crisis.

- The chief executive of Crisis said in September that he would urge the UK Government to mirror Scotland's allocations system for social housing, so homeless families in England get priority when properties become available.

TEMPORARY ACCOMMODATION

Housing and homelessness pressures are not uniform across Scotland.

- Most households in temporary accommodation are living in local authority or housing association properties, not in unsuitable accommodation.
- Our most recent statistics show that 12 local authorities reduced the number of households in temporary accommodation in 2023-24.
- And 20 councils have reduced the number of children in temporary accommodation.
- Positive progress has been noted in Aberdeenshire, East Ayrshire, East Lothian and South Ayrshire, all of which have consistently seen decreases in the number of open applications, homelessness applications and temporary accommodation use.
- East Lothian also managed to decrease the number of children in temporary accommodation by 33% between September 2023 and September 2024.
- To minimise the harm caused to children who stay in temporary accommodation for long periods, we are funding the purchase of homes including those suitable for families and are supportive of incentivisation schemes encouraging households to downsize, where appropriate.
- We have targeted £42 million of funding at local authorities with the most sustained pressures. This has supported local authorities to bring 1,000 homes back into use through acquisitions and reducing the number of empty social homes.

ANNEX X

[ANNEX X] FOOD INSECURITY

FOOD PRICES

19 February: In the 12-months to January 2025, average food prices faced by UK households (as measured by ONS' CPI index) increased by 3.1%, up from a rate of 1.9% since November 2024 (food and non-alcoholic drink prices increased from 2.0% in December to 3.3% in January 2025). Food price inflation had previously been below 2% for the last eight months.

INFANT FOOD INSECURITY

14 February: The Competitions and Markets Authority (CMA) published their final market study and recommendations for Governments on Infant Formula and Follow-on Formula in response to the cost of infant formula rising over 25% in the past few years and in recognition it is a vital product for babies who are formula fed.

FOOD BANK DEMAND

20 Nov: Trussell published mid-year statistics highlighting a 6% decrease in the same period April to September in 2023 - 122,000 emergency parcels compared to almost 130,000.

TOP LINES

- Food insecurity is driven by insufficient and insecure household income.
- No one should have to compromise on food or other essentials.
- Scotland is the first nation in the UK to publish a Cash-First Plan, grounded in human rights, that works towards ending the need for food banks in Scotland.
- Through "Cash-First: Towards Ending the Need for Food Banks in Scotland", we are taking forward nine actions over three years, 2023-2026, to improve the response to crisis, using a Cash-First approach so that fewer people need to turn to food parcels.
- Trussell and the Independent Food Aid Network agree with this approach.

Scotland is the first nation in the UK to publish a *"Cash-First: Towards ending the need for food banks in Scotland"* Plan (the Plan), grounded in human rights.

- Through the "*Cash-First: Towards ending the need for food banks in Scotland" Plan,* we are taking forward nine actions over three years, 2023-2026, to improve the response to crisis, using a Cash-First approach so that fewer people need to turn to food parcels.
- The learning from these actions will help to identify measures that move us closer towards our longer term ambition of a Scotland without the need for food banks.
- Our nine point plan includes:
    - A Cash-First Programme to improve urgent access to cash in a crisis, which is supported by Scottish Government funding of up to £1.8 million. A robust evaluation of the Programme is expected in early 2026.
    - Maintaining the value of our £41 million Scottish Welfare Fund and working with stakeholders to deliver improvements as set out in the SWF Action Plan.

In 2025/26 we will allocate up to £1.8 million to continue to tackling food insecurity

- This funding provides a commitment to continue to explore responses to a crisis when someone has no money for food, a key focus of the Plan and includes:
    - approximately £660,000 to conclude work on the Cash-First Programme. The learning from this will help to identify measures that move us closer towards our longer term ambition of a Scotland without the need for food banks.

    - at least £415,000 for inclusive community-led responses that maximise dignity and integrate help to reduce the future need for food banks
- Our community and third sector funding decisions are underpinned by a set of Dignity Principles in line with human rights and developed by people with direct experience.

<u>Independent analysis shows that the Scottish Government's policy choices have helped reduce the need for food parcels in Scotland</u>

- Trussell Trust data, published 15 May 2024, shows that Scottish Government policy choices have helped to slow the pace of demand for food parcels, with Scotland the only part of the UK not to see an increase in the number of parcels distributed through the Trussell Trust network last year.
- Analysis from the Fraser of Allander Research Institute, published on 15 May 2024, suggests the Scottish Child Payment successfully reduced food bank usage for specific types of households, particularly single-adult households, one of the priority family types identified in our tackling child poverty delivery plan.

<u>Food price inflation disproportionately impacts on low-income households who spend a greater proportion of their income on food and essentials.</u>

- In the 12-months to January 2025, average food prices faced by UK households (as measured by ONS' CPI index) increased by 3.1%, up from a rate of 1.9% since November 2024 (food and non-alcoholic drink prices increased from 2.0% in December to 3.3% in January 2025). Food price inflation had previously been below 2% for the last eight months.
- The average UK household spends around 11.2% of their expenditure on household food and non-alcoholic drink. This increases to 14.4% for the lowest fifth of households by equivalised income. Food is the fifth highest expenditure in the average household, after housing, fuel and power, transport, other expenditure items and recreation and culture.

FOOD BANK DEMAND

- The Scottish Health Survey, published 12 November 2024, shows that 14% of people were worried about running out of food in 2023, a significant increase from 8-9% in previous years since data collection began in 2017.
- Those aged 16-24 or 35-44, those on a low income (the two lowest income quintiles), women and those with a disability are most likely to report food insecurity.
- Mid-year statistics published by Trussell on 20 November 2024 highlighted a 6% decrease in food parcels compared to the same period last year (1 April 2023 to 30 September 2023). **[This is a larger decrease than England (4% decrease) but less than Wales (7% decrease) and Northern Ireland (13% decrease)]**
- It was encouraging to see a 5% drop in the number of parcels distributed by Trussell food banks in Scotland for children between 1 April 2024 and 30 September 2024 compared to 2023-24.
- We recognise the pressure on household budgets which is why the 2025-26 draft budget continues to allocate over £3bn a year to policies which tackle poverty and the cost of living.
- We are calling on the UK Government to deliver an Essentials Guarantee, which the Joseph Rowntree Foundation estimate could lift 140,000 people in Scotland out of poverty this year.

ANNEX Y

[ANNEX Y] FREE SCHOOL MEALS

In line with our commitment to ending child poverty we are focused on delivering, with partners, the next phase of our expansion programme, which will be to Primary 6 & 7 pupils in receipt of the Scottish Child Payment. We will deliver that in this parliamentary session.

