

Collete Stevenson MSP
 Convener
 Social Justice and Social Security Committee
 The Scottish Parliament
 Edinburgh
 EH99 1SP

23 January 2025

Dear Convener,

Thank you for your letter on 15 January about our forecasts for Child Disability Payment.

Difference between forecasts for 2024-25 and 2025-26

In your letter, you reference the rise in forecast spending on Child Disability Payment (CDP) from £450 million in 2024-25 to £618 million in 2025-26. There are two aspects to this increase.

First, the £450 million figure for 2024-25 used in the Autumn Budget Revision is from the forecast we produced in December 2023. In our December 2024 forecast we updated our forecast for spending on CDP in 2024-25, revising it up by £74 million, from £450 million to £524 million. This revision was made because recent outturn data showed that the number of approved applications for CDP was at a higher level than we had forecast in December 2023. The revision also has an effect on subsequent years, with our December 2024 CDP forecast being an average of £114 million higher per year from 2025-26 onwards compared to our December 2023 forecast.

Second, in our new December 2024 forecast spending on CDP rises from £524 million in 2024-25 to £618 million in 2025-26, an increase of £94 million. This is a result of the caseload rising between years and, to a lesser extent, payment rates being uprated by inflation. The rising caseload reflects the continued effects of the UK-wide trend for higher demand and the Scottish Government’s delivery approach for CDP. Our caseload forecast for 2024-25 is 95,000, rising to 109,000 in 2025-26.

CDP forecast (£ million)	2023-24	2024-25	2025-26
December 2023 forecast	378	450	505
December 2024 forecast	425	524	618

Source: Scottish Fiscal Commission (2023) [Scotland’s Economic and Fiscal Forecasts – December 2023](#), figure 5.2. Scottish Fiscal Commission (2024) [Scotland’s Economic and Fiscal Forecasts – December 2024](#), figure 5.10.

CDP caseload forecast (thousands)	2023-24	2024-25	2025-26
December 2023 forecast	73	81	87
December 2024 forecast	81	95	109

Source: Scottish Fiscal Commission (2023) [Scotland’s Economic and Fiscal Forecasts – December 2023](#), supplementary figure S5.1. Scottish Fiscal Commission (2024) [Scotland’s Economic and Fiscal Forecasts – December 2024](#), supplementary figure S5.1.

For 2025-26 onwards we forecast that the caseload for CDP will continue to rise, reaching 120,000 in 2029-30, leading to spending of £755 million in that year.

UK-wide trend and differences in Scotland

There has been an increase in the number of successful applications for child disability benefits across the UK, but there has been a larger increase in Scotland than in England and Wales.

The UK-wide high demand for child disability benefits is an area of ongoing uncertainty. A large proportion of the payments are for mental and behavioural conditions. This helps to describe recent trends but, at this stage, we do not have a fully evidenced explanation for what might be driving this change. To improve our understanding we are continuing to work with analysts from Social Security Scotland and are monitoring wider research on child disability.

As the eligibility criteria for CDP in Scotland and Child Disability Living Allowance (DLA) in England and Wales are largely aligned, we think the larger increase in successful applications in Scotland are a result of the Scottish Government approach taken to CDP delivery. This includes support for people through the application process and increased promotion of the payment to increase take-up. We think that some of the additional successful applications in Scotland are the result of people who may have previously been narrowly unsuccessful when applying to Department for Work and Pensions (DWP) for Child DLA or were discouraged from applying for Child DLA, now making a successful application for CDP.

The difference between Scotland and England and Wales can be seen in data on applications:

