



SHELTER SCOTLAND BRIEFING: SCOTTISH BUDGET 2024/25

Shelter Scotland exists to defend the right to a safe home and fight the devastating impact the housing emergency has on people and society. We work in communities to understand the problem and change the system. We run national campaigns to fight for home.

Our response

- We are angered by the extreme cuts announced by the Finance Secretary in December's so-called 'values-led budget'.¹
- The cuts to the housing budget for 2024/25 show that the Scottish Government are pricing in a rise in homelessness as an acceptable price worth paying to protect initiatives such as the Scottish National Investment Bank.
- The £200m reduction will result in increased housing need. It will lead to fewer new social homes being delivered, rising homelessness and households trapped in temporary accommodation for longer. It is a betrayal of the nearly 10,000 children trapped in temporary accommodation.
- This is the Scottish Government's choice – they know the importance of delivering more social homes if we are to tackle homelessness, and they are choosing to let homelessness increase in order to prioritise other areas of capital expenditure such as prisons, policing and playparks.
- We no longer have confidence in the Scottish Government's ability to deliver on its Housing to 2040 strategy or its Ending Homelessness Together Action Plan.

We are in a housing emergency because of decisions made over recent decades, and that requires an emergency response from government now. **For the government to look at recent warnings from the Scottish Housing Regulator, SOLACE, its own expert groups, Argyll and Bute, Edinburgh, and Glasgow councils and others and decide massive cuts are the answer is staggering.**

We understand the extremely challenging fiscal context in which this budget is being set. However, this budget is about choices² and **this government has chosen roads, policing, prisons and playparks over safe and secure homes for children.** Despite the real terms year-on-year reduction to the overall capital budget being 4%³, this government has chosen to cut housing by over 26% in cash terms.

It should have been unfathomable for cuts to fall, once again, on providing people with somewhere to call home, but the **Scottish Government has chosen to abandon the nearly 10,000 children trapped in temporary accommodation.** The consequence of that decision is on the Scottish Government, and fatally undermines all of their housing plans or strategies.

The Finance Secretary called this a 'values-led budget'. Those values now include increasing homelessness.

¹ [Scottish Budget statement](#), 19 December 2023.

² Finance Secretary Shona Robison [told MSPs during Portfolio Questions](#) on 1st November 2023, "this is a budget of difficult choices", in response to a question from Neil Bibby MSP.

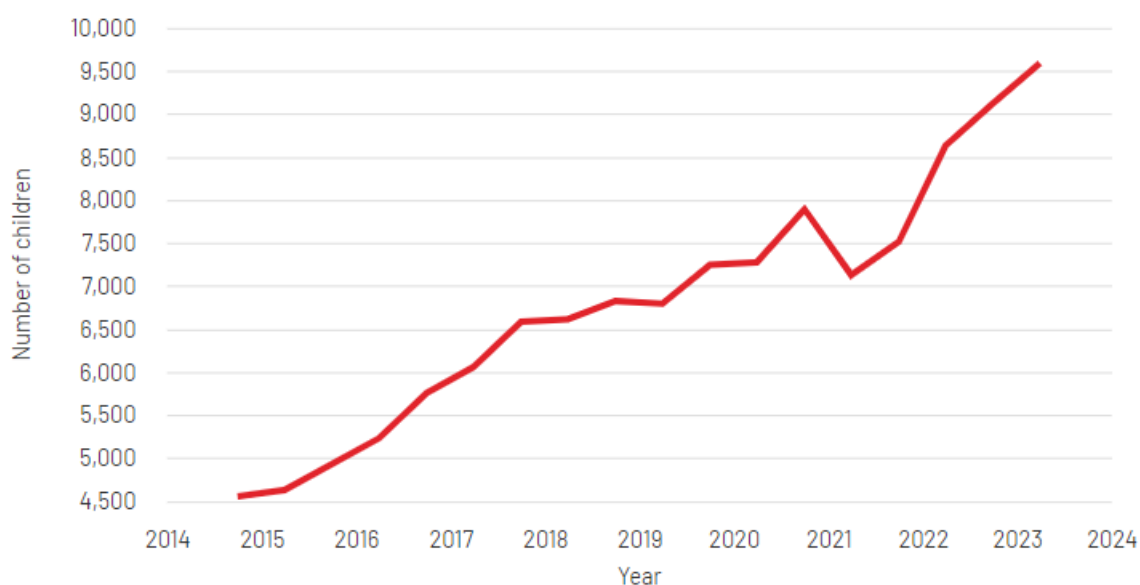
³ Scottish Fiscal Commission (2023), [Scotland's Economic and Fiscal Forecasts](#), p.6.

