



SHELTER SCOTLAND BRIEFING: SCOTTISH BUDGET 2025-26

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.

The 2025-26 Scottish Budget is a key test of the Scottish Government's claims that housing and ending the housing emergency are a priority. The First Minister previously said that if we want to tackle the housing emergency, "we have to be prepared to put our money where our mouth is"¹, and that "there has to be public expenditure allocated to make sure that we can support the affordable housing programme"².

The choice facing MSPs remains clear – they can pass a budget that increases homelessness, or pass a budget that reduces homelessness.

We welcome a number of the commitments made by the Finance Secretary in her statement on 4 December 2024, and look forward to hearing more detail on how these promises will be implemented in order to reduce the number of children trapped in temporary accommodation.

Our response

- Shelter Scotland welcome the acknowledgement from Scottish Government that previous savage cuts to the Affordable Housing Supply Programme were a mistake.
- While the reversal and additional funding is welcome, it remains regrettable that so many families have suffered the trauma of homelessness in the meantime due to there being fewer social homes delivered.
- This new investment must mark a step change from the Scottish Government and an acknowledgement that housing must not be singled out for cuts in this manner. We hope that this signals the beginning of a ramping up of investment in housing for the long-term, not just a one-off uplift.
- The additional funding must be targeted at securing permanent social homes for the over 10,000 children trapped in temporary accommodation right now. The government's capital grant must be used to deliver social homes, rather than other forms of so-called 'affordable' housing.
- We welcome any additional investment in homelessness support services and prevention, though lack the relevant information to fully assess the additional £4m pledged by the Finance Secretary.

Affordable Housing Supply Programme

We welcome the government's acknowledgement that the previous savage cuts to the Affordable Housing Supply Programme were a mistake. It remains regrettable that so many families have remained trapped in the homelessness system and suffered additional trauma in the past two years due to previous cuts, but **we hope that this proves to be a step-change in how the Scottish Government responds to the housing emergency.**

¹ [Scottish Parliament Official Report](#), 22 November 2023.

² [Scottish Parliament Official Report](#), 14 November 2024.

We also acknowledge that the uplift announced by the Finance Secretary does not fully reverse previous cuts, particularly in real terms, as analysis by SPICe has shown.

Table 1: Affordable Housing Supply Programme budget, cash terms and real terms, 2024-2025 prices

	2021/22	2022/23	2023/24 £m	2024/25 £m	2025/26 £m
	£m	£m			
Cash terms	832	831	752	596	768
Real terms (24-25 prices)	968	903	770	596	750

As the analysis shows, while the uplift for 2025/26 is welcome, funding does remain significantly below what was delivered in 2021/22 and 2022/23, which remains a concern given the high price inflation experienced over this period. We do acknowledge that following two years of cuts, however, capacity in the system is significantly reduced so additional funding may not be able to be spent in 2025/26. With that in mind, we hope that this year's uplift is the start of a ramping up of investment and capacity, not a one-off reversal of previous cuts.

We also believe that funding, particularly for acquisitions of larger properties to reduce the number of children stuck in temporary accommodation, should be **targeted at local authorities with the greatest need**. The Scottish Government and COSLA reached an agreement to do this in 2024/25, and it is imperative that arrangements with a specific focus on tackling the number of children in temporary accommodation are given more time to bear fruit. We would urge the government to replicate this sensible, targeted approach again in 2025/26.

Despite the welcome increased investment from Scottish Government, a number of key questions must be answered by Ministers during this budget process:

- Will this increased funding be part of a consistent, multi-year increase to the Affordable Housing Supply Programme, rather than a one-off reversal of previous cuts?
- Will the capital grant be used exclusively to deliver social homes, rather than other forms of so-called 'affordable' housing, which are aimed at delivering profit rather than tackling homelessness?
- How much funding will be provided to local authorities through the National Acquisition Programme?
- Will the funding be provided with the specific aim of reducing the number of children in temporary accommodation in Scotland?
- Will the additional funding be targeted at the areas in greatest need, so that it can have the biggest impact for the largest number of families?
- Will the government bring forward a Ministerial Statement on their Housing Emergency Action Plan in order to explain to parliament and the public how this additional investment will work to bring down the number of people trapped in temporary accommodation, end law-breaking by local authorities, and tackle the housing emergency?

