



## A “marginal saving” that will harm the most marginalised

### The reality of the Scottish Government’s position on social care pay in the 2026-27 Budget

The Coalition of Care and Support Providers in Scotland (CCPS) represents major not-for-profit providers of care and support across Scotland, who deliver community-based services for adults with disabilities, older people, children and families, people impacted by addictions, homelessness and housing insecurity, poor mental health, poverty and people involved in the justice system.

CCPS is deeply concerned by the impact of changes that Scottish Ministers have unilaterally made to the funding of pay for frontline staff in commissioned social care services in the 2026-27 Scottish Budget. This decision to save a marginal sum risks support for the most marginalised people, and those who work with them. Our members are also angered by Scottish Ministers’ absolute lack of transparency in this change.

The Scottish Government accepted the 2019 recommendations of the [Fair Work Convention on social care](#) and committed to delivering a Fair Work Nation by 2025. But Scottish Government decisions, obscured in the 2026-27 Budget, take us ever-further from this promise.

#### **OUR ASKS**

- Return the ring-fenced funds required to uplift adult and children’s social care pay from the Real Living Wage (RLW) 2025-26 to the RLW 2026-27, without further harm to social care investment which is already too low to meet need.
- Enter further discussion on how to reverse the decline of our sector through this budget – a move which will be essential to Scottish Government ambitions.
- Commit to actively rebuilding trust with providers, which has been significantly damaged by how Scottish Ministers have handled this change.

#### **THE ISSUE**

- Most social care services provided by CCPS members are commissioned by the public sector and funded by the taxpayer through contracts or grants – usually held by councils.
- Scottish Government pay policy is for frontline support staff in these commissioned social care services to receive at least the Real Living Wage (RLW).

CCPS is a company limited by guarantee registered in Scotland No. 279913, registered with the Office of the Scottish Charity Regulator as Charity No.SCO29199. The company’s registered office is at Norton Park, 57 Albion Road, Edinburgh. EH7 5QY.

Tel: 0131 475 2676, [www.ccpscotland.org](http://www.ccpscotland.org)

- To enact this, the government ringfences an annual pay fund in the Scottish Budget which councils pass on to commissioned providers.
- Each year the annual pay fund has, essentially, been increased to fund the difference in the RLW from one year to the next. Providers planned for 2026-27 on this basis.
- Providers can only bid for, and hold, public sector contracts if they guarantee the RLW.
- Without consultation with providers – or making this clear in the Budget papers – the Scottish Government has changed the baseline for calculating this fund.
- Instead of increasing the available funds from £12.60 (RLW 2025-26) to £13.45 (RLW 2026-27), ministers have chosen to only fund an increase from the new National Living Wage in 2026-27. This means the pay fund would only cover an uplift from £12.71 to £13.45.
- Because of how we expect the funding to be distributed, the effect of this on contract values will be more than the headline “11p per hour”. It will mean that providers will no longer be funded to pay the RLW, despite this being a condition of their contracts to deliver public services.
- CoSLA estimates this will result in a funding shortfall of £15m for adult social care services and £4m for children’s social care services/childcare.
- The Cabinet Secretary for Finance and Local Government indicated in the Chamber that, in the view of the Scottish Government, it is the responsibility of employers to meet their obligations to pay the National Living Wage. But commissioned providers are reliant on increased contract values to cover increased workforce obligations. Pay uplifts for frontline staff in those contracts have previously been covered by government pay policy. This would no longer be the case if the above change goes ahead.
- The Scottish Government knows the social care sector is in serious jeopardy; we were part of a group commissioned by ministers to provide a viability risk register in April 2025, which clearly set out the situation faced by supported people, staff and providers.
- Many providers are eating into reserves already to cover underfunded contracts. Low pay is harming recruitment and retention of staff and service availability. This decision will increase risks to vulnerable people and jobs – if it goes ahead.
- Reversing this decision is essential for the sector and the people who rely on it. However, that alone will not address the crisis in our sector.

We address a number of justifications implied for this retrograde move in the annex below.

*For further information please contact Chris Small, CCPS’s Head of Communications and Engagement at: [chris.small@ccpscotland.org](mailto:chris.small@ccpscotland.org)*

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# Rebutting claims that changing the social care pay calculation is “not unreasonable”



This annex sets out to rebut the sorts of justifications we have started to hear for the government’s decision to short-change the social care pay fund in the 2026-27 Scottish Budget. This is important because the Scottish Government’s initial response to being challenged failed to reflect the reality of how not-for-profit providers of social care are contracted to deliver public services. Each justification is **highlighted**; we then explain clearly why this is an unreasonable position.