Scotland's Housing Emergency

Scotland is in the grip of a devastating housing emergency which damages lives every single day.

- A record **9,595 children trapped in temporary accommodation** – up 130% since 2014.
- 1,910 households with **children trapped in temporary accommodation for over a year**.
- **45 children become homeless every day**.
- A **household becomes homeless every 16 minutes**.
- A **10% increase** in households becoming homeless compared to last year.
- Local Authority **homelessness services are busier than ever**, with record numbers of open homelessness applications.
- Couples with children spend just under **a year trapped in temporary accommodation**, on average⁴
- Routine **failure by local authorities** to uphold housing rights.
- “Systemic failure” in local authority homelessness services.⁵
- A **failure to deliver the social homes** we urgently need and a significant slowdown in new social housing developments in the last year.⁶
- Private **rents continuing to rise** despite emergency legislation, and household incomes and the UK Government's **Local Housing Allowance rates failing to keep pace**.

Number of children in temporary accommodation in Scotland 2014 – 2023



Key

— Children in temporary accommodation

⁴ Scottish Government (2023), [Homelessness in Scotland 2022/23](#).

⁵ Scottish Housing Regulator (2023), [Update to our February 2023 Thematic Review of Homelessness Services in Scotland, December 2023](#).

⁶ Scottish Government (2023), [Housing Statistics for Scotland Quarterly Update to end September 2023](#).

Over a year of warnings being ignored

Summer 2022:

- Shelter Scotland published our Scottish Housing Emergency Action Plan in response to then-record homelessness statistics.

Winter 2022/2023:

- The Scottish Government announced cuts to the budget to deliver social homes for 2023/24.
- Record levels of homelessness were hit again.
- The Scottish Housing Regulator warned of a risk of systemic failure in homelessness services.

Spring 2023:

- The Temporary Accommodation Task and Finish group presented its findings and recommendations, but waited months for the government to respond.
- The Accounts Commission warned of local authority housing and homelessness services being at risk.

Summer 2023:

- Argyll and Bute Council declared a housing emergency.
- Local authority chief executives warned of a failing housing system and a housing emergency in Scotland.
- The Scottish Government finally responded to the TA Task and Finish Group recommendations, but the response offered no new targets, piecemeal funding and a limited leadership role for Scottish Ministers.
- Yet more record levels of homelessness were reported as the number of children trapped in temporary accommodation rapidly approached 10,000.

Autumn 2023:

- The City of Edinburgh Council and Glasgow City Council declared housing emergencies in Scotland's two largest cities, while the Scottish Government refused to back calls to declare a national housing emergency.
- Statistics outlined devastating numbers of deaths of homeless people in Scotland, and continued growth in private sector rents despite emergency legislation.

Winter 2023/2024:

- The Scottish Housing Regulator said some local authorities were experiencing systemic failure in their homelessness services, and were beyond the point of regulation.
- A further significant slowdown in the delivery of social homes was announced in quarterly statistics – with new social starts falling by a staggering 29% on last year.
- Scottish Government announce further swingeing cuts to the Affordable Housing Supply Programme budget, ripping £196m out of the budget in order to fund other policy areas and reducing the budget by 26% in the face of steeply rising child homelessness.

