



WRITTEN SUBMISSION: FINANCE AND PUBLIC ADMINISTRATION COMMITTEE PRE-BUDGET SCRUTINY, AUGUST 2025

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.

We welcome the opportunity to respond to the Finance and Public Administration Committee's call for evidence as part of its pre-budget scrutiny. This is a critical time in Scotland's housing emergency which continues to have an enormous drain on public finances, while we also fail to invest sufficiently in the new social homes that are the long-term solution to the emergency.

This response outlines where we believe the Scottish Government can make tangible differences to improve outcomes for people and for public finances, as well as where significant additional investment is needed to tackle the root causes of our housing emergency. Successive governments have failed to invest sufficiently in housing for decades, and society is paying the price now. Only rejecting austerity and investing sufficiently in new social housing supply will alleviate the emergency situation we are in.

Scotland's housing emergency¹

- A record **10,360 children trapped in temporary accommodation** – up 149% since 2014.
- **42 children become homeless every day.**
- A household becomes homeless every 15 minutes.
- **30,000 children in Scotland are pushed into poverty by housing costs.**
- A 4% increase in households becoming homeless compared to last year.
- **Local authority homelessness services in systemic failure across the country.**
- **7,545 instances of gatekeeping** between April and September 2024.
- **Glasgow City Council break gatekeeping laws at least 34 times every day.**
- **More children in temporary accommodation in Edinburgh than there are in temporary accommodation in the entirety of Wales.**
- A **significant slowdown** in new social housing developments in the last year.

Housing supply

In order to meet the government's stated priority of eradicating child poverty, it must increase the supply of genuinely affordable social homes across the country. Decades of underinvestment have led to Scotland declaring a national Housing Emergency, and while the budget for the Affordable Housing Supply Programme (AHSP) was reinstated for 2025/26, this does not go far enough and will not deliver the scale of new social supply needed to tackle the housing emergency.

Shelter Scotland, the Scottish Federation of Housing Associations, and CIH Scotland will shortly publish new research outlining the number of new affordable homes needed post-2026 to reduce affordable housing need in Scotland, as well as the level of investment required to

¹ Scottish Government (2025) [Homelessness in Scotland, update to 30 September 2024](#).

make this a reality. We urge the Committee to review this research after it is published on 23 September 2025, and ensure that its findings are considered as part of their pre- and post-budget scrutiny work.

We will also be publishing research on 19 August 2025, which is the culmination of a three-year project alongside the Housing Associations Charitable Trust (HACT). This will show the social value of social housing and the economic value that investing in social homes has for society. We would again urge the Committee to consider this when conducting its pre- and post-budget scrutiny.

Shelter Scotland also published work in 2020 which outlined the economic impact of delivering a new generation of social homes.² While this was conducted prior to the Covid-19 pandemic, the cost of living crisis, war in Ukraine and high levels of inflation, the basic premise remains accurate: investing in social homes can help to boost Scotland's economy. The report found that £4bn could be added to GDP by providing houses to people who are homeless, through increased labour supply. Improved education and health outcomes for children was estimated to add £1.5bn to GDP later in life. Building the houses and maintaining them over their lifetime was forecast to create 900 jobs a year and add up to £6.4bn of GDP. These figures will likely have changed in the intervening years, but the research remains relevant in forming the basis of a strong economic argument in delivering more social homes.

By providing more high quality social homes, available at a lower rental cost than the private rented sector, people will see the benefits in their health, their education and their productivity, and have more disposable income to put back into their local economy. It is also an investment that will be paid back in rents over the long-term. Not only is social housing a solution to the housing emergency, it will also deliver obvious economic benefits for the long-term.

Addressing the costs of housing policy failure

Failures to deliver the number of social homes needed over recent decades has not resulted in any tangible financial savings for government. In fact, the opposite is the case. Significant evidence points to massively increased costs in other areas due to a lack of social housing. The reality is not that we can't afford to build – we cannot afford not to.

Recent research as part of the CIH Annual UK Housing Review³ exemplified the reality of UK policy choices on housing over recent decades. Any 'saving' made through reduced expenditure on new supply has been taken up and surpassed by expenditure on housing benefit instead, as people struggle to pay their rents (see Appendix). In reality, this reflects a mass transfer of public wealth into the hands of private landlords, rather than sustained investment in a public good of new, publicly-owned housing. We are now paying the cost of this bad policy making.