- In 2025-26 we are providing £37m of resource funding to support the expansion of free school meals to pupils in P6 & P7 in receipt of the Scottish Child Payment.
- Research suggests that targeting resource in alignment to Scottish Child Payment is believed to have better outcomes in addressing child poverty.
- We remain committed to the universal expansion of free school meals in primary schools however the current financial position means that we are prioritising targeted support for those pupils most in need.
- We are working with partners to allow data collected by Social Security Scotland, DWP and HMRC to be shared with local authorities.
- This will allow families eligible for free school meals, clothing grant and education maintenance allowance to access these benefits more easily.

FSM TEST OF CHANGE TO THOSE IN RECEIPT OF SCP IN S1-S3

- As part of the budget discussions, we have proposed £3m to support a Test of Change for Free School Meals to those in receipt of SCP in S1 to S3 in eight local authority areas
- We will work closely with local authorities in the coming months to establish the Test of Change phase, including determining the number of pupils who will directly benefit, and evaluation of the approach.

FSM ELIGIBILITY

All primary school pupils in primaries one to five, all children in special schools, and eligible pupils in Primary 6 through to S6 can already benefit from free meals in Scotland, saving families taking those meals approximately £400 per child, per year.

- We estimate that the next phase of our expansion programme to those in receipt of SCP in Primaries 6 and 7 will make meals available for an additional 25,000 pupils.
- In Scotland, universal free school meals are available during school term-time for all 273,054 children in primaries 1 to 5 and special schools, as well as eligible pupils in primary 6 to secondary 6.
- We are continuing to work with local authorities to undertake the necessary planning work required for our expansion programme.

SCHOOL MEAL DEBT

School meal debt is a matter for local authorities in the first instance, and the Scottish Government expects them to use the powers available to them to support families struggling with school meal debt.

- We recognise that we are currently in the midst of a cost-of-living crisis which is hurting families across the country.
- In that spirit, the Scottish Government announced a one-off, fund of £1.5m to support councils to help remove the impact of school meal debt on families. We have now increased this fund to circa £2.8m, recognising the bids received.
- 30 local authorities applied for support from the Fund and offers of support were issued to local authorities on 3 December.

- COSLA have published a set of good practice principles for the management of school meal debt. It is our expectation that local authorities will implement COSLA's guidance on school meal debt going forward.

ELIGIBILITY THRESHOLDS

We are focused on delivering the next phase of our free school meal expansion programme, which is to pupils in Primary 6 and 7 in receipt of the Scottish Child Payment.

- We review the eligibility criteria for free school meals regularly to take account of changes to the national living wage. The eligibility criteria were last updated in April 2024.

ANNEX Z

[ANNEX Z] EMPLOYABILITY

Through No One Left Behind, devolved employability services make a tangible contribution to delivering on the National Strategy for Economic Transformation by providing support which aims to eradicate structural barriers to participating in Scotland's Labour Market. This contributes to the vision of a strong economy where good, secure and well-paid jobs drive a significant reduction in inequalities and poverty – particularly child poverty.

- The Budget sets out our plans to invest up to £90 million in 2025-26 for the delivery of devolved employability services. **This will allow us to continue to prioritise front line services, and increase the levels of grant funding to Local Employability Partnerships from 2024-25** levels whilst continuing to meet costs associated with the delivery tail for Fair Start Scotland.
- Our spending plans will continue to ensure activity is targeted towards the Government's priorities, including protecting specific funding to support parents towards, into and to sustain employment and increase their earnings, as part of our ambitious plans to eradicate child poverty.
- The employability contribution to tackling child poverty will be delivered through our No One Left Behind approach at a local level, providing person-centred support aligning our with wider aims to make the employability system simpler to navigate.

Parental Employability Support is a key pillar of our overall approach to achieving our child poverty targets, and we remain committed to scaling the reach and effectiveness of our services for parents.

- Parental Employability Support has been a specific funded priority since April 2020 through devolved employability services, and will continue to be a focus of our support moving forward.
- In line with commitments in Best Start, Bright Futures, our Parental Employability Support seeks to increase parental income from employment. All parents on low-income are eligible, although there is a specific focus on the six priority family groups.
- In response to the fact more than two thirds of children in poverty live in working households, our service eligibility has been broadened to include parents in low-income employment, enabling more parents to access person-centred support to help them increase their income.
- Whilst we have generally seen the number of parents accessing our services increase, we are committed to ensuring that more parents are aware of the support available to them, which is why our Strategic Plan sets out a priority around increasing awareness and uptake of support.

Statistics

- Between April 2020 and September 2024, over 20,369 parents have started to receive support through No One Left Behind (29% of all participants). The number of parents has generally increased over time, reaching a high of 7,581 (35%) in 2023-24.
- Our statistics show that 5,338 (26%) entered employment, 9% entered further or higher education or training, 16% gained a qualification, 3% started work experience and 2% started volunteering.
- Since April 2020, 56% of parents supported through No One Left Behind services were lone parents, 23% had three or more children, 21% were disabled (and 16% with a disabled child or adult in the family), 19% were from a minority ethnic background, 11% were aged under 25 and 8% had a child aged under 12 months.

ANNEX AA

[ANNEX AA] SKILLS, HE, FE AND STUDENT SUPPORT

TOP LINES

- **We have listened to universities and colleges, and the draft budget is providing over £2bn for colleges, universities and the wider skills system.**
- This includes a 2.1% uplift to the college and 1.7% uplift in HE resource allocation in the budget for 2025/26
- Through our support for Further and Higher Education, we are driving economic growth and prioritising financial assistance to students.
- This government is resolute in its commitment to free tuition and widening access to higher education for students of all backgrounds, with record numbers of Scots going to university.
- In England the Labour Government has landed students with additional costs through increased tuition fees, while average debt levels for Scottish students remain the lowest in the UK.

STUDENT FINANCIAL SUPPORT

Students studying a course of further or higher education and experiencing fuel poverty, are eligible to apply for discretionary funding directly from their college or university.

- Discretionary Funds provide additional support to students who are experiencing financial hardship accessing or remaining in further and higher education.
- In addition to this, the Scottish Government has substantially increased the student support available to higher education students by £3,650 since the 2022/23 academic year.
- The maximum support available to our most vulnerable students for the 2024/25 academic year has increased to £11,400, in line with the Living Wage.
- FE students are also able to access a non-repayable bursary of up to £125.55 per week.
- Our student support package targets funding towards those who need it most, particularly those from the lowest income households.

