

Ed Pybus
Scottish Commission on Social Security
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By Email: info@socialsecuritycommission.scot

24 January 2025

Dear Ed,

ANNUAL UP-RATING OF SOCIAL SECURITY ASSISTANCE

Thank you for your letter of 17 January 2025 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 2025'.

I have reviewed the recommendations and responded to each in turn in **Annex A**. I am pleased that no substantive changes to the regulations are required before being laid in Parliament.

However, we have identified a small drafting change necessary in the saving provisions to reflect how the payment system operates for the Scottish Child Payment, to ensure that weekly payments of the new rates are made on a lawful basis.

Minor changes have also been made to the saving provisions for Carer Support Payment, Scottish Adult Disability Living Allowance and Pension Age Disability Payment. These changes ensure consistency and make clearer that the saving provisions apply to on-going entitlement as well as applications for assistance where appropriate.

A small change has also been made to the Disability Assistance (Scottish Adult Disability Living Allowance) Regulations 2025 to correct an unintentionally omitted word, adding "physical" to regulation 8(2)(a). The Disability Assistance (Scottish Adult Disability Living Allowance) Regulations 2025 were [previously scrutinised](#) by SCoSS but this omission was not identified. We are making this correction now to bring this provision in line with DLA as intended.

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

Please accept my sincere 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 2025.

Yours sincerely,



SHIRLEY-ANNE SOMERVILLE

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Scottish Commission on Social Security Recommendations	Scottish Government Response
<p>Recommendation 1 To assist stakeholders understanding of the impact of changes, relevant assessments from the decision-making process, relating to the Budget, social security assistance and uprating policy itself, should be clearly signposted in the Section 86A report and the policy note accompanying the up-rating regulations.</p>	<p>Partially accept The Scottish Government already provides stakeholders with relevant information annually on its up-rating policy as well as detail on what action is to be taken in the following financial year, in the report in fulfilment of section 86A of the Social Security (Scotland) Act 2018 (the “2018 Act”) – which is sometimes referred to as the section 86A report. The 2018 Act requires Scottish Ministers to consider the effects of price inflation on all forms of social security assistance provided for by that Act. Although not legally required, the Scottish Government also routinely includes assessment on social security payments not provided by the 2018 Act, for completeness and transparency. After being laid in the Scottish Parliament, this report is also published on gov.scot each year, enabling stakeholder access to the decision making process involved in up-rating.</p> <p>Assessments relating to the Scottish Budget are published separately, reflecting the fact that the review of social security rates forms a separate assessment which separately informs, and is informed by, Budget decisions. Given this interaction, from next year, the Scottish Government commits, where possible, to include references in the s86A report to published Budget related information relevant to social security spending and annual up-rating.</p> <p>In its report, the Commission highlights the the Scottish Government’s position that it does not consider annual up-rating to represent a policy change. It is therefore not considered necessary to carry out new impact assessments each year. However, we understand that reference to existing impact assessments relating to the payments being up-rated could be helpful. As such, from next year, the Scottish Government commits to include references to these in the s86A report.</p>

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Recommendation 2

To inform policy decisions about uprating Scottish benefits once agency agreements with the Department for Work and Pensions have ended, the Scottish Government should undertake a policy review, and a further multi-criteria decision analysis of options. This should consider whether there are any measures of inflation which more accurately reflect the effects of inflation on households in Scotland.

Partially accept

The Scottish Government's up-rating policy is not necessarily dependent on the completion of case transfer or the end of agency arrangements. This is demonstrated by the passing of the Social Security (Amendment) (Scotland) Bill on 3 December 2024, which extends the annual statutory up-rating duty to all social security assistance delivered under the 2018 Act, already diverging from the approach taken by the UK Government.

The Scottish Government's multi-criteria decision analysis (MCDA) published in January 2024 considered and appraised alternative measures of inflation such as ONS Household Cost Indices, reflecting the different experiences of inflation across households of different incomes, including low income households. The analysis also considered and appraised different reference periods to use to uprate benefits. Any future update of this MCDA and analysis of different uprating options would again consider the impact of alternative measures of inflation and reference periods.

We believe that a further MCDA or similar analysis should be carried out following any substantive change in advice on the use of inflation measures by the Office for Statistics Regulation or the Office for National Statistics. Updated analysis may also be required in the event of new inflation metrics becoming available, significant changes in inflation trends themselves – including specific changes in the Scottish position relative to the rest of the UK – or when a significant time period has passed since the previous analysis. The Scottish Government has already committed to carrying out additional analysis on the most appropriate measure to be used to assess inflation following case transfer. It is our view that, at this time, the analysis and conclusions of the MCDA published last year remain relevant.

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Recommendation 3

SCoSS welcomes the decision to retain parity with the Department for Work and Pensions' increase in earnings thresholds for carer benefits for this year. In future years, we would urge the Scottish Government to adopt a more predictable approach to annual up-rating of earning thresholds to provide greater certainty to carers.

Accept

The Scottish Government's 2025-26 draft budget increases the earnings threshold for Carer Support Payment to £196, which is intended to help support more carers to continue to receive the benefit and stay in – or take up – work while caring for a disabled adult or child, where they wish and are able to do so alongside their caring role. This increase to 16 x the National Living Wage, coupled with the UK Government's recent decision to increase the National Living Wage by more than inflation, means that the Carer Support Payment earnings threshold for 2025-26 is significantly closer to 16 x the Real Living Wage proposed in the Scottish Government's 2022 consultation on carer's assistance. We are continuing to consider the consultation feedback, along with learning and feedback from delivery of Carer Support Payment to date, and ongoing engagement with the DWP on their recently announced plans to carry out further work on the earnings limit for Carer's Allowance, to inform future policy and changes to earnings rules from 2026-27 onwards.

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