These issues are further exemplified by analysis we carried out in responding to the Scottish Budget 2025/26. As we noted at the time,⁴ "Edinburgh has warned about [homelessness costs rising from £28m to over £64m](#) in the space of a year; Glasgow has spoken of the [cost of providing temporary accommodation topping £53m](#) in the period from November 2023 to November 2024, with [other estimates of a financial blackhole of over £70m](#); other councils such as [Fife have estimated a £16m funding gap](#) across the local authority's services, while West Lothian [estimates an £8m overspend this financial year](#), including an overspend of at

² Shelter Scotland, Fraser of Allander Institute, Scottish Policy Foundation (2020), [A New Economic Case for Social Housing](#).

³ Chartered Institute of Housing, University of Glasgow (2024) [UK Housing Review Autumn Briefing](#).

⁴ Shelter Scotland (2025) [Briefing Paper: Scottish Budget Scrutiny 2025-26](#).

least £1.5m in its homelessness service. South Lanarkshire [puts its total budget gap over the next three years](#) at £77m.”

This situation has not changed, with Edinburgh reporting this month that over £53m⁵ was spent by the council on providing temporary accommodation in 2024/25.

A recent piece of work by IPPR Scotland, Save the Children and the Joseph Rowntree Foundation identified £500m of ‘failure spend’ related to housing, essentially meaning half a billion pounds is being spent to make up for policy failures on housing and homelessness.⁶ The report also noted that on average over the 2010s, had low-income private rented households instead been in social tenancies they would have seen around £2,200 lower housing costs, the state would have had to spend £800 less in benefits, and the household would have been £1,400 a year better off. Investing in social housing is good for society, good for the economy, and good for the public purse.

Conclusions

The housing emergency is impacting every area of society, and our public finances and economy are no exception. Failing to build enough social homes over recent decades has proven to be a drag on Scotland’s economic productivity, and costs the public purse more than it saves – whether that is through benefits, the additional cost to the health service of poor quality and insecure housing situations, or through the provision of temporary accommodation. The system is making some people rich at the expense of many who do not have somewhere safe and secure to call home.

Scotland is also missing out on economic benefits by failing to invest in housing supply – the capital expenditure to create highly skilled jobs in construction, planning and maintenance not delivered if we do not invest sufficiently.

The Scottish Fiscal Commission’s Fiscal Sustainability Report states: “... if improvements in population health can be achieved, pressure on health-related spending may be reduced in the future”. It is our view that the housing emergency is damaging all aspects of society, including public health. The health consequences of living in cold, damp, mouldy homes, or living with the stress of making the choice between paying your rent, heating your home, or buying adequate food for you and your family are obvious. It is therefore our analysis that investment in housing is not only desirable, but necessary, to achieve the improvements to population health and reduce pressures on health-related spending.

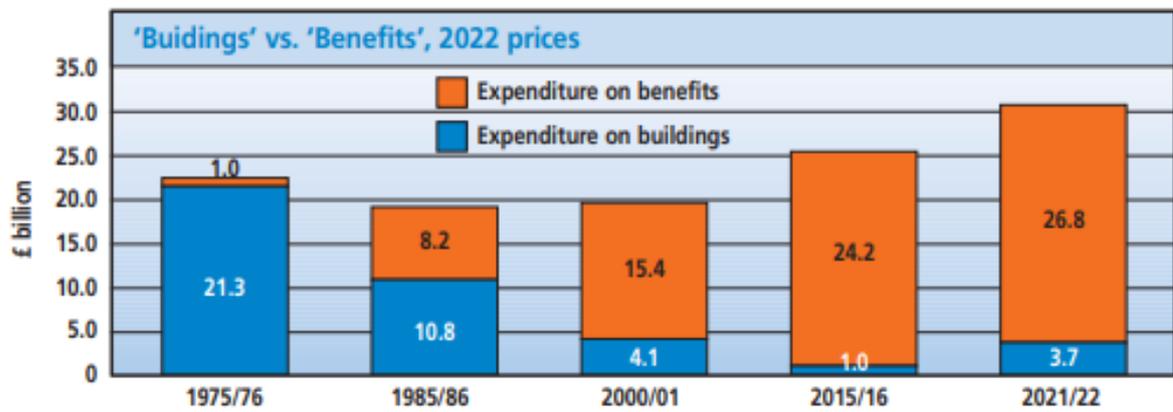
Investment in housing is the strongest method of preventative spend available to the Scottish Government, and we urge them to deliver this in the 2026/27 budget and future spending plans.

For further information, please contact David_Aitchison@shelter.org.uk

⁵ The Herald (2 August 2025), [Edinburgh’s £53m homeless bill revealed amid housing crisis](#).

⁶ IPPR Scotland, Joseph Rowntree Foundation, Save the Children (2023) [Tipping the Scales: The Social and Economic Harm of Poverty in Scotland](#).

Appendix: Buildings v Benefits, 1975/76 to 2021/22



Source: Author calculations based on Hills (2007) and data from the Review.