ANNEX BB

[ANNEX BB] POVERTY FOR SPECIFIC GROUPS – DISABLED PEOPLE, OLDER PEOPLE, MINORITY ETHNIC PEOPLE, RURAL & ISLAND COMMUNITIES

- We remain firmly focused on supporting the six priority family types identified as being at greatest risk of poverty. *[lone parents, minority ethnic families, families with a disabled adult or child, families with young mothers aged under 25, families with a child under one, larger families (3+ children)]*
- Almost 90% of all children in poverty in Scotland live within these six priority family types and we have built our knowledge and understanding of the barriers that these families face in moving out of poverty.
- By focusing on the impact of all interventions through the lens of our priority families and seeking to ensure that systems work for these families in particular, we will be able to drive down levels of child poverty whilst delivering significant progress on our wider equality and human rights ambitions - particularly in relation to advancing equality and human rights for women, disabled people and minority ethnic people.

SUPPORT FOR DISABLED PEOPLE

<u>We are committed to delivering positive change for disabled people. We are investing an additional £2m to enhance the Disability Equality Plan in recognition of the work needed to improve disabled people's lives.</u>

- Disabled People's Organisations have made clear through their Disabled People Demand Justice campaign where the priorities of disabled people lie.
- The Minister for Equalities and officials are working through how the additional investment can support those priorities, while continuing to listen to the voices of disabled people
- With the Covid-19 pandemic, and the cost-of-living crisis coming after decades of austerity, it is clear that the barriers facing disabled people are significant.
- That is why we are investing an additional £2 million in 2025/26 to support our disability equality plan and deliver essential support to Scotland's disabled people.
- This plan will lay the necessary foundations to lead the way for systemic change.
- We continue to do everything we can to address the challenges facing disabled people within the limitations of our devolved budget
- We have reopened the Independent Living Fund will help up to 1,000 more disabled people to access the support needed to lead independent lives. This is in addition to almost 1,900 disabled people who are already supported by the Fund.
- Furthermore this year's budget will allow the Independent Living Fund to continue to grow in 2025-26, allowing up to 400 more disabled people to access support from the fund, in addition to the 1,000 new awards that we committed to in 2024-25.
- We have introduced the Pension Age Disability Payment marking a significant milestone as Social Security Scotland's fifteenth payment. It will ensure that disabled people of all age groups in Scotland are receiving support based on dignity, fairness and respect.

SUPPORT FOR MINORITY ETHNIC FAMILIES

<u>Whilst we are focusing on the impact of all actions on our priority families, we would anticipate that particular actions will be especially impactful for minority ethnic families. This includes:</u>

- Investing £6.3 million through our Equality & Human Rights Fund, across 2021-2025, in 48 race equality and anti-racism organisations – enabling them to support over 7,713 individuals and 2,427 organisations.

- Providing the Minority Ethnic Carers of People Project (MECOPP) with just under £100,000 in 2024-25 to support improved mental health and wellbeing outcomes for children, young people and families from Gypsy/Traveller communities.
- In his anti-racism statement, the Cabinet Secretary for Health and Social Care has been clear that racism and discrimination are fundamental drivers of racialised health inequalities and a significant public health challenge.
- As such, we have asked 22 NHS Boards to develop and deliver against anti-racism plans, and published guidance in September to support this work.
- We also published our Anti-Racist Employment Strategy in December 2022, providing practical guidance and support for employers to take an anti-racist and intersectional approach to addressing racial inequality in the workplace.

SUPPORT FOR RURAL & ISLAND COMMUNITIES

Fuel poverty has become one of our rural and island communities' top concerns.

- The fuel poverty rate for rural households was similar to the fuel poverty rate for urban households – 35% and 34% respectively. However, the rate of fuel poverty for remote rural households is higher – at 44% - than all other areas except remote small towns, which have a similar rate at 41%.
- The average energy efficiency profile of rural properties is lower than that for urban, and dwelling characteristics associated with lower energy efficiency are disproportionately represented in rural areas.
- Rural households are at risk of fuel poverty for reasons including:
    - over half (55%) of rural dwellings are not within the coverage of the gas grid, and are therefore dependent on alternative fuel types that are more expensive;
    - rural properties are on average 32% larger than urban dwellings and therefore cost more to heat;
    - 29% is the rate of oil use as a primary heating fuel in rural locations. In urban locations, oil is used in 1% of dwellings.

The Scottish Government's Islands Cost Crisis Emergency Fund (ICCEF) was established in December 2022 to help local authorities support those islanders most impacted by the cost-of-living crisis.

- Since then, the ICCEF has distributed £3.4 million to communities across Scottish islands, with monies directly allocated to local authorities through the General Revenue Grant on a population basis. Since 2024-25, the Fund has had a strengthened focus on tackling child poverty.
- Local authority decisions on where funding will be directed are based on their local knowledge and their understanding of the impacts of the cost-of-living crisis on their islands.
- Actions funded by the programme to date include heating payments support, grants for food banks, Love Local food voucher cards, and free school breakfasts.
- In the Programme for Government published in September 2024, we committed to continue delivering the ICCEF going forward.

Reducing levels of fuel poverty is one of the strategic objectives featured in the Scottish Government's current National Islands Plan published in December 2019.

- The Plan was fully reviewed in 2023 by means of a public consultation. This included public workshops, both online and in-person across Scotland's islands, which offered everyone with an interest the opportunity to contribute their views.
- The implementation of the current Plan has faced a succession of crises, including the full effects of an unwelcome Brexit, the Covid-19 pandemic and the ongoing cost-of-

living crisis. The consultation findings told us that, whilst islanders viewed the National Islands Plan as comprehensive and ambitious overall, more needs to be done to deliver on our vision of successful, resilient and empowered island communities. Fuel poverty was noted as an area of continuing concern.

- Responding to the results of the review, Scottish Ministers have announced that a new National Islands Plan will be published in 2025. We are working with island communities, local authorities and other partners to ensure the new document addresses the challenges and ambitions that islanders highlighted through their feedback.
- Islanders have been clear that fuel poverty should be one of the key priority areas for the new Plan and we will continue to listen to and be guided by communities in identifying tangible actions for inclusion in the document.

The Carbon Neutral Islands Project provides support to six islands in Scotland (Hoy, Barra, Raasay, Islay, Yell and Great Cumbrae) in their efforts to become carbon neutral by 2040 in line with the principles of a just transition.

- £2.2 million of funding has been distributed in 2024/25 to support these goals including the funding of renovations to social housing on Raasay to improve their energy efficiency. This builds on funding provided in 2022/2023 and 2023/2024 on initiatives to lay the groundwork for net zero development on these islands.

