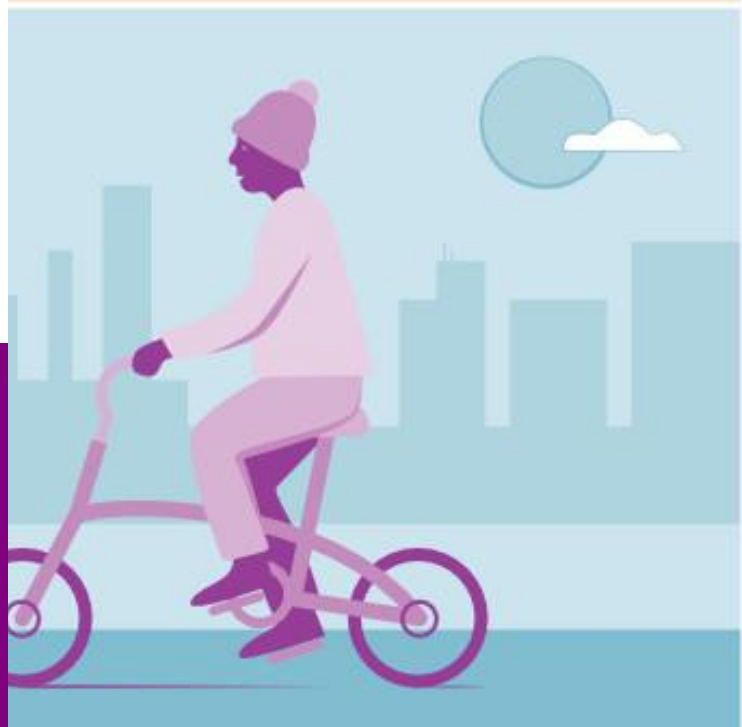




**The Health and
Social Care
Alliance
Scotland
(the ALLIANCE)**



**Scottish Budget Briefing 2025-26
Health and Social Care Alliance
Scotland (the ALLIANCE)
27 November 2024**

Introduction

The Health and Social Care Alliance Scotland (the ALLIANCE) are pleased to share this briefing ahead of the 2025-26 Scottish Budget. The ALLIANCE recognise that Scotland's public finances remain in a difficult position, and that there is a degree of uncertainty regarding the £3.4 billion in Barnett Consequentials arising from the UK Government's budget. However, we believe that through a combination of an increased block grant and the effective use of devolved taxes and revenue raising powers, this budget can deliver meaningful improvements to public services.

Many people also continue to face challenges arising from the cost of living crisis, including persistently high energy bills. This has a disproportionately negative impact on disabled people, people living with long term conditions and unpaid carers. We are deeply concerned about the implications for people's health, wellbeing and human rights if they cannot adequately heat their homes, participate in society, or access appropriate care and support.

The Scottish Government have made real progress in building a human rights based social security system and initiating conversations around social care reform. Much more remains to be done however to deliver the high-quality services that help to fully realise everyone's human rights. To work towards these goals, in this budget the ALLIANCE are calling for:

- Urgent progress on social care reform, a real terms increase in funding for services and workforce pay and abolishing non-residential care charging,
- Transparent investment in preventative health and social care services, and targeted funding for sensory services,
- Above-inflation uplifts to energy-related social security payments, and widening eligibility for Pension Age Winter Heating Payment beyond Pension Credit recipients,
- Replicating the UK Government's changes to Carer's Allowance in the Carer Support Payment, and going further in future,



- Fair funding for the third sector, including uplifts that account for inflation and increased employer National Insurance Contributions,
- An embedded human rights budgeting approach, gearing our tax system to meet fundamental rights obligations to health, education, housing, food and social security,
- Progress on local tax reform, with no repeat of last year's Council Tax freeze in the interim, to ensure stability for locally funded statutory and third sector services.

Investing in Health and Social Care

The ALLIANCE were deeply frustrated at the most recent delay to the National Care Service (NCS) Bill¹. Whilst we agree with many stakeholders that significant improvements to the Bill are necessary, we are concerned about the risks of further delaying desperately needed adult social care reform. We are also disappointed that the NCS process has been over-focussed on structures and bureaucratic disputes, rather than funding, transparency, quality and delivery.

People with experience of accessing, or trying to access, social care, unpaid carers, care workers and third sector providers have all been clear that change is urgently needed. They simply cannot afford to wait for a Bill that has already been repeatedly delayed, with a system that has too often failed to uphold people's human rights and dignity, or recognise third sector providers as equal partners. In the 2025-26 budget, the Scottish Government must deliver a real terms increase in social care funding that improves access to care and workforce pay and conditions.

Given that 59% of unpaid carers² and 82% of the social care and social services workforce are women³, recognising the value of care and investing in better pay has significant equalities implications. Greater investment in social care overall has the potential to unlock significant social and economic benefits, as demonstrated by the Scottish Women's Budget Group in their 2023 paper⁴.

