



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

8 April 2025

Dear Convener,

The Scottish Fiscal Commission has this morning published our second [Fiscal Sustainability Report](#), which focuses on health spending and includes updated long-run social security projections. Our assessment suggests that future Scottish Governments will face significant challenges funding devolved public services because of an ageing population and rising health pressures.

Our analysis incorporates the latest population projections published by the ONS in January 2025. Our 2023 Fiscal Sustainability Report projected that the Scottish population would fall over the next fifty years. Since then, migration has been higher than expected, and is projected to continue at a higher level in the future. As a result, the Scottish population is now projected to continue to grow over the next twenty-five years, stabilising from 2050 onwards at around 5.8 million.

The fastest demographic growth in Scotland will be in the older age groups, with the population aged 85 and over projected to almost double over the next twenty-five years. Since spending on health, social care and social security increases with age this will result in higher spending.

Our projections of social security spending show real terms growth of 130 per cent over the period 2029-30 to 2074-75. As part of the focus on health we include projections of disability spending and the associated Block Grant Adjustments (BGA). Note our BGA projections do not take into account recent UK Government announcements on future changes to the Personal Independence Payment. We will consider the effect of these announcements in our five-year forecast publication on 29 May.

We project disability payment spending beyond 2029-30 based on the current prevalence of disability payment receipt by age. The ageing of children currently in receipt disability payments feeds through to a long-term increase in the disability prevalence of the working age population. The projected spending on disability benefits reaches over £16 billion in 2024-25

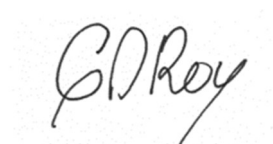
prices by 2074-75. The increase in spending is the result of the growing and ageing population. When comparing to the growth in the Block Grant for these payments there is a slightly higher growth in the BGA. This means the gap between the two was projected to close slightly for disability payments over the projection period, before accounting for the recent UK Government announcements.

There is more ageing in Scotland in the next twenty-five years than in the rest of the UK. As a result, in our baseline scenario we project Scottish Government spending across all areas will exceed funding by an average of 1.5 per cent each year between 2030-31 and 2049-50. As the age structures of the Scottish and UK populations become more similar around 2050, the fiscal pressure eases and the average annual budget gap is projected to be minus 0.9 per cent between 2050-51 and 2074-75.

Rising health costs and an ageing population are not unique to Scotland however, and also affect the UK public finances. The Office for Budget Responsibility has shown that the long-term path for the UK public finances is not sustainable. The Scottish Government's spending would be far greater than their funding if the UK Government were to take action to reduce its debt. The projected difference over the period 2030-31 to 2074-75 would increase from an annual average of minus 1.2 per cent to minus 11.1 per cent.

I am happy to discuss any aspect of our projections and anything the Commission can do to aid the work of the Committee.

Yours sincerely

A handwritten signature in black ink, appearing to read "GDRoy", written over a light blue dotted rectangular background.

Professor Graeme Roy