Fully funding local homelessness services

Scotland's local authorities are struggling to cope following more than a decade of austerity adding pressure to their services at exactly the same time as funding has failed to keep pace with that growing demand. It's created a perfect storm, and has contributed to 13 local authorities, as of 7 January 2025, having declared local housing emergencies.

Warnings about lack of funding have been clear for years: 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 least £1.5m in its homelessness service. South Lanarkshire [puts its total budget gap over the next three years](#) at £77m.

These are the areas that the Scottish Government has identified as facing the greatest temporary accommodation pressures, but it is a similar picture all over the country. **Consistent underfunding of local authorities has got us to this position, and it is households trapped in temporary accommodation, or those seeking to access temporary accommodation, paying the heaviest price for this failure.** Something has to change.

We are therefore concerned that the budget does not meet the level of funding required to lift local authorities out of systemic failure in their homelessness services. **We lack the required clarity on how much exactly is being spent on homelessness in 2025/26, how that funding will be targeted and how it will be spent strategically to alleviate poverty, reduce numbers in temporary accommodation, and tackle the deeply embedded racial and gender inequalities in our housing system.**

The additional £4m for prevention pilots may prove useful in a small number of areas, but that level of funding is insufficient for tackling the unprecedented scale of the housing emergency. **Local authorities are beyond the point of having the capacity to respond adequately to the pressure they are facing**, and the total funding announced for frontline services – somewhere in the region of £42m, if the prevention pilot funding, Homelessness Prevention Fund, and Rapid Rehousing Transition funding budget lines are combined and all that is committed – does not appear to be enough to provide the step change needed.

The Homelessness Prevention Fund and Rapid Rehousing Transition funding have also both been frozen for several years, representing significant real-terms reductions in spending when demand on services is increasing and homelessness is at record levels.

The lack of clarity on what each spending line entails makes it nearly impossible to state with full confidence whether what is being invested is enough or not. This is why we have consistently called for an improved, genuine human rights-based approach to budgeting. The Scottish Government continues to pay lip service to this, but does not achieve it.

For instance, the 'Housing Support' line within the Level 4 data shows what is a welcome 40% increase in spending compared to last year. However, there is no real breakdown of where this £72m will be going in 2025/26. There is a vague list of commitments to prevention, renters rights, rapid rehousing, the Tribunal, and the adaptations budget, but we are left with no sense of how much money will be spent in each area. This makes it incredibly difficult for MSPs and organisations such as us to properly scrutinise what is being proposed, and to pass any considered view on whether proposals are sufficient.

From the headlines that we are able to decipher, the level of funding being proposed does not feel like the step-change needed to end systemic failure in homelessness services. However, we do welcome the continued and increased investment in Discretionary Housing Payments and the ongoing mitigation of the Bedroom Tax and Benefit Cap, as well as planned mitigation of the two-child limit.

There remain a number of questions for Ministers to answer on homelessness funding:

- How much does the government expect to be spent on homelessness in Scotland at national and local level in 2025/26?
- Is the funding being provided for homelessness services and homelessness prevention in 2025/26 sufficient to reduce the number of families in temporary accommodation?
- Will the government funding take all those local authorities currently in systemic failure out of that situation?
- Does the government expect the funding provided to be enough to ensure that no household has their right to suitable housing breached in 2025/26?
- Will the government target its funding at the areas and the families in greatest need?
- What is the government's strategy to reduce inequalities in the housing system? How is the government going to tackle racial inequalities and gender inequalities which are baked into the housing system?
- Will the government continue funding the 'Fund to Leave' beyond the period of its pilots?

Scotland's Housing Emergency

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

- A record **10,110 children trapped in temporary accommodation** – up 143% since 2014.
- **42 children become homeless every day.**
- A **household becomes homeless every 16 minutes.**
- A **9% increase in households living in temporary accommodation** compared to last year.³
- At least **7,915 instances of local authorities failing to provide temporary accommodation** to those legally entitled to it (**up 1,659% in a year**).
- At least **7,400 breaches of the Unsuitable Accommodation Order** in 2023/24 (up 41%).
- Local Authority homelessness services facing **systemic failure** across the country.
- A **failure to deliver the social homes** we urgently need and a significant slowdown in new social housing developments in the last year.

This is an emergency that damages health, wellbeing, education and the economy, and leaves tens of thousands of people without anywhere to call home. It is **a national scandal**.

³ Scottish Government (2024), [Homelessness in Scotland 2023/24](#).