The ALLIANCE continue to call on the Scottish Government to fulfil their commitment to abolish non-residential social care charges in this term of



parliament. Increases in recent years have been unsustainable, with Glasgow City Council for example raising charges by as much as 50% in 2023. We welcomed the reference in this year's Programme for Government to further investigating the options for abolishing charging and urge this to be included in this year's budget.

Despite the benefits of a preventative approach being widely recognised, a report by the Accounts Commission and Audit Scotland found that as of 2023/24, progress had been slow and there was little evidence of a shift in balance of care from hospital to community settings⁵. Investing in prevention stops health conditions from worsening and the need for more costly emergency interventions in future, and this budget must increase the pace of change.

Targeted investment is also urgently needed in sensory services. Funding under the See Hear Strategy has not increased in the decade since it began, and the Independent Review of Audiology Services in Scotland (IRASS) found "systemic problems within audiology services."⁶ This budget must increase funding to ensure stability for statutory and third sector sensory services and commit to fully funding implementation of the IRASS recommendations.

Social Security and Financial Support

In recent years the Scottish Government have taken steps to improve Scotland's social security system, rooted in an understanding of social security as a human right. The ALLIANCE warmly welcomed these measures, including the Scottish Child Payment, the Carer's Allowance Supplement, and a more dignified approach to disability payments. We believe work remains to be done however, particularly with regards to the adequacy of payments.

At minimum, the 2025-26 budget must uprate devolved social security payments in line with inflation. Given the ongoing energy crisis, with prices remaining significantly higher than in 2021 and recently increasing by 10%, energy related payments should be uplifted beyond inflation to account for these stubbornly high costs. The ALLIANCE joined calls by our member,



Energy Action Scotland, to increase the funding available for the Scottish Fuel Insecurity Fund, reversing the £30 million cut in the last budget⁷.

The ALLIANCE were deeply disappointed by the changes the UK Government made to the Winter Fuel Payment, and the knock-on consequences that has had on the Scottish Government's Pension Age Winter Heating Payment (PAWHP). In the absence of a universal payment, the Scottish Government should broaden eligibility for PAWHP beyond the UK Government's approach for Pension Credit recipients. This should include every household where someone is of pension age and is receiving any form of disability payment, such as Attendance Allowance or the Pension Age Disability Payment which is in the process of being rolled out.

As part of their 2025-26 budget published in October, the UK Government announced that the earnings limit for Carer's Allowance would increase to £196 per week, equivalent to 16 hours at the National Living Wage. The Scottish Government have previously consulted on making similar changes to the devolved Carer Support Payment. The ALLIANCE urge the Scottish Government to make those changes in this year's Scottish budget, ensuring Carer Support Payment remains in-line with Carer's Allowance, helping to reduce financial hardship and poverty amongst unpaid carers and those they are caring for.

In the longer term, we encourage the Scottish Government to make further changes to the Carer Support Payment, for example raising the earnings limit to the equivalent of 20 hours per week. This would be in line with existing policy intention to offer a substantially enhanced payment relative to the UK version. Action is also necessary to address the "cliff edge" that sees unpaid carers losing their entire entitlement if they earn even a small amount over the earnings limit.

Fair Funding for the Third Sector

As the national third sector intermediary for health and social care, the ALLIANCE have consistently called for fair funding for the third sector. The third sector makes a significant contribution in Scotland, supporting people and communities across the country whilst employing an estimated 133,000 people with a combined turnover more than £9 billion annually.



Despite this, the third sector remains unrecognised and undervalued, and the financial situation facing the sector has become increasingly difficult following the COVID-19 pandemic and cost of living crisis. The UK Government's decision to increase employer National Insurance Contributions (NICs) in their 2025-26 budget has further increased pressure on the sector, and poses a serious risk to the viability of third sector health and social care organisations.

The Scottish Government have committed to delivering multi-year funding, but progress on this issue has been regrettably slow. The ALLIANCE's 'Stretched to the Limit' report⁸ in 2023 found widespread difficulties facing our member organisations. 84% of respondents were experiencing increased demand for their services, yet 76% were facing higher bills and 61% reported reductions in grant funding. Longer term funding arrangements were identified by the overwhelming majority (88%) as something they would benefit from.

A follow up survey of our membership in March 2024 further evidenced the financial pressures on many third sector organisations⁹. Even at that late stage in the funding calendar, 59% of respondents said their funding for the coming year had not yet been agreed. Respondents were also split almost evenly on the security of their finances, with 49% stating they felt insecure.

Given the vital role that the third sector plays in support, prevention, tackling health inequalities, national policy development, and the scale of the workforce, it must be adequately funded by the Scottish Government. The ALLIANCE strongly back the SCVO 'Fair Funding for the Voluntary Sector'¹⁰ proposals and have urged the Scottish Government to act upon them as a priority¹¹.