ANNEX CC

[ANNEX CC] TRANSPORT

TOP LINES

- We know that people are still struggling with cost of living pressures and don’t always see public transport as affordable
- We spend over £2bn annually to support public transport, including providing up to 2.3 million people in Scotland with access to free bus travel.
- In 2025-26, we are increasing funding for bus services and concessionary travel from 430 million in 2024/25 to almost £465 million.

U22’s FREE BUS TRAVEL SCHEME

With over 183 million free bus journeys made by under 22s across Scotland, this landmark policy is already helping young people and families with children cut costs for everyday and leisure travel, while at the same time protecting our climate.

- To have seen over 183 million journeys made through the scheme by the end of November 2024 demonstrates the appetite for sustainable travel in Scotland.
- In March 2022, the Child Poverty Action Group reported that free bus travel can save a total of £3,000 in the lifetime cost of a child in Scotland.
- The Young Persons Scheme is helping people all across Scotland cut costs for essential, every day and leisure travel, making sustainable travel a more attractive option and supports our net zero ambitions.
- This is a truly transformational policy – changing lives, making a difference during tough times.

£2 BUS FARE CAP

The Scottish Government has allocated £3 million in 2025-26 for a £2 bus fare cap pilot to take place within a regional transport area.

- The pilot will commence in January 2026 for 12 months.
- As part of the development process, we will determine suitable criteria for selection of where the pilot will take place.
- There are a number of different ways this pilot could be developed with local transport authorities and bus operators, and detailed options will be considered with stakeholders as the proposal is developed.

FREE BUS TRAVEL FOR ASYLUM SEEKERS

The 2025-26 Budget has allocated funding to provide free bus travel for people seeking asylum.

- We are committed to exploring if we can extend free bus travel to all people seeking asylum on a longer term basis before the end of the current parliamentary session, subject to the successful passage of a Scottish Budget containing this issue and an agreed way forward on the policy in terms of practical delivery.
- This would be subject to future successful passage of a Scottish Budget containing this issue and an agreed way forward on the policy in terms of practical delivery.
- In the meantime, people seeking asylum in Scotland who are currently eligible for free bus travel through the statutory National Concessionary Travel Schemes, including those under 22, aged 60 and over and those with disabilities, will continue to be able to make use of their entitlement.

SCOTRAIL FARES INCREASE

We know that any increase is unwelcome for passengers, therefore we have kept the rise as low as possible to maintain the attractiveness and affordability of rail as a travel option while balancing the increasing costs to taxpayers.

- The Scottish Government now uses CPI as a benchmark for rail fares and on this occasion we used October 2024 as the reference month rather than the historical July RPI figure which would have been higher.
- We are continuing our 20% discounts on season tickets until September 2025 as planned.
- Flexipass will also continue to offer 12 single (6 return) journeys and has recently been expanded to include additional stations.
- ScotRail continues to develop fares initiatives which can help attract more passengers, while offering savings and added value to existing rail users

ANNEX DD

[ANNEX DD] SOCIAL SECURITY FMQ

[Attached separately]

Annex EE

[ANNEX EE] OPPOSITION AMENDMENTS

Paul O'Kane: leave out from “notes” to end and insert *“recognises that there are significant cost of living pressures in the UK and globally; further recognises the impact that rising energy bills have for families and communities across Scotland; welcomes the recent announcement by the UK Labour administration that it is expanding the £150 Warm Home Discount scheme so that 220,000 more Scottish households receive help to reduce energy costs; further welcomes the other support delivered by the UK Labour administration, including an extra £41 million in funding this past winter for the Scottish Government and delivering a record budget settlement for Scotland; demands that the Scottish Government works to urgently introduce greater support in the short term and accelerate insulating and decarbonising homes to bring down energy bills in the long term, and calls on the Scottish Government to deliver the policies that the Scottish Labour Party is calling for, such as scrapping peak rail fares, delivering affordable housing and keeping council tax low while boosting Scotland’s energy security through its sprint to clean power to keep bills low.”*

Top Lines

We will continue to protect people across Scotland as far as possible from the harm inflicted by UK Government policies and the ongoing cost of living crisis.

- As a government, we have spent around £1.2 billion mitigating the impacts of 14 years of UK Government policy such as the bedroom tax and benefit cap.
- This includes almost £154m this year through activities such as our Discretionary Housing Payments and the Scottish Welfare Fund – which we have increased by a further £20m in winter 24/25.
- In 2025-26, we have set out plans to spend £210m, a rise of £56m – which includes spending £70m above the funding received from the UK Government for social security to mitigate against the Winter Fuel Payment cut.
- The Scottish Government will carefully examine the implications for Scotland of any changes to the Warm Home Discount (WHD).
- We note the views of stakeholders on both the challenges and opportunities associated with the scheme and will respond in due course.

The Budget was set against continued and unprecedented challenges to public finances. This Government has been clear that the extent of challenges will not be addressed in a single year.

- The UK Autumn Budget was a step in the right direction. Whilst the additional funding received is welcome, the block grant position represents only a 1% increase in real terms for resource (around £400 million) and a 7% increase in real terms for capital (around £527 million).
- The Scottish Government has allocated £1.3 billion of funding through our Heat in Buildings schemes so far this Parliamentary Session (to 2024/25), committing spend of over £575m for energy efficiency and clean projects.

High energy prices continue to be the single greatest driver of fuel poverty. We continue to progress actions within our devolved powers towards raising household incomes and improving energy efficiency – the fundamental fiscal and policy levers to make a real difference remain with the UK Government.

- In 2023, 56% of Scottish homes were rated as EPC band C or better - an increase of around 3 percentage points from 2022. However, we also know that households in the lowest income bands have the highest rates of fuel poverty.
- However, the recently published Scottish House Condition Survey 2023 key findings, highlight that increases in fuel prices have had the largest impact on the change in fuel poverty rates in Scotland between 2022 and 2023, with the average index price of fuel growing by almost 16% in 2023.

We continue to prioritise support for the most vulnerable households with their energy costs this winter. We have provided an additional £41 million this year, by expanding our crisis support intervention, together with long-term, sustainable measures through our energy efficiency programme.

- We have increased investment in our national fuel poverty scheme - Warmer Homes Scotland - by a further £20 million, to £85 million this year (24/25). This is in addition to our significant ongoing investment in our Area Based Schemes. Both of which are helping households living in or at risk of fuel poverty to improve the warmth of their homes and reduce energy costs.
- Our collective Winter Heating Benefits are forecast to provide £65 million in support this winter. This will directly help 630,000 people with their energy bills, across many low income households as well as families with disabled children and young people, whom often require a higher energy usage in their homes
- This is on top of a further £20 million investment in the Scottish Welfare Fund for 2024-25, supporting those in the greatest financial stress.