## **It is “not unreasonable” to expect employers to cover National Living Wage costs (paraphrasing the Cabinet Secretary for Finance and Local Government: 21 Jan 2026)**

In relation to commissioned social care providers, the Scottish Government’s primary justification for changing the baseline for a pay uplift is wholly disingenuous.

Not-for-profit social care providers are commissioned, through contracts, to deliver core public services to some of our most vulnerable citizens on behalf of taxpayers. It is perfectly reasonable, and in line with commitments to ethical commissioning, to expect those contracts to cover the full costs of running that service, including statutory duties. The Scottish Government has disregarded its own policies and apparently decided that charitable employers should underwrite a decision to significantly underfund social care pay.

## **Eleven pence per hour isn’t much to ask, in the current financial climate**

This change means much more than 11p per hour for providers and their staff because of how the pay deal is calculated. CoSLA are estimating a total shortfall of £15m for adults and £4m for children’s social care and childcare. Speaking to our varied sizes of provider members, we have heard estimated funding gaps per organisation of between £30,000 and £740,000 for a single year – with no means to cover the gap. The government has provided no calculations.

In relation to the overall Scottish Budget this is a marginal saving – but it will hit already marginalised citizens the most, as social care services and jobs are lost.

## **Commissioned social care providers can draw on other funds**

In autumn 2025, over half of respondents to a CCPS member survey were using reserves to reach financial balance. In another survey, 79% of providers we asked had either received no inflationary uplift, or a reduction, on contract values in 2024-25. We estimated an unfunded gap of £30m for CCPS members to meet eNICs changes in 2025-26 – a recurring, increasing liability for which the government has provided no relief to commissioned providers.

Charities may receive philanthropic funds, such as from public fundraising, for wider charitable activities in communities. We trust the government is not underfunding pay uplifts for staff delivering public services on the assumptions that others, including the public, will fill the gap.

Also, see the point of principle above: public sector contracts should cover the full costs of delivering public services.

### **Social care must shoulder its fair share of cuts**

Investments confirmed in the last few months: £0.5bn to general practice. £133m to doctors. £9m to Mosmorran. £40m more to bail out Dundee University... But c. £19m below the full Real Living Wage invested in social care pay for frontline staff. We are not saying our colleagues don't deserve more (they do), but Scottish Ministers have made unequal allocation choices.

### **Investment in social care is the highest it's ever been.**

Adding some cash to a terrible baseline doesn't get us to a place to be proud of.

And only looking at half of the balance sheet is meaningless. The other half – social care demand – puts this claim into sharp perspective. Scotland has: an ageing population; a housing and homelessness emergency; a crisis in the prison population; a poor record on addiction and on mental health; persistently poor NHS waiting times and increasing waits for social care input; too many people in hospitals that shouldn't be there; a commitment to care leavers at risk; a massive burden on unpaid carers (and on their ability to be economically active).... We could go on. Investment is too little already.

### **Social care pay is higher than in England**

The Scottish Government's policy is not to pay more than England; it is to deliver Fair Work.

### **The Scottish Government is still committed to Fair Work in Social Care**

We struggle to see this. The government-funded pay for a regulated, qualified support worker in the not-for-profit social care sector was £2,395 less than their closest NHS equivalent in 2019, when the government accepted the recommendations of the Fair Work Convention. In April 2025, it was £3,769 less. Increases to Agenda for Change but decreases to the available pay fund in social care next year will simply increase the inequity for a largely female workforce.

In addition, providers must guarantee to pay staff at least the Real Living Wage to receive, or pitch for, public contracts. But the pay uplift to contracts in 26-27 won't cover the full uplift to the RLW. We do not know how the government thinks providers delivering public services will square this contractual circle.

### **Local Government will plug the funding gap**

Unlikely: *"Whilst councils have made significant savings, the cost of delivering services is rising faster than available funding. This risks the financial sustainability of councils over the next three to five years... In its latest update on council finances, the Accounts Commission report that councils face a budget gap of nearly £1 billion by 2027."* (Audit Scotland, January 2026).

### **Sectoral Bargaining will sort the issue**

Providers and trade unions agreed a draft proposal to deliver sectoral bargaining in January 2025. We have been waiting for the Scottish Government to respond since. We suspect the government will now move quickly to deliver their manifesto promise, before the election, despite the long delay... but only after they have cut the baseline for future negotiations by around £19m. We assume the government has thought of this.