Scottish Government Budget
January 2025

OPFS Response

Headlines

Positives

We are extremely pleased the Scottish Government has announced plans to mitigate the impact of the UK government's 2- child limit to social security support. In 2024 almost half of the families in Scotland affected by the two-child limit were single parent families, as they often rely more heavily on benefits. This announcement is a really welcome recognition of its adverse effects on child poverty and family well-being

We welcome additional support for public services, including the NHS and funds for local government as well as investing in affordable homes and reinstating concessionary travel for asylum seekers.

Areas for further action

However, the budget has fallen short of the investment necessary to make early years and school-age childcare more flexible and accessible, and to reverse years of under-investment in care services which are so important for single parents the majority of whom are women. To achieve the reduction in child poverty, which will meet the target set in the Child Poverty Act, yet more needs to be done through social security, access to training, education and sustainable fair employment for single parents. The failure to use existing powers to make tax more progressive is also very disappointing.

What was in the Scottish Budget 2024 ?

The Scottish Government's 2024 budget will deliver almost £64 billion of funding in 2025-26[1]. This Budget focuses resource across the four priorities set out in the First Ministers Programme for Government[2]:

- **eradicating child poverty**.
- **growing the economy**.
- **tackling the climate emergency**.
- **ensuring high quality and sustainable public services**.

This Budget has eradicating child poverty as a key theme. The document highlights that too many families remain in poverty and this budget aims to support the three drivers of poverty reduction: increasing income from social security and benefits in kind; increasing income from employment; and reducing the cost of living.

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[1] https://www.gov.scot/publications/scottish-budget-2025-2026/documents/
[2] https://www.gov.scot/collections/programme-for-government/

Summary Key Budget Areas

Scottish Government will:

- Freeze income tax rates, increase the basic and intermediate rate thresholds and provide business rates relief for local pubs and restaurants.

- Provide £15 billion for local government services.

- Support around 2 million people through the Scottish social security system in 2025-26. In the coming financial year Scotgov say they will develop the systems necessary to effectively scrap the impact of the two child cap in 2026. To do that they have provided funding to develop the delivery mechanism in this Budget and will seek to accelerate the timetable if at all possible.

  This new support could be worth over £3,500 per year to families hit by the limit and, once implemented, could help to keep thousands of children out of poverty.

- Provide £90 million to support those already in work and help more people back into work. Investing in all-age employability services delivered through the No One Left Behind Approach, prioritising parental employability support and specialist support for disabled people across all 32 Local Authority areas.

- Invest £768 million for the Affordable Housing Supply Programme in 2025-26, to deliver at least 8,000 homes for social rent, mid-market rent and low-cost home ownership. Scotgov say this investment will contribute towards their target of 110,000 affordable homes by 2032.

- Invest almost £800 million more in 2025-26 in social security benefits. This will bring total expenditure on devolved benefits to over £6.9 billion for 2025-26. Scottish Government say this is £1.3 billion more than would have been spent by the UK Government if these benefits had remained reserved. This will include:

  - Uprating all benefits in line with September 2024 CPI inflation.

  - 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.

  - Investing in a package of benefits and payments only available in Scotland totalling £644 million in 2025-26, including the Scottish Child Payment with 356,000 children now forecast to be eligible.

- Fund the Network Support Grant and concessionary travel schemes by £464 million and continuing to provide free bus travel for those aged under 22, as well as older people and those with eligible disabilities. They will extend free bus travel to asylum seekers and provide free inter-island ferry travel to children and young people under 22yrs.

- Continue to invest around £1 billion through the Local Government settlement in delivering high quality funded early learning and childcare for 3 and 4 year olds, and eligible 2 year olds. Continue development of flexible, affordable childcare for priority families in Early Adopter Communities, giving families the opportunity to seek employment and improve their living standards

- Provide £21 million to ensure Early Learning and Childcare and Children's Social Care staff in private and third sector commissioned services are paid at least the Real Living Wage by April 2025
- Work with local government to expand free school meals provision for Primary 6 and 7 children in receipt of the Scottish Child Payment – supporting around 25,000 pupils access nutritious and healthy food, backed by investment of £37 million in 2025-26
- Provide up to £3 million for a Bright Start Breakfasts pilot, which will test the delivery of free breakfast clubs and roll out more breakfast delivery across Scotland. This budget also continues investment in additional initiatives to ease the financial pressure on families and learners, such as the School Clothing Grant and the Educational Maintenance Allowances (EMA) which supports young people aged 16 to 19 to continue their learning.
- Continue to support students with free tuition and provide packages of support for vulnerable higher education students, through bursaries for eligible students.
- Invest over £300 million in energy efficiency and clean heat measures which Scotgov says will help to reduce household energy bills and reduce the cost of living for households.
- While trunk road spending will grow to more than £1bn,funding for active and sustainable travel is down 11%, despite promises to reduce car travel by a fifth by 2030.