The 2025-26 budget allocation of £768m represents an increase of over £200m when compared to the original 2024-25 published budget of £556m.

- This investment will help tackle the housing emergency while contributing towards our target of 110,000 affordable homes by 2032.
- The 2025-26 draft budget **more than reinstates** the Affordable Housing Supply Programme to 2023-24 levels - with £15.8m more being available to invest when compared to 2023-24 levels. Of the total 2025-26 draft budget, a much higher proportion is also capital than was the case in 2023-24 with £106.4m more capital and £90.6m less Financial Transactions (FTs).

We know that any increase is unwelcome for passengers, therefore we have kept the rise as low as possible to maintain the attractiveness and affordability of rail as a travel option while balancing the increasing costs to taxpayers.

- The Scottish Government now uses CPI as a benchmark for rail fares and on this occasion we used October 2024 as the reference month rather than the historical July RPI figure which would have been higher.
- We are continuing our 20% discounts on season tickets until September 2025 as planned.
- Flexipass will also continue to offer 12 single (6 return) journeys and has recently been expanded to include additional stations.
- ScotRail continues to develop fares initiatives which can help attract more passengers, while offering savings and added value to existing rail users

<u>This year we listened to the requests of COSLA and others, and acknowledged that a Council's decision on tax provides important financial and administrative accountability to their local electorate.</u>

- Therefore, local Councils had full flexibility in setting council tax rates for 2025/26.
- We encouraged Councils to consider the impact of Council Tax rises on local people and their household finances.
- Our means tested Council Tax Reduction Scheme continues to protect household budgets from the impact of Council Tax rises.

<u>We have announced an additional £144m towards the cost of the employer National Insurance contributions - equivalent of a 5% council tax rise.</u>

- We know that most local authorities have had to account for the planed hikes in employer National Insurance in Council Tax rises.
- Speculation about councils rising Council Tax to create reserves is unhelpful. This would be deeply unfair to those who are struggling with cost of living pressures.

<u>The latest price cap underlines how vital it is that the UK Government acts now to ensure people are provided with support, especially after promising that energy bills would come down by £300</u>

- Ofgem confirms price cap increase of 6.4% (£111 per year to around £1849) will take effect from April to June 2025.
- Stakeholder reaction to the increase:
    - "urgent need for reform so that affordability support reaches those who need it." [Consumer Scotland]
    - "introducing a social tariff would provide desperately needed support and reform a market that fails to provide affordable energy to people living on low incomes" [Citizens Advice Scotland]

<u>We have called for reform of the GB energy markets, which is critical to addressing the root causes of fuel poverty in Scotland.</u>

- We believe that a social tariff mechanism is the best way to ensure that energy consumers are protected against high costs and that their household energy needs are more both affordable and sustainable in the longer-term, reducing the likelihood of building up any energy debt.

Liz Smith: leave out from *"welcomes"* to end and insert *"notes the ongoing concerns amongst the Scottish business community about the effects of the widening tax differential between Scotland and the rest of the UK; further notes the failure of both the UK Government and the Scottish Government to prioritise policies that will deliver sustained economic growth, investment in infrastructure and more efficient public services, and calls on the Scottish Government to take a balanced approach to net zero, which includes supporting Scotland's oil and gas industry and ending policies that worsen cost of living pressures."*

Top Lines

We heard the business community loud and clear when they asked for greater certainty and no further increases to Income Tax. That is what our budget proposes to deliver.

- The Tax Strategy sets out our commitments on Income Tax over the remaining lifetime of this parliament, providing businesses with the stability they need to thrive in Scotland.
- The Fraser of Allander Institute's Scottish Business Monitor Q2 survey last year found most firms surveyed in May reported no or only minimal impacts of our income tax policy decisions on their business.
- According to the 2024 EY UK Attractiveness Survey – Scotland maintained its position as the top performing region or nation of the UK for foreign direct investment (FDI) projects outside of London, for the ninth year running.

Growing the economy' has been identified as one of the Scottish Government's four strategic priorities, with economic growth alongside tackling the climate emergency, delivering high quality and sustainable public services and eradicating child poverty all contributing to Scotland's prosperity. We have a clear plan for fair, green economic growth.

- Our National Strategy for Economic Transformation is our guiding star for the delivery of fair, green economic growth
- Our Green Industrial Strategy (Sept, 2024) has a single goal: to help Scotland realise economic growth opportunities from the global transition to net zero.
- The 2024 Programme for Government set out the priority actions and practical steps we are taking over the remainder of this parliament to drive economic growth in Scotland.
- Our National Innovation Strategy identifies sectors in which Scotland's research and business base provides sustainable competitive advantage and maps closely to the priorities in the UK Industrial Strategy
- Our new cross Cabinet Sub Committee on the Economy and Investment brings economic growth to the fore of decision-making across Ministerial portfolios in the Scottish Government
- With these plans and governance firmly in place, we are now focused on delivering the actions that will drive growth both now and into the future.

On 25 February 2025, the Scottish Budget was approved by parliament. To grow the economy, the Budget invests:

- £321 million for our vital enterprise agencies, £200 million for the Scottish National Investment Bank to invest in Scotland and £15 million to help start-ups to grow.
- Through our expanded £15m Enterprise Package we will support promising innovators and entrepreneurs, including increasing the number of women starting and scaling businesses, and boosting the growth of emerging economic clusters.
- Businesses and communities will continue to be supported with a competitive non-domestic rates relief package worth an estimated £731 million in 2025-26. The Small

Business Bonus Scheme is being maintained and we will continue to take over 100,000 properties out of rates altogether.

- We are almost tripling our capital investment in offshore wind to £150 million and investing £100 million for the continued rollout of our digital connectivity programmes across Scotland.
- And we are investing over £2 billion in Scotland's colleges, universities and skills system in recognition of their contribution to driving economic growth and to help ensure businesses have access to a skilled workforce. This reflects a small increase over the previous budget.

Reforming Scotland's public services is vital to ensure people experience high quality services, focussed on those who need them most.This is a top priority of government.

- We have a clear vision for what public services must look like – place-based, relational and with a clear focus on prevention. Where people are at risk of poor outcomes, we need to identify this early, build relationships and understand their needs, and work together across services to support and empower those people.
- The Scottish Government cannot do this alone and we will work to build a consensus around this way of working, with local government, public bodies, third sector and the private sector.