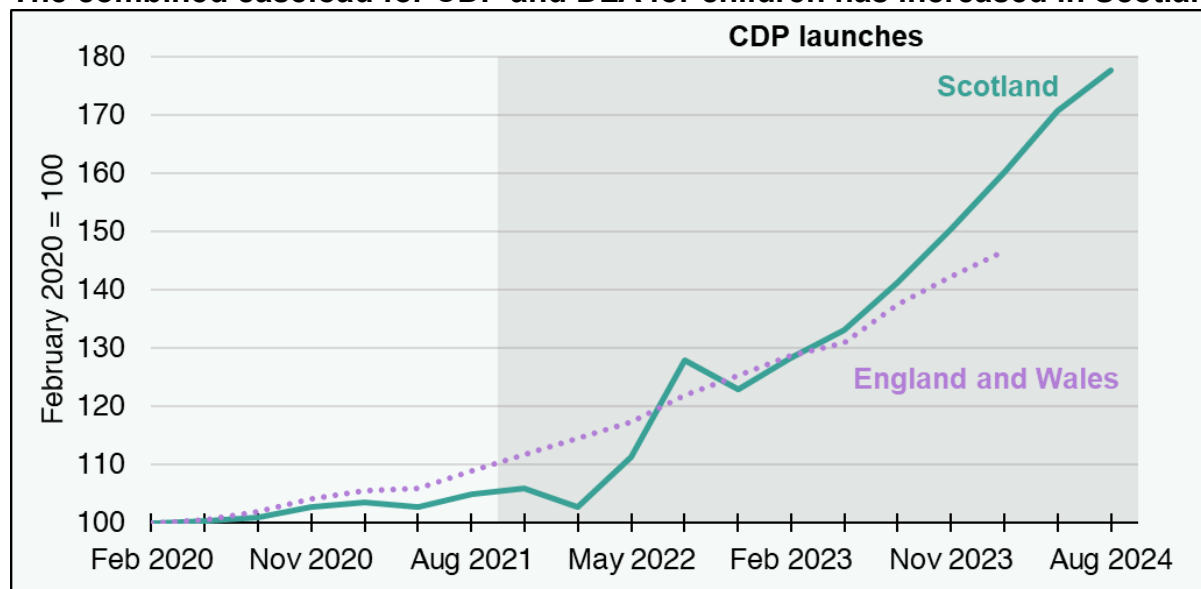
- The number of approved applications to CDP has more than tripled compared to Child DLA levels in 2020 (before the launch of CDP). In 2020, there were around 500 applications approved per month, and this has increased to 1,700 approved applications per month in 2024.
- In the same period, the number of approved applications per month has more than doubled from 6,000 in 2020 to 13,500 in 2024 in England and Wales.

The effect can also be observed with the respective caseloads. Excluding children over 15 years old, due to the different entitlement rules for this age group in Scotland, the combined CDP and DLA for children caseload has increased by 60 per cent in Scotland and 47 per cent

in England and Wales between February 2020 and February 2024. As shown below, we illustrated the different growth trajectories in Figure 5.3 in our publication in December.

Report Figure 5.3: Growth in disability payments caseload aged 15 and under since February 2020

The combined caseload for CDP and DLA for children has increased in Scotland



Source: Scottish Fiscal Commission (2024) [Scotland’s Economic and Fiscal Forecasts – December 2024](#), figure 5.3

Higher caseloads generally imply higher spending with more people receiving the payment. However, the level of average awards for CDP has been lower than we previously expected. This is due to more clients than we expected receiving low value payments and has dampened some of the effect of the higher caseload on spending.

The effect of CDP on the Scottish Budget is determined by the difference between spending on CDP and the associated Block Grant Adjustment (BGA) funding. The analysis presented above demonstrates the recent caseload differences between Scotland and England and Wales, but it is more challenging to assess the effect of the larger increases on the Scottish Budget. This is because the Block Grant Adjustment funding the Scottish Government receives for DLA includes both Child DLA and DLA received by adults.

Figure S5.12 from our supplementary tables compares social security spending forecasts and BGAs for Scotland. The extract from that table below shows that in 2025-26 we estimate combined spending on SADLA and CDP in Scotland will exceed the DLA BGA by £35 million.

Disability Living Allowance (£ million)	2023-24	2024-25	2025-26
DLA BGAs	845	932	976
SFC forecast, of which:	870	948	1,012
CDP forecast	425	524	618
SADLA forecast	445	424	394
Difference (BGA minus spending)	-25	-16	-35

Source: Scottish Fiscal Commission (2024) [Scotland's Economic and Fiscal Forecasts – December 2024](#), figure S5.12 and figure 5.10.

I hope this information is helpful and would be happy to provide you with any further information you require.

I have copied this letter to the Convener of the Finance and Public Administration Committee.

Yours sincerely



Professor Graeme Roy