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Bob Doris MSP
Convener
Social Security Committee
The Scottish Parliament
Edinburgh
EH99 1SP

Sent by email

12 December 2018

Dear Convener

The Scottish Fiscal Commission has now published its report [Scotland's Economic and Fiscal Forecasts – December 2018](#), to inform the Scottish Budget published today. We provide the independent and official forecasts of devolved social security expenditure, as required by statute.

We forecast total devolved social security spending of £458 million in 2019-20. This comprises our forecasts for Carer's Allowance, Carer's Allowance Supplement, Discretionary Housing Payments, Best Start Grant, Funeral Expense Assistance, Scottish Welfare Fund, Best Start Foods and Employability Services. The Scottish Government has reformed these benefits: changing payment rates, the eligibility criteria and advertising the new benefits. We estimated that these new and expanded social security plans will cost £90 million more than the funding received for those benefits in 2019-20.

As these are new policies and new benefits there are no past data on these benefits on which to base our forecasts. In each case we examine the data on the previous UK benefit and assess the effect the Scottish Government reforms will have.

We make an independent assessment of likely take-up rates for each benefit. This is a particular challenge as take-up rates are typically estimates, as the size of the eligible population is unknown. To reach the independent judgement on likely take-up rates we asked the Scottish Government to provide us with information on all planned changes to each benefit. We reviewed all the relevant information before making our judgements. We will review and refine our forecast assumptions once the first data become available from Social Security Scotland.

We are committed to being independent, transparent, accessible and open. Alongside the main report, we have produced a one-page graphic of key figures and a summary report that sets out our forecasts and the main assumptions and judgements that underpin them. We also publish background information, including spreadsheets with data for all the report's tables and charts.

Social security is becoming an increasingly important part of our remit. As responsibility for the remaining benefits to be devolved will transfer to the Scottish Parliament by April 2020 at the latest, we will provide forecasts for these benefits in our publication next year alongside the Scottish Budget 2020-21.

We want to be as useful as possible to the Committee, to assist you in your scrutiny of social security plans and their costs. We stand ready to appear before the Committee to do so – just as we do to support the Finance Committee in scrutinising the revenue aspects of the draft Scottish Budget. We would also be glad to offer any additional information the Committee might require.

Yours sincerely

A handwritten signature in black ink that reads "Susan Rice". The signature is written in a cursive style with a large, looped 'S' at the beginning.

Susan Rice DBE