

Collette Stevenson MSP
Convener
Social Justice and Social Security Committee

The Scottish Parliament
Edinburgh
EH99 1SP

26 August 2025

Dear Convener,

Further to my 14 August 2025 letter highlighting relevant information from our June publication and recent policy developments, I write to inform the Committee of two reports published today by the Scottish Fiscal Commission.

Our [Fiscal Update](#) has been prepared to support the Scottish Parliament with its pre-Budget scrutiny. We discuss the economic and fiscal developments since our last report in June 2025 and how these will affect the Scottish Budget for the remainder of 2025-26 and how they may affect the upcoming 2026-27 Budget and the Spending Review.

Included in Annex B of the Fiscal Update is our costing for the Scottish Government policy for Pension Age Winter Heating Payment (PAWHP) as announced on 18 June 2025. As policy details were shared too late for us to produce a full costing, in June 2025 we produced an illustrative estimate.

We have now produced a full policy costing to accompany the Winter Heating Assistance (Pension Age) (Scotland) Amendment Regulations 2025 laid on 25 August 2025. We forecast spending on PAWHP prior to payment recovery to be £187 million in 2025-26, rising to £225 million in 2030-31. Payment recovery from those with annual incomes above the threshold is forecast to be £30 million in 2025-26, rising to £47 million in 2030-31.

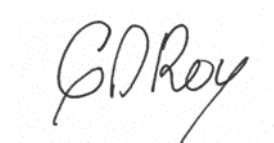
In our [Forecast Evaluation Report](#), we evaluate our December 2023 forecasts for the economy, fully devolved taxes, and social security expenditure in 2024-25. Overall spending on devolved social security in 2024-25 was £142 million lower than we forecast, a relative error of 2 per cent. The main reason for the error was the in-year change in policy for Pension Age Winter Heating Payment, which led spending to be £151 million lower than our forecast.

Putting in-year changes in policy and a widening of the scope of our employability forecasts to one side, total spending on the other payments was within 1 per cent of our forecast. The number of people receiving disability payments continued to exceed our forecasts, particularly

for Child Disability Payment, but total spending on these was slightly lower than our forecasts, as the average weekly amounts were lower than we had expected.

I am happy to discuss any aspect of these reports 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".

Professor Graeme Roy