



Scottish  
Commission  
on Social  
Security

## **Scottish Commission on Social Security**

**Scrutiny report on draft Regulations:**

# **The Social Security (Up-rating) (Miscellaneous Amendments) (Scotland) Regulations 2025**

**Submitted to the Scottish Government and the Scottish Parliament's Social  
Justice and Social Security Committee on 17 January 2025.**

**SCoSS/2025/1**

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## **Summary of recommendations and observations**

**Recommendation One:** 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.

**Observation One:** The Commission welcomes the commitment to keep the uprating policy under review and to consider alternative approaches if inflation measures change materially.

**Recommendation Two:** 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.

**Recommendation Three:** 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.

# 1. Introduction

## 1.1 Overview

The Scottish Commission on Social Security (SCoSS) is pleased to present its report on the draft Social Security (Up-rating) (Miscellaneous Amendments) (Scotland) Regulations 2025 (hereafter referred to in this report as the ‘draft Regulations’).

The Scottish Government published its overall strategic approach to up-rating in 2019, having consulted SCoSS on the appropriate inflation measure. The Scottish Government also published, in 2024, a ‘Multi-Criteria Decision Analysis’ (MCDA) to evaluate potential methods of up-rating using various measures of inflation and different reference periods.

## 1.2 Human rights and social security principles

Our scrutiny was undertaken with regard to the Scottish social security principles<sup>1</sup> and relevant provisions of human rights law.

The Scottish Government’s overall approach to up-rating (2019), and the draft Section 86A report accompanying this year’s up-rating regulations, refer to specific social security principles that up-rating is intended to reinforce. These are—

- Social security is an investment in the people of Scotland (principle (a));
- Social security is itself a human right and essential to the realisation of other human rights (principle (b));
- The Scottish social security system is to contribute to reducing poverty in Scotland (principle e)); and
- Opportunities are to be sought to continuously improve the Scottish social security system in ways which - i) put the needs of those who require assistance first, and ii) advance equality and non-discrimination (principle (g)).

The purpose of the annual up-rating exercise is to ensure that the value of social security payments is maintained (rather than increasing its value). By maintaining the value of social security payments as prices rise, up-rating contributes to these principles, especially reducing poverty (principle e) and continuous improvement to advance equality (principle g(ii)). Up-rating is also referenced in the revised Charter as contributing to reducing poverty, such as through increasing the value of disability, employment-injury, carers, funeral expense benefits and the Scottish Child Payment every year in line with inflation; and reviewing the payment levels of all other Scottish benefits every year.

## 2. The purpose of uprating and distinct policy decisions

This year, uprating policy itself has changed in that a distinct policy decision has been made that all payments under the 2018 Act will be subject to the statutory uprating duty. Following an announcement in September<sup>2</sup> the Social Security

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<sup>1</sup> Social Security (Scotland) Act 2018 asp 9 s 1.

<sup>2</sup>19.9.24: <https://www.parliament.scot/api/sitecore/CustomMedia/OfficialReport?meetingId=16002>

(Amendment) Bill was amended by Government to this effect.<sup>3</sup> The foreword to the Scottish Government’s Section 86A report, accompanying the draft regulations articulates the Scottish Government’s approach to up-rating in the following terms—

“Since the first Scottish up-rating exercise in 2019, the Scottish Government has frequently chosen to up-rate all payments, including those increased at Ministers’ discretion. This financial support has been absolutely crucial to many people, especially during the current cost of living crisis. This Government believes that the people of Scotland should be able to depend on the social security assistance they receive retaining its purchasing power as prices rise. To that end, through the Social Security (Scotland) Amendment Bill, we have extended the legal obligation to annually increase all benefits delivered under the Social Security (Scotland) Act 2018 in line with inflation.

This extended legal requirement will apply immediately to the Best Start Grants and our winter heating payments. Best Start Foods will be brought under the 2018 Act in future but, until then, the Scottish Government is committed to also increase this payment each year in line with inflation” (p.2).

We understand from officials that there is a distinction between the following—

1. policy decisions on uprating;
2. decisions about rules for each specific benefit; and
3. decisions relating to the Budget process.

Annual uprating can differ from the more specific objectives relating to particular benefits; for example the Scottish Child Payment has a role in reducing child poverty and the Adult and Child Disability Payments contribute towards meeting some additional disability-related costs. Uprating decisions are also distinct from wider Budget policy, and subject to specific provisions under the 2018 Act.<sup>4</sup>

The draft Policy Note states that no impact assessments are usually made on uprating regulations, stating that—

“It is not considered necessary to carry out additional impact assessments as these Regulations do not seek to substantively change the policy intent of each set of specific benefit regulations”. (p.5)

Impact assessments, which should inform policy decisions, are published with changes to specific benefits, and impact assessments are included in Budget documentation.