We're clear in our support for a just transition for Scotland's oil and gas sector, which recognises the maturity of the North Sea basin and is in line with our climate change commitments.

- Offshore oil and gas licensing, as well as consenting and the associated fiscal regime, are all matters that are currently reserved to the UK Government.
- Any further extraction and use of fossil fuels must be consistent with Scotland's climate obligations and just transition commitments. It's vital that we take an evidence-based approach to the energy transition.
- There is an urgent need to transition from fossil fuels globally if Paris Agreement goals are to be met. We are not going to deny the climate science that clearly shows the crisis we all are facing.
- But we've also got to have a just transition. I saw the damage Mrs Thatcher did to communities when she threw thousands of workers on the scrapheap.
- A just transition does not mean simply stopping all future oil and gas activity overnight. That would be wrong – and could threaten energy security while destroying the very skills we need to transition.
- That is why we have consistently called on the UK Government to approach decisions for North Sea oil and gas projects on rigorously evidence-led, case by case, basis – with climate compatibility and energy security key considerations.
- At the heart of our approach is ensuring a just transition for Scotland's valued and highly skilled oil and gas workforces to a net-zero future.

Energy security is absolutely vital.

- However, we must remember that around 80% of the oil extracted from the UK Continental Shelf is currently exported overseas. The majority of what is extracted from new fields will go overseas and not necessarily contribute to our domestic energy security.
- In terms of gas, demand is secured at a Great Britain level. Supplies come from a mixture of North Sea fields and imports from pipelines within continental Europe and liquefied natural gas from international markets.

- The recent UK Climate Change Committee report [26 Feb] says [QUOTE]: *"Maintaining ongoing UK [oil and gas] production makes little difference to UK energy security or to energy prices. The price of oil and gas, set by the international market, is a greater determinant of energy security than the volume of domestic production".*

HOT TOPIC - UKG CONSULTATIONS ON FUTURE OF NORTH SEA OIL AND GAS (LAUNCHED 5 MARCH)

<u>We will take the appropriate time to consider these new UK Government consultations, and their potential outcomes, fully.</u>

- We have consistently called on the UK Government to approach decisions for North Sea oil and gas licensing on a rigorously evidence-led, case by case, basis – with robust climate compatibility and energy security being key considerations.
- The UK Government also needs to work with industry – through this consultation and more widely - to set out a stable long-term fiscal regime for the North Sea, that will give the sector much needed certainty and treat it fairly alongside other parts of the UK economy.
- We're clear in our own support for a just transition for Scotland's valued oil and gas sector, which recognises the maturity of the North Sea basin and is in line with our climate change commitments.
- At the heart of our approach is ensuring a just transition for Scotland's valued and highly skilled oil and gas workforces to a net-zero future.

HOT TOPIC - SG's ENERGY STRATEGY

<u>The judgements and issues in the Energy Strategy and Just Transition Plan are informed and influenced by a range of recent developments in the UK Government's energy policy and court decisions.</u>

- This remains a rapidly changing landscape, with the UK Government's consultations now open for stakeholder input over several months.
- We are taking time to reflect on these ongoing developments before drawing any conclusions and publishing any final strategy.

Patrick Harvie: leave out *"and through energy efficiency programmes"* and insert *"; is concerned, however, by the lack of progress on energy efficiency and the heat transition, including the delay to the introduction of the planned Heat in Buildings Bill, which is essential to support households in Scotland to reduce their exposure to volatile fossil fuel prices".*

Top Lines

<u>We're considering all of the issues raised in response to our consultation on Heat in Buildings and will respond as soon as we can.</u>

- Tackling the climate emergency is one of our key priorities: heating our homes and workplaces causes around 20% of our emissions and we cannot achieve net zero without ending our use of gas boilers.
- Of course, any requirements which we may introduce must be affordable for householders.
- That is why further action by the UK Government is vital in reserved areas to help ensure that the transition is fair and affordable.
- I (the Acting Cabinet Secretary for Energy and Net Zero) am therefore seeking an urgent four-nation discussions on the decarbonisation of heat.

<u>The Scottish Government has allocated £1.3 billion of funding through our Heat in Buildings schemes so far this Parliamentary Session (to 2024/25), committing spend of over £575m for energy efficiency and clean projects.</u>

- Our schemes are mainly demand-led and rely on individuals and organisations coming forward to apply for or accept funding offers.
- In the early years of this Session demand for schemes was lower than anticipated, with the COVID pandemic reducing demand and delaying project progress.
- Demand for our schemes has risen in recent years and we continue to offer a generous package of support for households looking to move to clean heat.
- Our 25/26 budget committed to invest over £300m in our heat in buildings programmes – supporting over 20,000 households save up to £500 on their energy bills a year, helping make their homes more comfortable.
- This includes our schemes which support people in or at risk of fuel poverty such as Warmer Homes Scotland and Area-Based Schemes with insulation and new heating systems, as well as through support to social housing projects, owner occupiers, businesses and the public sector.

<u>Background (not for sharing)</u>

- Mr Harvie raised the need for urgent action on the HiB Bill during topical PQs last week (Thursday 6 March). Dr Allan responded as follows:

  "*We are considering the responses to our consultation on proposals for a heat in buildings bill and will respond as soon as is practicable. We also know that further action by the United Kingdom Government in reserved areas is essential for the heat transition. That includes rebalancing gas and electricity prices, clarity on its intentions for phasing out gas boilers in existing homes and a swift decision on the future role of the gas grid, in line with the Climate Change Committee's recent advice.*"

- The Local Government, Housing and Planning Committee has written to Dr Allan asking for clarity by 25 March on when SG plans to introduce the Heat in Buildings Bill. Section s.29(1)(b) of FOISA (ministerial communication).

Ash Regan: insert at end "; *understands that the much vaunted GB Energy that has been created by the UK Government will not supply electricity directly to households, and that promises of cuts to energy bills are unlikely to materialise, and calls on the Scottish Government to bring forward plans for the creation of a Scottish publicly owned energy company to sell Scotland's abundance of gas and electricity to customers at low prices, and to set out which powers it believes must be devolved to the Scottish Parliament in order to make such a company a reality."*

Top Lines

<u>We are working with GB Energy and our public bodies to maximise investment in Scotland.</u>

- Following the signing of the joint collaborative agreement between the Scottish Government and Department for Energy Security and Net Zero, Scotland's public bodies are engaging directly with GB Energy to maximise investment opportunities.
- We are taking a cross-public sector, Team Scotland approach, to coordinate activity and avoid duplication.
- We are engaging with the UK Government on funding priorities across the spectrum of Scottish clean energy interests, to ensure Scottish projects benefit from GB Energy funding in 2025/26 and beyond.
- Scotland already has a strong pipeline of clean energy and supply chain opportunities, is at the forefront of floating offshore wind development, and has a depth of knowledge and experience on community & local energy.
- We are working with GB Energy as it is set up, to ensure it delivers real benefits for the people of Scotland and a just energy transition.
- The interaction between the National Wealth Fund, GB Energy and the UK Government's Industrial Strategy will also be important, to allow projects in Scotland to take full advantage of opportunities from across the funding landscape.

