

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

Minister for Social Care and Mental Wellbeing written submission, 25 August 2025

Thank you for your request of 21 March 2025 to Cabinet Secretary for Finance and Local Government, and I apologise for the delay in replying. I am responding as the Minister with the portfolio responsibility for social care.

I note you are writing to specifically seek reflections on the UK-wide survey 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 large or very large gaps in local government budgets.

As highlighted within earlier responses to the Committee, the Scottish Government's policy towards local authorities' spending is to allow local authorities the financial freedom to operate independently. As such, the vast majority of funding is provided by means of a block grant. It is then the responsibility of individual local authorities to manage their own budgets and to allocate the total financial resources available to them, including on social care, on the basis of local needs and priorities, having first fulfilled their statutory obligations and the jointly agreed set of national and local priorities.

The 2025-26 Budget provided Local Government in Scotland with record funding of over £15.1 billion through this block grant, one of the largest increases in funding in recent times and a real terms increase of 5.5 per cent.

The Scottish Government will continue to work with Local Government on how we operate and collaborate on reforming public services to ensure sustainable people centred services. We are also committed to engaging constructively with the UK Government to highlight the importance of sustainable public services to ensure the people of Scotland continue to receive the high quality public services that they expect and deserve.

On provision for social care, while the Scottish Government has overall responsibility for health and social care support policy in Scotland, the statutory responsibility for delivering, commissioning, providing appropriate social care capacity and charging for services at a local level lies with local authorities, NHS boards and integrated Health and Social Care Partnerships.

We do not want to see the closure of good quality care homes and we understand the concern this causes for residents and their families, as well as for the wider communities for any affected care home. However, it is for local authorities to assess local population needs and where investment needs to be targeted to improve the social care infrastructure within their relevant area.

The Scottish Government remains committed to developing a sustainable health and social care system that ensures people get the right care, at the right time, in the

right place. In support of this, the 2025-26 Budget provides record funding of £21.7 billion for Health and Social Care - an uplift exceeding consequentials and taking funding to an all-time high.

The Budget provides almost £2.2 billion investment for social care and integration – delivering on our Programme for Government commitment to increase social care spending by 25% over this Parliament, two years ahead of our original target. This includes an additional £125 million to support delivery of the pay uplift to a minimum of £12.60 per hour for adult social care workers in 2025-26.

Despite these substantial funding increases, significant challenge for service provision remains. Prevention, early intervention and reform remain critical to delivering an effective, efficient and sustainable health and social care system. This is reflected in the recently published Service Renewal Framework (SRF), which provides a blueprint for health and social care service reform in Scotland.

It outlines what we want the future of services to look like and deliver, supported by six key areas of work: disease prevention and early detection, value based and people-led health and care, strengthened integration, improved access to services, the redesign of hospitals, services accessible through digital technologies, all underpinned by a person-centred approach. This Framework will be implemented jointly with COSLA.

In relation to the impact of fiscal pressures, including the recent UK Government increase in employer National Insurance Contributions (eNICs), we are undertaking a programme of work to understand the current financial viability picture in the social care sector. This has included engaging with local leaders through the Collaborative Response and Assurance Group (CRAG), as well as Ministerial roundtables with partners. Ministers and SG officials have also been working closely with Integrated Joint Board Chief Financial Officers and COSLA to gain a more granular understanding of the issues and consider how the pressure can be managed.

A Financial Viability Response Group is in place to further explore the risks and potential mitigations for the sector. This group have developed a detailed risk register and have identified potential actions, many of these being an extension of actions already in place locally by a number of Health and Social Care Partnerships and among some social care providers. We are continuing to work with delivery partners and providers to identify and consider the steps that can be taken together to mitigate the impact of the increase in eNICs and to protect services for the people of Scotland.

I hope this information is useful for the Committee.

Yours sincerely

TOM ARTHUR