SCoSS believes that it can be helpful for stakeholders to fully understand the implications if information about potential impacts is more explicitly included in the documentation produced about such changes. We recognise that such assessments should be proportionate to the decision being made. However, given the fuzziness of boundaries between uprating, Budget and specific policy decisions, and the human rights budgeting principles of transparency, participation and

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<sup>3</sup> Section 15A of the Bill as passed: <https://www.parliament.scot/-/media/files/legislation/bills/s6-bills/social-security-amendment-scotland-bill/stage-3/bill-as-passed.pdf>

<sup>4</sup> E.g. Sections 86A and B

accountability,<sup>5</sup> SCoSS believes it would be helpful for each set of documents to clearly signpost where relevant impact assessments are held.

**Recommendation One: 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.**

### 3. Up-rating Scottish social security for 2025/26

Prior to uprating for 2025-26, a range of benefits were covered by the statutory uprating under section 86B of the Social Security (Scotland) Act 2018. However, the up-rating of a number of other devolved social security benefits was discretionary. These were—

- Best Start Grants;
- Best Start Foods;
- Child Winter Heating Payment;
- Winter Heating Payment; and
- Job Start Payment.

As noted above, following the recent passage of the Social Security (Scotland) (Amendment) Bill through the Scottish Parliament these devolved benefits will now be up-rated under section 86B of the 2018 Act<sup>6</sup>.

As in previous years, the Scottish Government is applying the annual rate of the Consumer Prices Index (CPI) for September 2024 as the rate at which benefits will be up-rated. The annual CPI rate for September was 1.7%.

The Commission notes that the November 2024 CPI rate was 2.6% and that the September CPI rate of 1.7% was the lowest CPI rate since April 2021<sup>7</sup>. However, the Commission also recognises that the methodology applied to determine the rate at which benefits will be up-rated is consistent with that adopted in previous years.

The Scottish Government commented, in the Section 86A report, on the rationale for using the September CPI rate and on forecasts of UK inflation in 2025-26 in the following terms—

The CPI 12 month rate for September is published in October so allows its use in the Scottish Government budget process that begins shortly afterwards, ensuring sufficient funds are allocated to fund up-rating of social security assistance, and also sufficient time to update Social Security Scotland payments system in time to pay new payment rates in April.

In October 2024, the Office for Budget Responsibility published their latest Economic and Fiscal Outlook , confirming that annual CPI inflation is

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<sup>5</sup> See eg <https://spice-spotlight.scot/2023/01/10/the-three-golden-rules-mainstreaming-transparency-participation-and-accountability-in-the-scottish-budget/>

<sup>6</sup> Job Start Payment is not encompassed by the 2018 Act and will continue to be discretionary. Best Start Foods will be brought under the scope of the 2018 Act, via Section 86B, in the future following Royal Assent, but is also being increased by 1.7%.

<sup>7</sup> ONS, [Consumer price inflation, UK: November 2024](#), Figure 1.

expected to remain close to the 2% target throughout the forecast period. A temporary rise from 2% is predicted in 2025 driven by higher gas and electric prices. However, at this time, there is significant uncertainty around the forecast for CPI inflation as various factors can driver lower or higher inflation including wage growth or the continuing conflicts in the Middle East and Ukraine.

In summary, CPI remains the most appropriate inflation measure for up-rating of assistance and the annual rate to September is the most appropriate period. However, the Scottish Government is committed to keep its up-rating policy under review and will consider alternative approaches if there is a material change to inflation measures (paras. 3.2–3.4).

**Observation One: The Commission welcomes the commitment to keep the uprating policy under review and to consider alternative approaches if inflation measures change materially.**

## 4. Future uprating policy

Currently, some devolved assistance (such as disability and carer benefits) is being delivered under an agency agreement with the Department for Work and Pensions (DWP) until all clients in Scotland are transferred across to Social Security Scotland. During the period of the agency agreement, Scottish Ministers uprate these benefits in line with the DWP benefits (i.e. for April 2025, increases based on the September 2024 Consumer Prices Index (CPI) of 1.7%).

The Commission has commented, in previous years, on the use of the September CPI rate to determine the level of up-rating that the Scottish Government chooses to adopt.

