



REAL LIVING WAGE UPLIFT/ SUSTAINABILITY

CARE AT HOME & HOUSING SUPPORT BRIEFING PACK

FEBRUARY 2026

Purpose

This advocacy pack aims outline how sustainable Real Living Wage costs can be achieved in today's challenging social care market. It offers information and recommendations to guide stakeholders toward practical solutions.

Background

Care providers in Scotland are currently facing a range of significant challenges that threaten both their financial sustainability and their ability to deliver high-quality services. A key issue has arisen from the Scottish Government's recent unilateral change to the calculation model for the Real Living Wage uplift. This alteration was made without consultation with key stakeholders such as COSLA, care providers, or trade unions, resulting in a substantial funding shortfall. The new approach places the responsibility for paying the living wage onto providers themselves, with the uplift now only covering the difference to the Real Living Wage. This has led to an estimated £19 million gap, leaving commissioned rates insufficient to meet wage requirements and placing providers in a precarious financial position.

The lack of consultation and communication surrounding these changes has fuelled frustration and uncertainty across the sector. Stakeholders including COSLA and provider representative organisations such as Scottish Care and Coalition of Care and Support Providers in Scotland (CCPS) have been involved in discussion about real living wage uplifts for social care since the policy's inception in 2016. They have been caught off guard and have since begun lobbying for a reversal or revision of the policy. Providers have reported real-world impacts, such as increased risks to organisational sustainability and difficulties in maintaining quality care.

In addition to wage-related funding pressures, providers face persistent challenges stemming from opaque commissioning and procurement practices by local authorities. There is widespread concern over the lack of transparency and consistency in how local authorities apply funding frameworks and make decisions regarding provider selection. Despite thorough procurement exercises, some authorities disregard calculated rates and internally rank providers, resulting in fewer referrals for those offering higher-quality services. The absence of a universal approach has created an unpredictable environment that undermines provider confidence and stability.

Financial strain is further exacerbated by these inconsistent practices, with some providers forced to rely on private clients to remain viable. This situation hampers their ability to invest in quality improvements and some raised risks to their ability to comply fully with standards such as adequate PPE, training, and insurance. There are concerns that not all providers are meeting minimum requirements, partly due to a lack of oversight and accountability mechanisms.

Calls have therefore intensified for meaningful reform, including greater transparency, oversight, and the establishment of an independent body to monitor commissioning and procurement behaviour. Previous requests for such reforms, including proposals for inclusion in the Care Reform Bill, have yet to be realised. Until these systemic issues are addressed, care providers will continue to face mounting pressures that threaten both their survival and the quality of care delivered to those who rely on their services.

Scottish Care's Business Sustainability and Investment Group for care at home and housing support services met to discuss the issue further. A presentation was made of work in Falkirk – see case study below. Recognising the effectiveness of this local approach, there is now a proposal to adapt and expand the Falkirk action plan into a national advocacy resource. This would involve integrating data from Scottish Care reports and member surveys, creating a robust evidence base to

support sector-wide lobbying efforts. The initiative aims to strengthen the voice of providers and influence national policy, particularly in the lead-up to the forthcoming budget and elections.

Case Studies

The Falkirk Action Plan

The Falkirk Action Plan serves as a practical example of how local collaboration can address poor commissioning practices and enhance provider sustainability in the social care sector. In Falkirk, care providers collectively submitted detailed evidence highlighting the detrimental effects of commissioning approaches on their financial stability. This prompted a coordinated response, including a joint letter to the local authority and the development of a comprehensive action plan targeting key issues such as market stability, transparency in decision-making, and safe hospital discharges.

The action plan encompasses several targeted measures: a minimum hour stability safeguard to ensure more predictable scheduling, a pre-discharge verification checklist to support safe transitions from hospital to home, a single escalation point for concerns, and a transparency dashboard to monitor brokerage outcomes. Additional recommendations include reviewing the viability of 15-minute visits, establishing specialist commissioning lots, and securing payment for failed discharge assessments.

Survey/ Research Results by Scottish Care and Wider Sector Evidence

A growing body of research from Scottish Care and partner organisations across the health and social care landscape provides a consistent, evidence-based picture of the financial fragility facing providers. These reports highlight the cumulative effects of rising wage requirements, insufficient contract uplifts, commissioning inconsistencies and chronic underinvestment—all of which underpin the need for urgent reform.

- **Scottish Care Manifesto (2025):** Advocates for sustainable, transparent funding for social care that reflects the actual cost of delivery—covering wages, career progression, and employer costs. Calls for coordinated, equitable funding rather than fragmented approaches.
- **Budget Asks (2025):** Requests contract uplifts that match statutory wage increases and all related costs. Stresses need for consistent, transparent funding across Scotland to prevent service instability and restricted access.
- **Care Home Workforce Data Report (2025):** Highlights growing financial pressure from rising wages and insufficient contract rate increases, exposing sector-wide unsustainability.
- **State of the Sector Survey (2025):** Reports concerns over cashflow instability due to underfunding and delayed payments, leading providers to withdraw from publicly funded care. Workforce cost pressures threaten service viability.
- **Myth-Busting Reports & Sustainability Surgery:** Reveals delays in wage payments, inconsistent uplift application, and cases where providers operate at a deficit because funding doesn't meet true costs, creating operational risks.
- **Provider Budget Survey (Nov 2024):** Shows one-third of providers break even or operate at a loss; nearly all report current funding undermines sustainability, risking closures if wage costs continue rising without matched rates.

Key Messages from the Evidence Base

Together, this evidence reveals clear, recurring themes:

- Wage demands are outpacing increases in contract rates, resulting in sector-wide instability.
- Providers are forced to rely on private clients to sustain operations, especially as publicly commissioned care faces chronic underfunding and delayed payments that undermine cashflow. This is a moral conundrum and not an option available to all in Scotland.
- Differing practices among local authorities are creating inconsistent and fragmented funding, eroding fairness and equal access to care.
- Persistent underfunding, particularly for labour-intensive services, is prompting more providers to withdraw from publicly funded care, heightening the risk of service closures and reduced availability for those most in need.

This collective evidence strongly supports the case for immediate, coordinated action on sustainable funding, transparent commissioning, and a Real Living Wage uplift model that reflects the actual cost of delivering care.



If you have any questions relating to this briefing, please contact Scottish Care:

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