

To: Social Work Scotland Board  
Chief Social Work Officers' Committee  
Workforce and Resources Standing Committee

12 February 2025

## FUNDING FOR LOCAL GOVERNMENT SOCIAL WORK AND SOCIAL CARE SERVICES IN 2025-26

### SHORT-READ ONE-PAGE SUMMARY

The only identifiable increases for social work and social care services in the provisional local government settlement for 2025-26 are the following three bulleted items:

#### For Adult Social Care

- **£125M** for 5% uplifts to the **Real Living Wage** from £12 to £12.60 per hour for social care workers in commissioned services from 1 April 2025
- **£10M** for 2.37% uplifts to **Free Personal and Nursing Care** weekly rates, from £248.70 to £254.60 for personal care, and from £111.90 to £114.55 for nursing care from 1 April 2025

For Justice Social Work: no increases.

#### For Children's Social Work and Social Care:

- **£33M** for 5% uplifts to the **Real Living Wage** from £12 to £12.60 per hour for social care workers in commissioned services from 1 April 2025.  
NB. Councils will receive their share of a "redetermination" of £19.862M for the 2024-25 RLW uplift to £12 per hour for children social care (which I understand is paid in March 2025), so the £33M for 2025-26 includes the same amount to continue paying that, *plus* an increase of £13M for the uplift to £12.60 per hour.

On a similar basis, the **£16M** of funding provided in 2024-25 to enable childcare workers delivering funded **Early Learning and Childcare** (ELC) in private and third sector services to be paid at least the Real Living Wage from April 2025, has been increased to **£25.7M** for 2025-26. This is classified as funding under Education; other Education other increases which benefit children and families are noted in section 3.2 of the main paper below.

The **ANNEX** to this paper sets out **estimated distributions of these amounts to individual local authorities**, based on the relevant GAE shares for 2024-25; these should be reasonably close to the updated GAE shares which will be published in March, after the final Local Government Finance Settlement 2025-26 Circular is published on or around 27 February 2025.

**Comments on this paper** and on funding issues are welcome, to:  
Mike Brown, Treasurer, Social Work Scotland. [mike.brown@socialworkscotland.org](mailto:mike.brown@socialworkscotland.org)

## **FULL PAPER - INTRODUCTION**

This paper reports work in progress to understand the modest implications for social work and social care services of the Scottish Government's draft Scottish Budget 2025-26<sup>1</sup> and the provisional Local Government Finance Settlement<sup>2</sup>. The paper will be updated after:

- the Scottish Parliament's debates on the Scottish Budget and Local Government Finance Order later this month;
- the subsequent publication on or around 27 February of the revised Local Government Finance Settlement Circular, and
- the Scottish Government's Grant-Aided Expenditure "Green Book" for 2025-26 which in March will give the detailed distributions to councils within their revenue grants.

In recent years it has been the practice of the Scottish Government to transfer funding from Health, Education, and Community Justice portfolios to Local Government for delivery. These are often termed "in year" transfers, but some may be transferred at the start of the financial year.

Paragraph 6 of the provisional Local Government Finance Settlement Finance Circular states:

In addition to the funding set out in this Circular it should be noted that there are a number of further revenue and capital funding streams outwith the local government finance settlement for particular policy initiatives which deliver on shared priorities and support local government services. Table 4.15 in the Scottish Government's "Budget Document: 2025-26", which was published on 4 December 2024, provides provisional details of these funding streams but as with previous years, the actual sums payable will be notified by the relevant policy team at the earliest opportunity.

Table 4.15 has been replaced by a spreadsheet, but none of the currently estimated funding for local government "outwith the core settlement" is for social work or social care.

I am not yet clear if there any other additional funds within the Scottish Budget that are intended to be transferred to local authorities in year for social work and social care. Social Work Scotland also does not receive copies of the communications about such financial transfers from Scottish Government policy teams mentioned in the quotation above – if you receive any I would be grateful to be sent a copy.

The paper starts with **Adults**, then **Justice Social Work** (no change), and then **Children and Families**. The Finance Circular does not provide information about the distribution to local authorities for the limited increases in funding for "social care" – in the **Annex** to this paper, I provide estimates based on last year's Grant-Aided Expenditure Green Book: these should be fairly close to the actual amounts which I will re-circulate when the Green Book is published in March.

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<sup>1</sup> Published on 4 December 2024: <https://www.gov.scot/publications/scottish-budget-2025-2026/>. The detail is in the Level 4 analysis workbook, but the 2025-26 draft budgets are there compared with those at the Autumn Budget Revision, which have sometimes been depleted by in-year transfers from central to local government. In order to establish the actual changes we have compared the 2025-26 draft budgets with those in the 2024-25 Scottish Budget, published in December 2023.