OPFS Response

Social Security & other support

We are extremely pleased the Scottish Government has announced plans to mitigate the impact of the UK government's **2- child limit to social security support**. In 2024 almost half of the families in Scotland affected by the two-child limit are single parent families, as they often rely more heavily on benefits. This announcement is a really welcome recognition of its adverse effects on child poverty and family well-being. It has the potential to lift 15,000 children out of poverty. Ideally this is an action that would change at source with the UK Government scrapping the harmful policy, rather than Scotland's restricted budget being used to mitigate UK actions.

We would also like to have seen the Scottish Government supporting young families with a top-up to the Scottish Child Payment for parents under twenty-five in receipt of Universal Credit.[3] People under 25 years are paid a lower rate of UC than older claimants in the same circumstances. The impact of this on young parents, who were entitled to the same rate of support under the 'legacy benefits' system, has been described as a "young parent penalty". Families with a younger mother (under 25) are one of the six priority groups in the Scottish Government's Tackling Child Poverty Delivery Plan. This group has a dramatically higher rate

[3] End Young Parent Poverty: Top up the Scottish Child Payment

of child poverty (55%), compared to 24% of all children in Scotland. It is estimated that mitigating the lower rate of UC for parents under 25 in Scotland would cost around £20m per year. This is a relatively low cost considering the long-term savings which could be achieved by providing greater support to young parent families.

The Scottish Child Payment is rising in line with inflation. Scottish government should increase the value of the Scottish child payment as the most direct and efficient way of progress on child poverty. CPAG analysis suggests that increasing the payment from £26.70 to £30 per week from April 2025 would lift an additional 5,000 children out of poverty at a cost of £50 million. It would also reduce the depth of poverty for many more and strengthen the protective buffer for families living just above the poverty line.[4]

Resource is required to deliver on the commitment to fully roll out free school meals to all Primary 6 and Primary 7 pupils in the next financial year and to extend eligibility to secondary school pupils in receipt of the Scottish Child Payment. This is an effective way to further reduce the gap between income and costs that families face.

School Clothing Grants

School uniforms and PE kits are expensive. Many families can't afford them. A survey by the Children's Society in 2022 found that parents spent on average £337 per year on school uniform for each secondary school child and £315 per year for each primary school child.[5]

In Scotland everybody who receives a School Clothing Grant will be given at least £120 per child of primary school age and £150 per child of secondary school age[6].The amount varies between different council areas, for example, £180 for primary school pupils and £225 for secondary pupils in Shetland while in Clackmannanshire, payments amount to £145 for primary school pupils and £185 for those in secondary school. The key issues therefore are

- The handful of LA paying above minimum aren't necessarily those with higher child poverty rates – so it seems like we have a 'postcode lottery'
- There is a disparity between actual uniform costs and clothing grant award means families receiving the grant are often still having to pay significant costs for uniform
- There are families on low incomes sitting above the eligibility threshold and not receiving a clothing grant, having to pay for uniform themselves with no support

We want all families on low incomes to have enough money to cover the actual cost of purchasing a school uniform.

- There should be an increase in the clothing grant amount. Scottish Government should review the real cost off school uniforms and work with COSLA to increase the national minimum across all 32 Las
- Scottish Government should expand clothing grant eligibility to more families – all those on UC/SCP – so that more children would benefit
- Improve access to/uptake of clothing grant by introducing automation so easing the application process. This would mean that everyone eligible got the support they are entitled to.

[4] Cost_of_a_Child_Scotland_2024.pdf

[5] https://www.childrenssociety.org.uk/information/professionals/resources/the-wrong-blazer#cost

[6] How to check if you are eligible for financial help to purchase school uniforms ahead of new term | STV News

- Ensure implement of the new uniform policy guidance effectively [7]. School and LA focused – asking schools to review policies and comply with guidance, LAs support and also monitor and ensure accountability. This would bring costs down for all families with children at school – a key element in making uniform more affordable for families.

[7] www.gov.scot/publications/advice-and-guidance/2024/09/school-uniform-clothing-guidance

School meals

We support STUC Women's Committee campaign to expand universal free school meals to all children and young people attending publicly funded schools in Scotland.[8]

Scotland Government should work at pace towards stigma free, dignified and universally free school meals provision approach that meets the needs of all children and young people's right to food. A universally free school meal approach will help to mitigate poverty, reduce hunger, tackle the long-associated stigma and shame, embed equity, encourage a whole-school community approach to nutrition and meet all children and young people's right to food, education and fun.

Scottish Government should , in the interim, end school meal debt [9].Despite the Scottish Government school meal debt fund and the commitment of both the Scottish Government and local authorities to tackle this issue, school meal debt still affects thousands of low-income families across Scotland. Aberlour say families who been helped from having school meal debt cancelled have seen that debt begin to build again.

