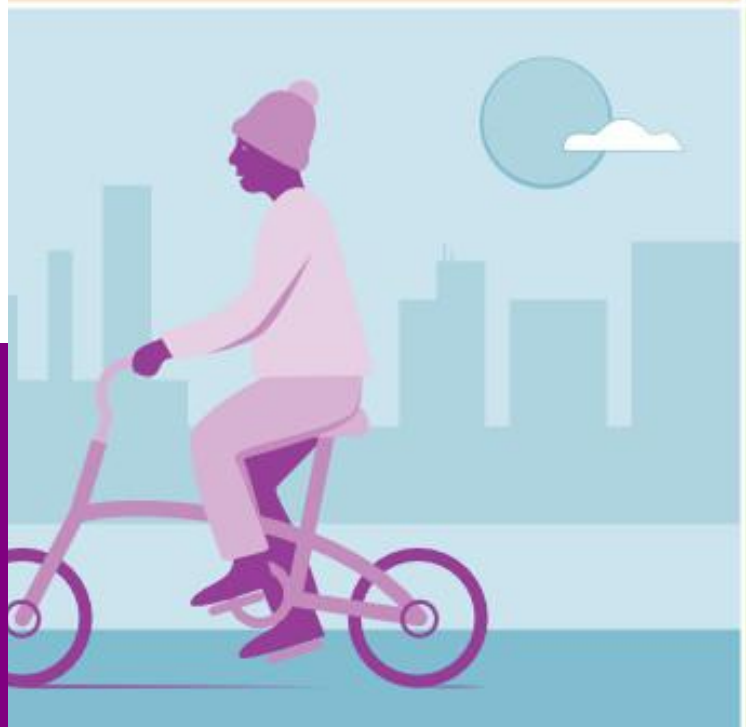




**The Health and  
Social Care  
Alliance  
Scotland  
(the ALLIANCE)**



**Scottish Budget 2026-2027  
ALLIANCE Briefing**

**9 February 2026**

## **ALLIANCE key priorities**

- Fair funding for the third sector, to avoid further negative impacts on people and communities
- Continued investment in social security, in particular ensuring disability and unpaid carer payments are adequate
- Further progress social care reform, including the abolition of non-residential care charges, to support peoples' rights to health and independent living
- Improved budget transparency through a human rights budgeting approach and clearer tagging of spending
- Re-commitment to the Wellbeing Economy approach, measuring the quality of public services and people's lives, not simply GDP

## **Third sector funding: Stretched Beyond Limit**

Scotland's third sector, which delivers a wide range of essential services in communities across the country, is facing a severe financial crisis. As Scotland's third sector intermediary for health and social care, the Health and Social Care Alliance Scotland (the ALLIANCE) are deeply concerned about the challenges facing our members and the people and communities they support, including disabled people, people with long term conditions and unpaid carers.

In December we published research on how this crisis impacts our members, "Stretched Beyond Limit"<sup>1</sup> We found that:

- 64% reported financial insecurity, up from 49% in March 2024
- Only 3% reported not facing any financial pressure
- 60% had experienced cuts to their core grants
- 25% had experienced cuts to contracts
- 57% were unsustainably reliant on reserves and were having difficulty offering pay uplifts to their employees.

The current financial situation is unsustainable and increasingly risks essential jobs, public services and the health and wellbeing of Scotland's people and communities. It is essential that the Scottish Government makes further, rapid progress towards third sector fair funding principles.



The ALLIANCE are disappointed that this draft budget does not go far enough to meet the needs of the third sector, which urgently requires:

- An immediate, substantial cash injection, including full cost recovery for Employer National Insurance Contribution increases
- A medium-term, fully funded recovery plan for the sector, to address decades of underinvestment, developed in partnership
- Multi-year funding arrangements, adjusted for inflation
- Full and meaningful inclusion in planning and decision-making

### Investing in social security

The ALLIANCE support the principles underpinning the Scottish Social Security system, and the legislative requirement to increase social security payments at least in line with inflation. We welcome the continued commitment to doing so in the draft budget. However, we are concerned by an emerging narrative that investment in social security is wasteful.

Social security is a fundamental human right and under the International Covenant on Economic, Social and Cultural Rights (ICESCR), the Scottish and UK have a duty to ensure maximum use of available resources to realise this right. That the Scottish Government faces a difficult financial situation is undisputed, but that does not relieve it of its obligations under international human rights law.

Recent priorities like the £40 per week Scottish Child Payment for babies under a year old and the Carer's Additional Person Payment are positive steps forward, but there is more to do. In addition to the measures in this draft budget, the ALLIANCE wish to see:

- Further increases to the earnings limit for the Carer Support Payment, in line with previously expressed policy intent
- Full implementation of the recommendations of the Independent Review of Adult Disability Payment (ADP Review)
- A review of the purpose and value of all disability payments, with a view to ensuring payments are adequate to meet the additional costs associated with disabilities and long term condition(s).