In January 2024 the Scottish Government published a Multi-Criteria Decision Analysis (MCDA) to assess different measures of inflation. As we noted in last year's uprating scrutiny report, SCoSS understands that this analysis was prompted by the high and volatile inflation of recent years in order to consider whether the best measure was being used.<sup>8</sup> We commended the MCDA process taken last year and recommended<sup>9</sup> that another analysis should be carried out to inform policy development on what the uprating policy should be after case transfer. The Scottish Government accepted this recommendation, which we welcome.

SCoSS further considers that this process should also include wider aspects of uprating policy as well as the measures adopted. As previously recommended<sup>10</sup>, and

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<sup>8</sup> <https://socialsecuritycommission.scot/wp-content/uploads/2024/01/Up-rating-2024-scrutiny-report.pdf>

<sup>9</sup> Recommendation 3. The Scottish Government should conduct a further Multi Criteria Decision Analysis to inform its approach to the up-rating of social security payments following the completion of case transfer.

<sup>10</sup> Recommendation 4. The Scottish Government should engage stakeholders with a range of expertise (including, but not necessarily limited to, the economy, social security, equality and poverty) to inform decisions on aspects of the next uprating Multi Criteria Decision Analysis such as criteria, weighting and options to be considered

accepted by the Scottish Government<sup>11</sup>, it can be beneficial to involve a wide range of stakeholders in such a process to ensure that multiple perspectives are involved from the outset. This would also be consistent with social security principles (f) (designed with the people of Scotland on the basis of evidence) and (g) (to continuously improve the system in ways which (i) put the needs of those who require assistance first and (ii) advance equality and non-discrimination).

A future MCDA should also consider developments in alternative measurements of inflation.<sup>12</sup>

**Recommendation Two: 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.**

## 5. Earnings thresholds

In general terms, an earnings threshold for a social security payment is an amount of income above which a person's eligibility for that social security payment is affected. The only Scottish social security payment currently with an earnings threshold is Carer Support Payment (CSP).

Although the Scottish Government is required to up-rate the amounts of social security payments in line with increased prices, there is no requirement to up-rate earnings thresholds. There is also no standard way of increasing earnings thresholds year on year.

The UK Government 2024 Autumn Budget provided for an increase in the earnings threshold for Carer's Allowance from £151 per week in 2024-25 to £196 per week in 2025-26. The Scottish Government 2025-26 budget commits to—

“matching the UK Government by raising the earnings threshold for Carer Support Payment and Carer's Allowance to £196, which means carers can earn an extra £45 a week whilst receiving these benefits”<sup>13</sup>.

In our CSP scrutiny report<sup>14</sup>, SCoSS noted the complexity of CSP rules about earnings and their administration, including the risk of overpayments (also the subject of a DWP review).<sup>15</sup> Furthermore, in last year's uprating scrutiny report we

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<sup>11</sup> <https://socialsecuritycommission.scot/wp-content/uploads/2024/01/Letter-from-Shirley-Anne-Somerville.pdf>

<sup>12</sup> See eg Joint paper from Royal Statistical Society, Citizens Advice and Financial Fairness Trust <https://rss.org.uk/RSS/media/File-library/Policy/2024/CA-RSS-aFFT-paper-Measuring-household-inflation-FINAL.pdf>

<sup>13</sup> Scottish Government, 'Scottish Budget: 2025-26', p.4.

<sup>14</sup> <https://socialsecuritycommission.scot/wp-content/uploads/2023/06/Carer-Support-Payment-scrutiny-report.pdf>

<sup>15</sup> <https://www.gov.uk/government/news/next-steps-on-addressing-carers-allowance-overpayments-announced>



recommended (and the Government accepted) that measures for uprating earnings thresholds following case transfer should be considered.<sup>16</sup>

**Recommendation Three: 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.**

## 6. Approach to scrutiny

This report has been completed in accordance with the Commission's pre-legislative scrutiny function, set out in sections 22 and 97 of the Social Security (Scotland) Act 2018.<sup>17</sup> Section 97 states that the Commission must report on draft Regulations proposed to be made under any section in Chapter 2 of Part 2 or Section 79 of the Act.<sup>18</sup> The draft Regulations are made under powers conferred by sections within this part and chapter.

This report provides commentary in connection with human rights and the social security principles set out in Section 1 of the Social Security (Scotland) Act 2018,<sup>19</sup> as operationalised via Our Charter.<sup>20</sup>

The Cabinet Secretary for Social Justice referred the draft regulations to SCoSS,<sup>21</sup> along with the section 86A report<sup>22</sup> and Policy Note,<sup>23</sup> on 16 December 2024. We were given a deadline for reporting of 17 January 2025. Given the interdependencies between up-rating, the Scottish Budget, the Westminster budget, and the need to introduce changes by the start of the financial year, there is little flexibility possible in timescales for reporting and limited scope to consult stakeholders, should it be felt helpful.

