

PE2074/C: Increase local government funding to help protect the vulnerable elderly population and prevent the closure of care homes

COSLA written submission, 14 July 2025

As you will know, COSLA is a Councillor-led, cross-party organisation, representing all 32 Councils in Scotland, which champions Councils' vital work to secure the resources and powers they need to build better and more equal local communities. While this response is laid out from an officer perspective, it is within this governance context that I provide our views on the petition and the related actions taken by the Scottish Government.

You may be aware that Local Government funds independent and voluntary sector care homes through the National Care Home Contract rate, which is the publicly funded rate paid for older adults requiring a care home placement and who are funded by the local authority. The National Care Home Contract fee is underpinned by a Cost Model which was jointly developed and agreed between COSLA, Scotland Excel, and Scottish Care. The Cost Model aims to provide a transparent and robust method of calculating the average cost of care per week, per resident, based on agreed benchmark indicators (including inflation, wage costs, building costs, profit levels). The fee continues to be discussed and negotiated annually with sector representatives. As pressures and costs have increased for the sector and Local Government – and as Councils continue to face significant funding constraints – these negotiations have become particularly challenging, with sector representative no longer feeling the National Care Home Contract addresses the true cost of care. This is despite a near doubling of the weekly rate for residential and nursing placements since 2007.

It will come as no surprise to committee members that Local Government is facing significant funding gaps across all services. Audit Scotland recently reported¹ that integration authorities projected a funding gap of £357m in 2023/24 which was set to worsen – we know from budget assumptions made for 2025/26 this has unfortunately been the case. In addition, Audit Scotland have also recently reported² on Council Budgets more broadly for 2025/26 at which time Councils were projecting a £657m funding gap over 25/26 and 26/27.

This challenging financial context comes as health and social care services are experiencing pressures that while not unique are very pronounced – growing demand coupled with workforce pressures, increasing complexity of care needs, and public expectations have contributed to a challenging context. Our member Councils have increased real terms spend on social care by 29% since 2010/11 at the expense of other preventative, non-statutory services, recognising the need for sustained and increased investment to meet these challenges. However, rising operational costs, increasing demand for services, and other cost pressures such as inflation mean that the need for greater funding to support sustainability of social care is more urgent than ever.

¹ https://audit.scot/uploads/2024-07/nr_240725_ijb_performance_analysis.pdf

² https://audit.scot/uploads/2025-05/briefing_250522_council_budgets.pdf

Each integration authority is taking its own approach to identifying cost savings. These will range from having to take very difficult decisions on the amount of care that can be purchased, the levels of support that can be provided and looking at how the resources that are available can be prioritised. The current financial situation also has a significant impact on the ability of local and integration authorities to invest in early intervention and prevention.

All of the cost saving measures being taken have an impact on the ability to deliver for, and help protect, the vulnerable elderly population and prevent the closure of care homes. Further, the increased expenditure on social care comes at the cost of investing in preventative approaches to wellbeing – upstream interventions and supports that could help reduce the need for people to move into care homes in the first place. These are not decisions taken lightly but rather out of necessity given the significant funding constraints facing local and integration authorities.

As the Cabinet Secretary for Finance and Local Government points out in her correspondence with the Committee on this petition, dated 29 May 2024, it is the responsibility of individual local authorities to manage their own budgets and to allocate the total financial resources available to them, including on health and social care services, on the basis of local needs and priorities. It is therefore important to acknowledge that IJB budgets – which are integrated budgets comprising of contributions from each partner, the relevant Council(s) and Health Board(s) – are subject to the same savings as all other areas for which councils have responsibility. Wherever possible, social care services are being protected and prioritised within Budgets, in line with Local Government's statutory duties.

COSLA will continue to press the importance of urgent additional funding from Scottish Government to invest in social care and social work services, to enable Local Government to commission and deliver more care services, and to ensure those services we operate and commission are sustainable now and into the future.

As referenced within your letter to COSLA, we are aware of the results of the UK-wide survey conducted by the Society of Local Authority Chief Executives, which found that 44% of Council chief executives and senior managers identified adult social care as a service at risk of cuts due to budget pressures. Given the significant fiscal challenges being faced across councils and IJBs, it will come as no surprise that difficult decisions have had to have been made to prioritise statutory service delivery. Despite this, we will continue to work with the Scottish Government to advocate for fair and flexible funding to ensure continuation of these services which contribute towards a whole-system approach through prevention, thus leading to financial savings across the sector, and better outcomes for citizens and communities.

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