Families are still struggling with the cost of living . The result is that school meal debt continues and continues to build up as so many families remain trapped in poverty. We agree with Aberlour that:

- Making the existing one-off school meal debt fund permanent (until it is no longer needed)
- Increasing free school meal eligibility to all low-income families receiving the Scottish Child Payment to prevent school meal debt in the first place

We welcome the announcement that the budget will now include an extension of free school meal eligibility in S1-S3 in 8 local authority areas – covering pupils in receipt of Scottish Child Payment, starting in August 2025, followed by an evaluation. We hope after an evaluation that this expansion of free school meals will be the first step towards full universal free school meals for all pupils in the future so struggling families will no longer have to worry about their child ever going hungry at school.

Action to remove barriers to entering and sustaining fair work

- We know from our work at OPFS that interventions supporting single parents into sustainable paid work, need to recognise the inextricable link between women's poverty and child poverty. We would like to see the expansion of the existing focus of NOLB to invest in tailored single parent programmes :
    - Provide wrap-around family support with issues around benefits, debt, child maintenance, domestic and financial abuse and children's wellbeing
    - Ensure single parents are moving into the right jobs that are family friendly recognising that workers are often carers too.
    - Invest more in flexible, affordable school-age and holiday childcare as well as early years learning and childcare (recognising the pressures of DWP conditionality -30 hrs)

[8] Food for Thought | STUC
[9] https://www.aberlour.org.uk/publications/joint-letter-to-the-first-minister-school-meal-debt

  - Develop in-work support – tailored to meet the needs of the different priority families to offer support with ongoing barriers.

- Provide fully funded opportunities for single parents to attain their first level 3 qualification, prior to their return to paid work and for those already in work. Employability Programme providers should guarantee to fully fund childcare costs for single parents undertaking their first level 3 qualifications.

- Incentivise fair work that offers single parents an effective voice, opportunity, security, fulfilment and respect. Support the public sector to create more quality, flexible vacancies (flexible in terms of offering hours that suit single parents and options such as job sharing; quality in terms of protecting them from poverty through fair wages which keep pace with inflation), directly and through procurement and economic development.

- Support employers in the private sector to create more quality, flexible vacancies.

Childcare

This year's budget maintained funding to childcare as set out in the 1140 hours policy[10], which will probably see no significant changes to the way in which this policy is delivered, and no major expansion. We know that the cost of childcare for one and two year-olds is severely impacting families' finances, particularly single mothers who rely on one income.[11] There is currently little early learning or childcare funding available for many families in Scotland until their child turns three. We hope Scottish Government will intensify its work on expanding the national offering for families with two-year-olds.

School-age childcare is vital for single parents as they come under increasing pressure from the DWP to work 30 hrs. Scotgov should provide funding for a national rollout of the tested Early Adopter Communities model of flexible, community-based school-age childcare beyond the current eight local authority areas.[12]

We welcome the £3million of new funding will be committed to delivering a Bright Start Breakfasts pilot to trial and expand the delivery of free breakfast clubs across Scotland. Schools must be able to develop mixed models and offer a nutritious and inclusive breakfasts.

As with social care, wages for staff in childcare are set at the real living wage as a minimum. However, we need as a society to consider the need to view childcare work as skilled work and set wages that reflect this skill.

Social care

OPFS has been part of the campaign 'A Scotland That Cares' (ASTC) to have care recognised in government policy and actions..[13] The campaign had been successful in influencing the Scottish Government to introduce a new National Outcome on Care, as part of the legally required review of Scotland's National Outcomes. However the Deputy First

[10] Early learning and childcare: Progress on delivery of the 1140 hours expansion | Scottish Parliament Website
[11] How much does nursery cost in Scotland
[12] https://www.gov.scot/publications/early-adopter-communities-process-evaluation-research-findings/documents/
[13] https://oxfamapps.org/scotland/2022/05/24/a-scotland-that-cares/

Minister has announced in January that the Scottish Government now plan to examine / review the National Performance Framework as a whole. An official announcement is expected in the near future .

Along with colleagues in the ASTC coalition we are troubled by the decision not to introduce the proposed updated National Outcomes immediately. Any action to delay will only continue the unacceptable invisibility of care and carers within the National Outcomes.

We ask that the Scot Gov publish their revised set of National Outcomes now, as Scotland's carer's have waited long enough. We however do welcome the announcement to review and improve the wider NPF as further action is needed to place them at the heart of Scottish Government spending and policy decisions.