<u>We do not anticipate that GB Energy will bring energy bills down for consumers in the short term.</u>

- High energy bills are the single greatest driver of fuel poverty in Scotland.
- The UK Government must take urgent action to address high bills - for example by introducing a social tariff mechanism.
- We continue to call for reform of the GB energy markets which is critical to addressing the high and unaffordable energy prices faced by households and businesses.

<u>A national public energy company that is involved in large-scale energy generation would only be possible in an independent Scotland where we had full powers over the energy market and full access to borrowing.</u>

- Within the Green Industrial Strategy, published on 11 September 2024, we set out how the people of Scotland will see maximum benefits from Scotland's energy transition, including identifying Scotland's wind economy as one of the five opportunity areas.
- While many powers remain reserved, we will use the powers we do have and continue to explore further opportunities to invest in energy-related projects, technology, and infrastructure.

[Annex FF] STAKEHOLDER BRIEFING - WWF Scotland

Key Points

1. The UK is one of the countries most exposed to gas price rises, pushing up heating bills to unprecedented levels and pushing millions into fuel poverty.
2. It is vital that the proposed Heat in Buildings (Scotland) Bill is introduced before summer 2025 to provide certainty to industry delivering the transition to warmer and healthier homes for everyone
3. Heat in Building (Scotland) Bill must crucially include a combination of public and private financial support alongside advice for households to help them make these improvements.
4. The decarbonisation of homes can deliver wider health and economy outcomes for everyone.

SG Response

The Scottish Government has allocated £1.3 billion of funding through our Heat in Buildings schemes so far this Parliamentary Session (to 2024/25), committing spend of over £575m for energy efficiency and clean projects.

- Our schemes are mainly demand-led and rely on individuals and organisations coming forward to apply for or accept funding offers.
- In the early years of this Session demand for schemes was lower than anticipated, with the COVID pandemic reducing demand and delaying project progress.
- Demand for our schemes has risen in recent years and we continue to offer a generous package of support for households looking to move to clean heat.
- Our 25/26 budget committed to invest over £300m in our heat in buildings programmes – supporting over 20,000 households save up to £500 on their energy bills a year, helping make their homes more comfortable.
- This includes our schemes which support people in or at risk of fuel poverty such as Warmer Homes Scotland and Area-Based Schemes with insulation and new heating systems, as well as through support to social housing projects, owner occupiers, businesses and the public sector.

Tackling the climate emergency is one of our key priorities: heating our homes and workplaces causes around 20% of our emissions and we cannot achieve net zero without ending our use of gas boilers.

- Of course, any requirements which we may introduce must be affordable for householders.
- That is why further action by the UK Government is vital in reserved areas to help ensure that the transition is fair and affordable.
- I (the Acting Cabinet Secretary for Energy and Net Zero) am therefore seeking an urgent four-nation discussions on the decarbonisation of heat.

[Annex GG] STAKEHOLDER BRIEFING - Independent Age

Key Points

1. the incomes of older people are maximised through social security adequacy and increased take-up,
2. energy bills for older people on low incomes are reduced through a social tariff,
3. homes are made less expensive to heat through energy efficiency improvements,
4. the introduction of a pensioner poverty strategy to set out an action plan across all government portfolios to reduce the number of pensioners in poverty in Scotland.

SG Response

We are investing around £6.9 billion in Social Security benefits and payments in 2025-26, around £1.3 billion more than the UK Government gives to the Scottish Government for Social Security.

- The investment in Social Security benefits and payments will provide support to around 2 million people in Scotland: around 1 in 3 of the population – including around 812,000 households we will support with Pension Age Winter Heating Payment.

Pension Age Winter Heating Payment

We will not abandon older people this winter or any winter. We will do our best to make sure no-one has to make a decision between heating and eating, and we will continue to protect pensioners.

- The Scottish Government will provide universal support to all pensioners from next winter, through Pension Age Winter Heating Payments, support that is not available anywhere else in the UK.
- This change in approach will see the number of households who receive this benefit increase from 137,000 in 2024-2025 to around 812,000 in 2025-2026.
- Next winter all pensioner households not receiving relevant benefits will receive £100, with those in receipt of a relevant low-income benefit receiving £203.40 or £305.10, depending on their age
- The universal entitlement to, and automatic payment of the benefit, means that take-up will continue to be high, ensuring all older people receive additional money during winter which will encourage them to heat their homes for longer.

Benefit Take-Up

Ensuring that people take up all of the social security support they are entitled to is a fundamental priority for the Scottish Government and we are proud of our Benefit Take-Up Strategy, which highlights our commitment to reaching people with protected characteristics, including age.

- To support people to access devolved social security, a number of channels are made available to enable people to apply in a way that suits them best, either online, by post, over the phone, or face-to-face. Social Security Scotland has specially trained client advisors available in every local authority area and older people can make an appointment to get help to apply at a time and place that is best for them. Additionally, appointments can be made in a range of local outreach venues. These are places people already go, such as libraries, community centres and third sector venues, ensuring services are accessible to all, including older people.
- We know, however, that there are groups of people who are under-represented and often poorly engaged by public services and the wider social security system, including socially isolated older people. The Scottish Government and Social Security

Scotland are currently exploring further approaches to maximise take-up for these seldom-heard communities.

Pension Credit

<u>The Scottish Government is committed to ensuring that Scottish people are supported to take up the benefits they are entitled to.</u>

- While Scottish Ministers have no formal role in the administration of reserved benefits, such as Pension Credit, our welfare advice services, supported by Scottish Government investment, work very closely with people who may be entitled to benefits, devolved or reserved, but have not yet applied.
- These efforts include increasing the awareness and take-up of assistance to support people who are struggling financially.
- As Pension Credit is a reserved benefit, the Cabinet Secretary for Social Justice has written to the DWP, urging them to undertake a benefit take-up campaign for Pension Credit and to move forward with plans for a social energy tariff.
- Scottish Government officials are in regular contact with counterparts in the DWP and we have also offered to work with them to improve take-up rates. This will include working with stakeholders across Scotland to increase awareness of Pension Credit and the link to eligibility for Pension Age Winter Heating Payment.
- The First Minister also wrote to COSLA and all Local Authority leaders in Scotland on 19 September, asking them to do all that they can to encourage older people in their area to check if they can get Pension Credit.

