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Dear Judith and Mark,

ANNUAL UPDATING OF SOCIAL SECURITY ASSISTANCE

Thank you for your letter of 20 January and the accompanying report under section 97 of the Social Security (Scotland) Act 2018 on the draft 'The Social Security (Up-rating) (Miscellaneous Amendments) (Scotland) Regulations 2023'.

I have reviewed the recommendations and have responded to each in turn in **Annex A**. The Regulations have now been laid in Parliament. I am pleased that no substantive changes were required.

I am grateful to you and your team for responding so promptly and thoroughly.

Please accept my thanks for your support for helping to ensure that the Regulations could be laid in the Scottish Parliament with sufficient time for them to come into force from 1 April 2023.

Yours sincerely,

BEN MACPHERSON



SCoSS Recommendation	SG Response
<p>Recommendation 1: In view of the current and projected high level of inflation and the time taken between the up-rating decision and when an up-rated benefit is received we invite the Scottish Government to set out any actions that might be taken to maintain the value of recipients' social security payments or otherwise help people manage rising costs between annual up-rating exercises.</p>	<p>Noted: We appreciate during times of high inflation particularly, there can be differences between inflation rates used for uprating purposes and when they are applied.</p> <p>Low income families and carers benefited when Scottish Government uprated a range of devolved assistance by an enhanced rate of 6% in April 2022. This increase went beyond the September 2021 CPI rate of 3.1% used by the UK Government for uprating of reserved benefits. Additionally, Scottish Child Payment was increased beyond the rate of inflation in November 2022 to help families with increased costs. Current inflation forecasts by the Office for Budget Responsibility and the Bank of England expect inflation in Q2 2023, when uprating is applied, to be slightly lower than the September CPI rate.</p> <p>Within our limited budget, we have allocated almost £3 billion in this financial year to help families and households face the increased cost of living. This includes support for energy bills, childcare, health and travel, as well as social security payments not available anywhere else in the UK.</p> <p>In 2023-24 we are committing £5.2 billion for social security and welfare payments, providing support to over one million people in Scotland. This is over £770 million above the level of funding forecast to be received from the UK Government through Block Grant Adjustments. It includes investing £442 million in the Scottish Child Payment which we increased to £25 per week in November 2022 when we extended the payment to all eligible 6-15 year olds. This is money which will go directly to the people of Scotland who need it the most.</p> <p>The choices we have taken in our Budget for 2023-24 represent a significant investment in people and is key to our national mission to tackle child poverty. It will help low-income families with their living costs, support older people to heat their homes in winter, and enable disabled people to live full and independent lives.</p>

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SCoSS Recommendation	SG Response
<p>Recommendation 2: Given the Scottish Government used its discretion this year to up-rate Scottish Child Payment beyond the rate of the Consumer Prices Index, we invite the Scottish Government to clarify the rationale for the £5 increase.</p>	<p>Accepted: The decision to increase Scottish Child Payment beyond the rate of inflation was taken in order to support the Scottish Government's commitments to decrease child poverty by 2030, including work towards meeting interim poverty targets in 2023-24. SCP is a key income top-up for families, and was thus considered to be the most efficient way to provide additional support to low-income families in Scotland.</p>
<p>Recommendation 3: Where a rate of assistance is increased in-year, outwith the usual up-rating process, the Scottish Government should make clear at that time whether or not that increase represents early up-rating in fulfilment of its duty under section 86B. Where it does, the reasons behind its decision to use its discretion to bring the up-rating forward in that case should be made clear.</p>	<p>Accepted: We took the decision to uprate SCP four months early at the same time as extending the payment so that it was available in respect of children under 16. The uprate was effected in November 2022. The increase in SCP from £20 to £25 increased the rate of SCP beyond the inflation rate used elsewhere (by 25%), focusing resources on achieving the Scottish Government's goal of reducing overall child poverty. The Minister for Social Security and Local Government provided further details of this at the Social Justice and Social Security Committee meeting on 27 October 2022. Officials will however consider whether an "in-year" increase of assistance can in future be communicated earlier.</p>
<p>Recommendation 4: Provisions for the up-rating of the transitional rate of the Adult Disability Payment should be included in the proposed up-rating regulations.</p>	<p>Accepted: This recommendation has been actioned in the amended Regulations ahead of Parliamentary laying.</p>

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