The absence of ring-fenced funding for social care is a significant gap. After long period of underfunding, the budget's funding allocation does not go far enough to meet the needs of this vital sector which supports the Scottish economy. This downplays those needing social care, the predominantly female workforce, which includes many single parents, and unpaid carers who are the mainstay of ensuring our most vulnerable are cared for. [14]

Social care organisations have highlighted that the lack of specific detail and ringfenced funding "leads us to conclude that this yet more resource for the NHS without a clear prioritising of funding for social care and its workforce."[15]

The government's failure to fund the abolition of social care charges, promised by 2026 ,will continue to severely impact disabled single mothers lives.

Financial security for women who experience domestic abuse

Women experiencing domestic abuse are often unable to leave an abusive partner due to financial consequences and economic coercive control. The piloted 'Fund to Leave' administered by Scottish Women's Aid in the first half of 2024 has been highly successful in supporting women, and their children, to escape domestic abuse. WE support the call from SWA that the Scottish Government should establish a permanent national fund.

This should include essential crisis costs to enable a woman to leave and to bridge the gap between leaving and the first Universal Credit payment. This is crucial considering the high risks of physical and financial abuse associated with the ongoing cost of living crisis and the current gendered housing emergency across Scotland. It is vital that this budget allocates sufficient resources to implement such support.

Tax

We are disappointed that the Scottish Government didn't introduce more progressive tax policies into the budget. This budget fails to pursue the deep reforms to our tax system necessary to share our wealth fairly, and to support lasting change. The pressing need to overhaul council tax has once again been ignored. [16]

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[14] Next First Minister must ensure Scotland's 'globally significant' commitment to care delivers concrete changes, campaigners say – Oxfam Scotland
[15] Statement from Scottish Care on the Scottish Budget 2024: initial response - Scottish Care
[16] A longer-term tax strategy for Scotland: what needs to change? | IPPR

OPFS will prioritise involvement in the newly formed Tax Justice Scotland Campaign, calling for the Scottish Parliament to use its tax powers to help deliver a greener, more equal Scotland where everyone can thrive.[17]

Ending the Council tax freeze will help local authorities as well as the settlement provided by central government funding. However the Council Tax is a highly regressive and inefficient tax, but despite this being a devolved matter for the Scottish Government, it has been retained. As such, replacing Council Tax with a fairer and more efficient alternative is a priority. Increased pressures on Scottish Government budgets and local authorities spending means that action can no longer be postponed.

In July 2023, the Scottish Government consulted on proposals to increase Council Tax in Bands E, F, G and H by 7.5%, 12.5%,17.5% and 22.5% respectively.[18] These plans were abandoned in October 2023, when the First Minister announced a Council Tax freeze. OPFS made a submission supporting an increases in Council Tax on higher value properties. We believe the Scottish Government should implement the Council Tax changes it previously consulted on.

We welcome the Scottish Government's tax strategy, but it lacks concrete proposals to transform devolved taxes to cut emissions or make higher polluters pay more.[19] Scotland's Tax strategy avoids real reform, but as a member of Tax Justice Scotland we know the campaign for fair taxes will be important in accessing extra resources to reduce inequality and tackle child poverty. This will be an important issue for the 2026 Scottish elections.[20]

Over 50 organisations, including OPFS, as supporters of Tax Justice Scotland urge political leaders of all Scottish parties to support the reform of devolved and local taxes to boost public spending, tackle inequality, and reward responsible businesses. The current system is not fit for purpose and based on outdated property values. As an interim step towards the replacement of the unfair Council Tax, we need an accurate, up-to-date picture of values as well as a process to explore alternatives

Minor but significant income tax changes for lower earners were announced, including an increase in the threshold for basic and intermediate rate taxpayers. This decision will benefit women, who are more likely to fall into these categories, and will maintain the beginnings of a progressive income tax policy. We also call for UK-level reforms to better tax wealth.

Affordable housing

The additional £170m of investment in affordable housing is welcome, however this mostly replaces the cuts from last year's budget. Along with housing charities, including Shelter Scotland, we hope that this indicates the beginning of increasing investment in housing for the long-term, not just a one-off uplift. The additional funding must be directed towards

[17] Home - Tax Justice Scotland
[18] www.gov.scot/publications/consultation-paper/2023/07
[19] https://www.gov.scot/publications/scotlands-tax-strategy-building-tax-principles/
[20] https://taxjustice.scot/blog/scotlands-tax-strategy-a-visionless-roadmap-to-nowhere/

securing permanent social housing for the over 10,000 children currently trapped in temporary accommodation.

We know from our service in Edinburgh the very negative impact on families trapped in homeless accommodation.[21] The government's capital grant should prioritise the creation of social homes, rather than other forms of 'affordable' housing, which are aimed at delivering profit rather than tackling homelessness. Scotland needs 25,000 new affordable homes annually to meet demand.[22]

[21] https://opfs.org.uk/who-we-are/local-services/edinburgh/
[22] Shelter Scotland briefing - Scottish Budget 2025-26 & Housing statistics - gov.scot

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