Deliver the social homes we need

Without sufficient good quality social homes across Scotland, we will not meet anti-poverty targets, tackle health inequalities, close the attainment gap, reduce homelessness, or alleviate the significant strain on local services.

The government is failing to deliver new social homes at the rate required to reduce housing need. **Year-on-year budget cuts have resulted in a steep fall in both starts and approvals of new social homes (down 29% and 18% respectively in the most recent statistics⁷)** – and without those homes the housing emergency is only going to get worse.

We raised our concerns with the Finance Secretary⁸ ahead of the budget and called on her to ensure that the Affordable Housing Supply Programme is at a minimum protected. **The Scottish Government has no hope of meeting its statutory child poverty targets if it continues to look to the social housing supply budget for savings** at every opportunity.

We are devastated that these calls, from ourselves and partners from across the housing, homelessness and anti-poverty sectors, have fallen on deaf ears, with housing pretty much singled-out for cuts in this budget.

Affordable Housing Supply Programme (AHSP) Budget £m	2024-25 Budget	2023-24 Budget	Difference £m (%)
AHSP - Cdel	414.417	489.1	-74.683
Transfer of Management of Development Funding (TMDF)	92.245	92.245	0
AHSP – Financial Transactions	49.200	170.600	-121.4
TOTAL AHSP	555.862	751.945	-196.083⁹ (-26%)

We believe that austerity policies pursued since the 2008 financial crisis have had a deeply damaging impact on society and have helped to create the situation we are currently in. However, in light of questions raised over how to reverse the cut to the housing budget, we have identified areas of capital spending where the government has made the choice to increase expenditure while cutting housing.

Our analysis is illustrative – **organisations such as ourselves simply do not have the level of detail required to make fully informed budget proposals**. However, if the aim of this budget is to reduce poverty, particularly child poverty, then **the cut to housing must be reversed if progress is to be made towards meeting the parliament’s own statutory commitments**.

As such, we have illustrated there are still choices being made by government, despite the 4% real terms cut to the capital budget.¹⁰ **The government cannot present the cut to housing as unavoidable when increases are being seen in areas as diverse as prisons and playparks.**

⁷ Scottish Government (2023), [Housing Statistics for Scotland Quarterly Update to end September 2023](#).

⁸ Shelter Scotland (2023), [Letter to Cabinet Secretary for Finance, 12 September 2023](#)

⁹ Scottish Government budget analysis, sent to Shelter Scotland on 21 December 2023.

¹⁰ Government claims of an [over 10% cut to the overall capital budget](#) are misleading, as this looks at the forecast capital budget over a 5 year period, not the immediate term of 2024/25, which sees a real terms cut of only 4%, which the government has chosen to pass entirely disproportionately onto housing.

To use the playpark refurbishment example, we find it baffling for the Scottish Government to choose to spend £15m on refurbishing playparks when there are nearly 10,000 children trapped in temporary accommodation. It is simply the wrong priority during the housing emergency, and it **will not have the same impact towards meeting statutory child poverty targets as investing in social homes**. It is very difficult to comprehend how they have looked at the housing emergency that is gripping the country and decided that this is the right course of action. Our full analysis is available as an Appendix.

The prioritisation of the Scottish National Investment Bank over the housing budget for Financial Transactions funding is also of concern. This funding was used in previous years to support delivery of other forms of 'affordable' housing other than social housing. There is a concern now that with Financial Transactions funding so limited that the capital development funding previously more targeted for social homes – the only truly affordable housing that will help us out of the housing emergency – will be eaten into by so-called 'affordable' housing.

The government has argued that 'innovative private finance' will help to plug the gaps. However, as Professor David Bell has noted, cuts to public spending will not help to encourage the private sector to invest in those areas.¹¹

With the temporary private sector rent cap and eviction ban also due to come to an end soon, a cliff-edge of the government's own making, this decision will leave more and more people trapped at the mercy of private landlords for years to come. **A second year of savage cuts to social housing supply at a time of rising homelessness and when private rents are set to skyrocket means the Scottish Government has made the active choice to deepen the housing emergency** rather than alleviate it.