Scottish Welfare Fund

<u>We are committed to using all the levers available to us to support those most in need over winter and invested a further £20 million in the Scottish Welfare Fund this financial year – taking this funding to £61 million in 2024-25 to help with the cost of living crisis.</u>

- The Fund has paid out more than £269 million to 366,000 households across Scotland since April 2019 – with more than one million payments already made.
- The Scottish Welfare Fund provides crisis support and helps eligible people to establish independent living.

Social Tariff

<u>We have called for reform of the GB energy markets, which is critical to addressing the root causes of fuel poverty in Scotland.</u>

- We believe that a social tariff mechanism is the best way to ensure that energy consumers are protected against high costs and that their household energy needs are more both affordable and sustainable in the longer-term, reducing the likelihood of building up any energy debt.
- We repeatedly called on the previous UK Government to introduce a social tariff as a means of targeted support for those who need it most. We are pleased to be having more constructive discussions with the new administration on delivering this crucial policy, and have committed to sharing the outputs of our newly established Social Tariff working group.

Energy Efficiency Schemes

<u>We continue to prioritise support for the most vulnerable households with their energy costs with long-term, sustainable measures through our energy efficiency programme.</u>

- We have increased investment in our national fuel poverty scheme - Warmer Homes Scotland - by a further £20 million, to £85 million this year (24/25). This is in addition to our significant ongoing investment in our Area Based Schemes. Both of which are helping households living in or at risk of fuel poverty to improve the warmth of their homes and reduce energy costs.

- In 2023, 56% of Scottish homes were rated as EPC band C or better - an increase of around 3 percentage points from 2022. However, we also know that households in the lowest income bands have the highest rates of fuel poverty.
- However, the recently published Scottish House Condition Survey 2023 key findings, highlight that increases in fuel prices have had the largest impact on the change in fuel poverty rates in Scotland between 2022 and 2023, with the average index price of fuel growing by almost 16% in 2023.

Pensioner Poverty Strategy

The Scottish Government's 'A Fairer Scotland for Older People: framework for action' contains a dedicated strand focused on activity we are undertaking to ensure people are financially secure and supported as they age.

- Independent Age are a valued member of the Older People Strategic Action Forum. We engage regularly with the group on actions we take to support the needs of older people in Scotland.
- In addition, we provide funding of £2.2 million, through the Equality and Human Rights Fund, to older people's organisations and age equality projects. This funding is delivering a range of initiatives that tackles poverty among older people."

[Annex FF] STAKEHOLDER BRIEFING - Crisis

Key Points

1. The cost of living crisis, poverty and homelessness are all directly linked. As pressure grows on household finances, more people who were previously comfortable are now experiencing poverty, while many who were already struggling are now being pushed into homelessness.
2. Scotland has strong housing rights in place for people experiencing homelessness, but far too many people become homeless in the first place. Crisis believes the best way to end homelessness is to prevent it from happening in the first place. Therefore, we strongly support plans outlined in Part 5 of the Housing Bill and urge Government to prioritise prevention activity in its response to the national housing emergency.#
3. Crisis has seen a rise in demand for support over the past two years, including growing demand from families, with increasing numbers of people being forced to choose between keeping up with rent or mortgage payments, and paying for food or energy.
4. Most recent official homelessness statistics (Feb 2025) show the number of households applying for homelessness support after having their previous tenancy or mortgage terminated due to rent arrears or default on payment increased by 27% since last year (from 837 to 1,066).

SG Response

ACTION TO PREVENT HOMELESSNESS
<u>The homelessness prevention duties in the Housing (Scotland) Bill will place a stronger emphasis on preventing homelessness, based on the principles of shared public responsibility, earlier intervention and providing more choice and control by supporting people to avoid crisis</u>

- Our Housing Bill will deliver measures on rent controls, as well as new homelessness prevention duties – all of which is helping protect tenancies and keep people in their homes.
- We will invest an additional £4m in 2025-26 in homelessness prevention pilots, in preparation for the homelessness prevention duties in the Housing (Scotland) Bill
- In addition, we are making £1m available in 2024-25 to registered social landlords and third sector partners to fund work to help sustain tenancies and prevent homelessness

[Annex GG] STAKEHOLDER BRIEFING - CHAS

Key Points

1. The families of dying children urgently need year-round support to ensure they can run all the equipment and heating needed to keep their children warm, safe and comfortable.
2. CHAS is supportive of calls for the UK Government to take forward a social energy tariff to ease financial pressure on vulnerable households who face unavoidably high energy costs.
3. We welcome the work of the Scottish Government's Social Tarriff Working Group, which aims to make recommendations to the UK Government on the design of a social tariff mechanism.
4. CHAS also notes that for many of the families we support, a social tariff alone may not be sufficient to ensure their bills are affordable. Consideration of what further support may be necessary for these families would be welcome.

SG Response

Social Tariff

<u>The Scottish Government believes that a social tariff mechanism is the best way to ensure that energy consumers are protected against high costs and can afford all of their energy needs.</u>

- The powers to implement a social tariff remain with UK Government and we are committed to working closely with them.
- We repeatedly called on the previous UK Government to introduce a social tariff as a means of targeted support for those who need it most. We are pleased to be having more constructive discussions with the new administration on delivering this crucial policy, and have committed to sharing the outputs of our newly established Social Tariff working group.
- It is beyond doubt that there is immediate need for reform to support energy consumers – with pricing still remaining high, fuel poverty remains considerably higher than pre-Covid levels and the fundamental levers to deliver progress are with the UK Government.

<u>Scottish Child Payment is delivered using Section 79 of the Social Security (Scotland) Act 2018. This allows Scottish Ministers to "top-up" a qualifying reserved benefit.</u>

- It is not possible to pay Scottish Child Payment to families with dependent children under 16 on presentation of a BASRiS form, because that does not relate to entitlement to a qualifying Reserved Benefit.
- Individuals who are terminally ill automatically receive the highest rates of disability assistance they are entitled to and there are no award reviews unless there is a change of circumstances.
- This support is available regardless of whether someone has a child or not.

<u>We fast track disability assistance applications from terminally ill people so that they are provided with the support they are entitled to as quickly as possible.</u>

- It is essential that terminally ill people are provided with the support they need, when they need it. After a diagnosis of terminal illness, we want to support people to concentrate on living their lives and being with their loved ones. That is why we changed the Scottish social security system to support this.