## Reforming social care

The ALLIANCE welcome the increased investment in social care over successive budgets yet are concerned this has not been sufficient to fully address issues such as persistent low pay. We remain disappointed that ambitious, necessary reform to the overall system of social care has stalled since the National Care Service proposals were removed from the rebranded Care Reform Act. In addition, the Scottish Government has so far failed to deliver on a pledge to abolish non-residential care charges in this term of parliament.

We have also heard from several of our members about difficulties accessing Self-directed Support (SDS), including cuts to care packages.<sup>2</sup> Lack of access to adequate social care support negatively affects the lives of disabled people and people with long term conditions, and infringes rights to health and independent living, amongst others. Social care reform must be a key government priority, and to progress this budget should:

- Abolish non-residential social care charges, as previously promised by the Scottish Government
- Ensure that adequate funding is provided to third sector social care providers to meet the full costs of increased pay for social care workers
- Provide sufficient funds for local government to enable access to SDS, ensuring individual budgets are protected and individuals have meaningful choice and control.

## Improving the budget framework and transparency

There is limited evidence of a consistent human rights budgeting approach through the budget or in the Strategic Integrated Impact Assessment, making it difficult to truly assess the impact of budget decisions. We recognise that this is a pilot approach that will be developed further and urge the Scottish Government to ensure that human rights are embedded throughout the process in future.



Transparency is a key principle of human rights budgeting, supporting the ability to “follow the money” from allocation to spend to impact. This is particularly difficult in relation to third sector funding, which by its nature is widely distributed across different portfolios; for mental health expenditure, which is partly dependent on NHS Board budgets; and social care, which is dependent on Integration Joint Board budgets. The recent trend of significant in-year budget revisions and reallocating spend between budget lines has also increased the complexity of tracking overall changes in allocation and spend from year to year.

In future, the budget process should:

- Follow a human rights budgeting approach and improving scrutiny of spend to match the scrutiny of allocation<sup>3</sup>
- Provide greater clarity when funds have been reallocated between budget lines
- Develop a method for clearly identifying expenditure related to third sector funding managed directly by the Scottish Government.

### Developing a wellbeing economy

The Scottish Government have previously committed to the principles of the Wellbeing Economy, which recognises that economic growth in and of itself is not a helpful form of measurement. Gross Domestic Product (GDP) only measures the overall size of the economy, and not the quality of the environment, public services, people’s lives or their overall wellbeing. It also undervalues essential work such as caring, both paid and unpaid, which is overwhelmingly performed by women.

This focus on the Wellbeing Economy was very welcome, yet the Scottish Government appear in recent years to have moved away from this approach back towards the pursuit of traditional GDP growth. The ALLIANCE are concerned that this shift comes at a time when the need for a different economic approach is most needed. A long history of focus on GDP growth has failed to eliminate systemic health and economic inequalities and will not be sufficient to respond to climate change, an



ageing population and an increasing number of people living with long term conditions.

The ALLIANCE call on the Scottish Government to:

- Re-commit to the Wellbeing Economy approach
- Ensure that growth is pursued in sustainable sectors that improve health and wellbeing, such as care.

## About the ALLIANCE

The Health and Social Care Alliance Scotland (the ALLIANCE) is the national third sector membership organisation for the health and social care sector. We bring together over 3,500 people and organisations dedicated to achieving our vision of a Scotland where everyone has a strong voice and enjoys the right to live well, with dignity and respect. Our members are essential in creating a society in which we all can thrive, and we believe that by working together, our voice is stronger.

We work to improve the wellbeing of people and communities across Scotland by supporting change in health, social care and other public services so they better meet the needs of everyone in Scotland. We do this by bringing together the expertise of people with lived experience, the third sector, and organisations across health and social care to shape better services and support positive change.

## The ALLIANCE has three core aims.

### We seek to:

- **Empower people with lived experience:** we ensure disabled people, people with long term conditions, and unpaid carers are heard and that their needs remain at the heart of the services and communities.
- **Support positive change:** we work within communities to promote co-production, self management, human rights, and independent living.



- **Champion the third sector:** we work with, support and encourage co-operation between the third sector and health and social care organisations.

The ALLIANCE is committed to upholding human rights. We embed lived experience in our work and aim to ensure people are meaningfully involved at every level of decision-making.

Working together creates positive, long-lasting impact. We work in partnership with the Scottish Government, NHS Boards, universities, and other key organisations within health, social care, housing, and digital technology to manage funding and develop successful projects. Together, our voice is stronger, and we can create meaningful change.

## Contact

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<sup>1</sup> The ALLIANCE, 'Stretched Beyond Limit: ALLIANCE report finds deepening crisis in third sector funding' (December 2025), available at: <https://www.alliance-scotland.org.uk/blog/news/stretched-beyond-limit-alliance-report-finds-deepening-crisis-in-third-sector-funding/>

<sup>2</sup> The ALLIANCE, 'ALLIANCE Briefing on access to SDS' (June 2025), available at: <https://www.alliance-scotland.org.uk/blog/news/they-are-simply-making-me-more-disabled-alliance-briefing-on-access-to-sds/>

<sup>3</sup> Scottish Human Rights Commission, 'Human Rights Budget Work', available at: <https://www.scottishhumanrights.com/projects-and-programmes/human-rights-budget-work/>