The 2025-26 Scottish Budget must ensure that third sector funding includes uplifts to account for both inflation and the additional burden of increased employer NICs. The Scottish Government must also ensure that there is clarity on funding settlements well in advance of the new financial year.



Taxation and Revenue Raising

All too often, discussion on taxation happens in isolation, rooted in simplistic narratives that increases are “bad” and decreases are “good”. This removes taxation from the context of what it is raising revenues for, which are high quality public services that help the state fulfil its human rights obligations. The Scottish Government has repeatedly made the point that taking a different approach to taxation in Scotland has helped to fund essential services, however the wider debate is limited by an unwillingness to differ too much from the UK Government’s Income Tax rates.

The Tax Strategy due to be published alongside the 2025-26 Scottish budget is an opportunity to consider a new approach to raising revenue in Scotland. The ALLIANCE believe it should embed a human rights budgeting approach from the outset, gearing our tax system to progressively realise rights including to health, education, housing, food and social security, and meet our climate action obligations. We are co-founders and sit on the steering group of the new Tax Justice Scotland campaign, which calls for an overhaul to our devolved tax system to build a fairer, more prosperous, and sustainable future for all¹².

The precarious state of local government finances has a particularly negative impact on public and third sector service delivery, including in community-based prevention. We are especially concerned that social care funding is insufficient to provide the level of care and support necessary to fully realise disabled people’s rights to independent living and equal participation in society.

At the same time, local governments and Integrated Joint Boards (IJBs) have either proposed or implemented significant cuts to third sector funding, putting services, jobs and people’s health and wellbeing seriously at risk. People who can no longer access third sector support are more likely to have their conditions deteriorate. This increases the likelihood that they will have to rely more costly emergency support from the NHS or elsewhere in the statutory sector and can mean projected savings instead simply move costs elsewhere in the system.



The ALLIANCE continue to urge the Scottish Government to progress long-overdue reform of local taxation and put local government finances on a stronger, more sustainable, footing. In the interim, this year's budget should not repeat last year's widely criticised Council Tax freeze, allowing local councils to set rates according to their local needs.

This should be accompanied by the funding necessary to ensure that those least able to manage increases are able to access reduction and exemption schemes. In addition, direct funding to NHS Boards and IJBs should be increased to the extent necessary to protect both statutory and third sector services.

About the ALLIANCE

The Health and Social Care Alliance Scotland (the ALLIANCE) is the national third sector intermediary for health and social care, bringing together a diverse range of people and organisations who share our vision, which is a Scotland where everyone has a strong voice and enjoys their right to live well with dignity and respect.

We are a strategic partner of the Scottish Government and have close working relationships with many NHS Boards, academic institutions and key organisations spanning health, social care, housing and digital technology.

Our purpose is to improve the wellbeing of people and communities across Scotland. We bring together the expertise of people with lived experience, the third sector, and organisations across health and social care to inform policy, practice and service delivery. Together our voice is stronger and we use it to make meaningful change at the local and national level.

The ALLIANCE has a strong and diverse membership of over 3,600 organisations and individuals. Our broad range of programmes and activities deliver support, research and policy development, digital innovation and knowledge sharing. We manage funding and spotlight innovative projects; working with our members and partners to ensure lived



experience and third sector expertise is listened to and acted upon by informing national policy and campaigns, and putting people at the centre of designing support and services.

We aim to:

- Ensure disabled people, people with long term conditions and unpaid carers voices, expertise and rights drive policy and sit at the heart of design, delivery and improvement of support and services.
- Support transformational change that works with individual and community assets, helping people to live well, supporting human rights, self management, co-production and independent living.
- Champion and support the third sector as a vital strategic and delivery partner, and foster cross-sector understanding and partnership.

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⁸ The ALLIANCE, 'Stretched to the Limit: Scotland's Third Sector and the cost of living crisis' (September 2023), available at: <https://www.alliance-scotland.org.uk/blog/news/stretched-to-the-limit/>

⁹ The ALLIANCE, 'ALLIANCE member survey highlights continuing pressures on third sector finances' (March 2024), available at: <https://www.alliance-scotland.org.uk/blog/news/alliance-member-survey-highlights-continuing-pressure-on-third-sector-finances/>

¹⁰ SCVO, 'Fair Funding for the Voluntary Sector' (January 2023), available at: <https://scvo.scot/p/56732/2023/01/16/%e2%80%8bfair-funding-for-the-voluntary-sector>

¹¹ The ALLIANCE, 'Stretched to the limit: ALLIANCE statement on economic and financial policies' (April 2024), available at: <https://www.alliance-scotland.org.uk/blog/news/stretched-to-the-limit-alliance-statement-on-economic-and-financial-policies/>

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