Fully Fund Homelessness Services

Significant investment in frontline services is required if we are to tackle the backlog in temporary accommodation and ensure people's housing rights are upheld and enforced. **Local authorities cannot continue to be asked to do more with less**, and the warnings from the Scottish Housing Regulator, Accounts Commission and SOLACE should awaken the government to the reality of the crisis being faced in housing and homelessness services.

Late last year, **the Scottish Housing Regulator said that we were now at the point of systemic failure in local homelessness services**, following previous warnings in February. This is an emergency. It is remarkable that the government has not listened to this analysis.

Over a decade of austerity and real terms budget cuts have left local authority services stripped to the bone while they try to deliver the rightful extension of housing rights from national government. This has resulted in a situation where **legal duties are routinely breached** – and it is people in need of support who are left to suffer the consequences of that.

The Scottish Government should be ensuring that **local authorities have the resources they need to deliver on existing housing rights**, as well as ensuring the funding is in place and staff are prepared to deliver the suite of new housing rights, such as the UN right to adequate housing. The Fraser of Allander Institute's analysis of a 5% real terms¹² cut to the housing support and homelessness budget suggests that the Scottish Government does not see upholding housing rights or ensuring homelessness services can function is a priority for them.

¹¹ Professor David Bell, [Written submission to Finance and Public Administration Committee](#), January 2024.

¹² Fraser of Allander Institute, [Written submission to Finance and Public Administration Committee](#), January 2024.

Appendix: Alternative Capital spending options

Context:

The Scottish Government announced a cut of £196m to the Affordable Housing Supply budget for 2024/25 – reducing it from £752m to £556m. This followed a cut from £831m in 2022/23.

Other areas of capital expenditure have not faced the same cuts. Below identifies some areas, even while excluding the large capital uplift seen in the health budget, where the government has increased spending while housing faces a large cut.

Simply put, the government has made a choice to cut housing expenditure in order to fund other policy areas. We offer no value judgement over the importance of these other spending choices. However, as a housing and homelessness charity it is incumbent on us to make the case for investment in housing, and given the scale of increases in other areas that we have identified, it is clear that the government has choices and flexibility within its capital budget.

Portfolio	Scottish Government's choice	Total increase
Justice	Scottish Prison Service – capital increased	£70m
	Scottish Police Authority – capital increased	£7.2m
	Scottish Fire and Rescue – capital increased	£10.3m
	Scottish Courts and Tribunal Service – capital increased	£3.6m
DFM and Finance	Scottish Government estates (Scottish Government capital projects) – capital increased	£5.3m
Social Justice	Social Security Advice, Policy and Programme – capital increased	£3.6m
	Ukrainian Resettlement – capital funding that previously did not exist	£5m
Transport, Net Zero, Just Transition	Energy Efficiency and Decarbonisation – capital increased	£30.3m
	Support for Active Travel – capital – capital increased	£7.1m
	Road Improvement – capital increased	£11.7m
	Clyde and Hebrides Ferry Services – capital increased	£8.5m
	Highlands and Islands Airports – capital increased	£4.7m
Education and Skills	Capital Grants for playpark refurbishments – capital increased by £5m, however we believe the entire £15m fund should be reallocated	£15m

Rural Affairs, Land Reform and Islands	Forestry and Land Scotland capital – capital increased	£600k
Wellbeing Economy, Fair Work, Energy	Digital Strategy – capital increased	£7.4m
Constitution, External Affairs, Culture	NMS Capital Grant – capital increased	£1.5m
	NGS Capital Grant – capital increased	£1.4m
	NLS Capital Grant – capital increased	£2.6m
Total capital expenditure that could have gone to housing		£195.8m

The Scottish Government has chosen to increase these areas by a total of £195.8m, while Housing is facing a cut of £196m. Choices have been made. The cut to housing is not inevitable or unavoidable.