The speed with which these regulations were required to be considered by SCoSS, as a result of the Scottish Government budget process, had direct implications for our approach to scrutiny. SCoSS was unable to conduct stakeholder engagement in relation to up-rating due to the short timeframe available for scrutiny. We are grateful for the efforts made by officials to keep us apprised of developments.

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<sup>16</sup> Recommendation 2. To inform policy following the completion of case transfer, the Scottish Government should consider different measures for up-rating earnings thresholds and consider the merits of making annual up-rating of earnings thresholds a requirement.

<sup>17</sup> [Social Security \(Scotland\) Act 2018 \(legislation.gov.uk\)](https://www.legislation.gov.uk/ukpga/2018/11/section/97)

<sup>18</sup> Other than in relation to regulations made only for the purpose of the consolidation of earlier regulations (section 97(11)).

<sup>19</sup> [Social Security \(Scotland\) Act 2018 \(www.legislation.gov.uk\)](https://www.legislation.gov.uk/ukpga/2018/11)

<sup>20</sup> [Social Security Scotland - Our Charter](https://www.scot.nhs.uk/our-charter/)

<sup>21</sup> <https://socialsecuritycommission.scot/current-work/the-social-security-up-rating-miscellaneous-amendments-scotland-regulations-2025/referral-the-social-security-up-rating-miscellaneous-amendments-scotland-regulations-2025/>

<sup>22</sup> <https://socialsecuritycommission.scot/wp-content/uploads/2024/12/Draft-Report-Devolved-Social-Security-Assistance-Up-rating-for-Inflation-in-2025-26.pdf>

<sup>23</sup> [Policy-Note-The-Social-Security-Up-rating-Miscellaneous-Amendments-Scotland-Regulations-2025.pdf](https://socialsecuritycommission.scot/wp-content/uploads/2024/12/Policy-Note-The-Social-Security-Up-rating-Miscellaneous-Amendments-Scotland-Regulations-2025.pdf)

## **Annex A: About the Scottish Commission on Social Security**

The Scottish Commission on Social Security (SCoSS) plays an essential role in the development and delivery of a Scottish Social Security system based on fairness, dignity and respect.

We provide independent scrutiny of the Scottish social security system and our full functions are set out in section 22 of the Social Security (Scotland) Act 2018.<sup>24</sup>

We provide detailed analysis of proposed social security regulations which are referred to us by Ministers, making recommendations for improvement where necessary.

Our role is also to scrutinise the Scottish Government's delivery of the commitments set out in the Social Security Charter.<sup>25</sup>

We are separate from the Scottish Government, and we carry out our work independently of both Scottish Ministers and the Scottish Parliament.

### **The Scottish social security principles**

SCoSS takes the Scottish social security principles, as laid out in the Social Security (Scotland) Act 2018, into consideration when scrutinising proposed social security legislation and regulations. The Scottish social security principles are:

- (a) social security is an investment in the people of Scotland,
- (b) social security is itself a human right and essential to the realisation of other human rights,
- (c) the delivery of social security is a public service,
- (d) respect for the dignity of individuals is to be at the heart of the Scottish social security system,
- (e) the Scottish social security system is to contribute to reducing poverty in Scotland,
- (f) the Scottish social security system is to be designed with the people of Scotland on the basis of evidence,
- (g) opportunities are to be sought to continuously improve the Scottish social security system in ways which—
  - (i) put the needs of those who require assistance first, and
  - (ii) advance equality and non-discrimination,
- (h) the Scottish social security system is to be efficient and deliver value for money.

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<sup>24</sup> [Social Security \(Scotland\) Act 2018 \(legislation.gov.uk\)](https://legislation.gov.uk)

<sup>25</sup> [Social Security Scotland - Our Charter](#)

## Annex B: Scrutiny timeline

4 December 2024	Scottish Government budget 2025-26 published.
16 December 2024	Draft Regulations and Section 86A formally referred to SCoSS by the Cabinet Secretary for Social Justice.
19 December 2025	Scottish Government officials attend SCoSS Board
10 January 2025	Scottish Government provided with advance notice of SCoSS recommendations.
14 January 2025	Ad hoc SCoSS Board held.
17 January 2025	SCoSS report signed off and laid.