<sup>2</sup> Local Government Finance Circular No. 10/2024 was published on 12 December 2024: <https://www.gov.scot/collections/local-government-finance-circulars/>

# 1. ADULT SOCIAL CARE

## 1.1 Real Living Wage increases

The Scottish Budget 2025-26 included an additional “**£125 million to ensure adult social care staff in private and third sector commissioned services are paid the Real Living Wage by April 2025**” (page 12) and this is given effect in the provisional Local Government Finance Settlement (para 5).

Real Living Wages will increase by 5% from £12 to **£12.60 per hour**. That works out at a gross annual salary of £24,570 (at 37.5 hours per week). For comparison, the UK Government’s National Living Wage is £12.21 per hour for 2025-26, which delivers an annual salary of £23,810.

The Scottish Government’s main policy aim for increasing adult social care workers’ pay is “**to help with the recruitment and retention crisis in the adult social care sector**”<sup>3</sup>. However, **the 39 pence an hour gap between the Real Living Wage and the National Living Wage** is too small to help adult social care employers compete with easier jobs in hospitality and retail, as the Scottish Government’s own research<sup>4</sup> confirmed last year when the gap was 56 pence per hour.

Audit Scotland, in its report last year on the finance and performance of Integration Joint Boards, warned “*the workforce feel undervalued in the system and there are unprecedented numbers of vacancies [...]. Without urgent progress on the fair working agenda nationally it is likely that the risks to the sustainability of the sector will deepen*”<sup>5</sup>. The STUC<sup>6</sup>, and public sector trade unions<sup>7</sup>, have been calling for a pay uplift to £15 per hour since 2020, and a joint letter to the First Minister from more than 100 voluntary organisations<sup>8</sup> in November 2023 called for rates above the £12 per hour then recently announced for 2024-25.

The Scottish Government has costed moving from £12 per hour for adult social care workers to £12.60 at £125 million, so it is reasonable to suppose that **moving from £12 to £15 per hour** would have costed £625 million, which is £500M more. While that is a considerable sum, investment of that order of magnitude is required to help resolve the ongoing recruitment and retention crisis in adult social care. **Probably no single issue better illustrates the overall lack of sufficient investment in social care.**

## 1.2 Increase in Free Personal and Nursing Care rates

An additional **£10 million** has been included in the provisional Local Government Finance Settlement to support provision of Free Personal and Nursing care (para 5)

Changes to FPNC weekly rates<sup>9</sup> are first set out in draft legislation: the *Community Care (Personal Care and Nursing Care) (Scotland) Amendment Regulations 2025*<sup>10</sup>. This is a Scottish

<sup>3</sup> Letter from Marie Todd (Minister for Social Care, Mental Wellbeing and Sport), 21 February 2024, to Keneth Gibson, Convener of the Finance & Public Administration Committee: <https://www.parliament.scot/chamber-and-committees/committees/current-and-previous-committees/session-6-finance-and-public-administration-committee/correspondence/2024/national-care-service-scotland-bill-financial-memorandum-letter-of-21-february-2024>

<sup>4</sup> Florin Vadean, Hansel Teo & Stephen Allan (2024) *Assessing the Impact of an Increase in Pay on Adult Social Care Labour Supply in Scotland*. Scottish Government, May 2024, available at: <https://www.gov.scot/publications/assessing-impact-increase-pay-adult-social-care-labour-supply-scotland/>

<sup>5</sup> Main report, 25.7.24, para 115: <https://audit.scot/publications/integration-joint-boards-finance-and-performance-2024>

<sup>6</sup> <https://www.stuc.org.uk/campaigns-fair-care/>

<sup>7</sup> <https://unison-scotland.org/local-government-pay-campaign-2024/>; <https://www.unitetheunion.org/news-events/news/2023/october/unite-members-vote-to-accept-cosla-pay-offer>

<sup>8</sup> <https://healthandcare.scot/stories/3646/health-social-care-wages-budget>.

<sup>9</sup> FPNC Payment rates had had a mixed history. They were frozen from their introduction in 2002-03 to 2007-08, and again in 2016-17 and 2017-18, but otherwise updated “in line with inflation” apart from above inflation increases for the three years 2021-24, returning “due to budget pressures” to inflation-only uplifts from 2024-25.

<sup>10</sup> <https://www.legislation.gov.uk/sdsi/2025/9780111061947/contents>

Statutory Instrument laid before the Scottish Parliament under the “affirmative procedure”<sup>11</sup>, with the Health, Social Care and Sports Committee as the lead committee. The Policy Note for the draft Regulations<sup>12</sup> states that:

Due to budgetary pressures, it was not possible to make an above GDP Deflator increase for 2025/26. Therefore, the [weekly] rates will be increased by the GDP Deflator of 2.37% with rates increasing from £248.70 to **£254.60 for personal care** and increasing from £111.90 to **£114.55 for nursing care**. The Scottish Government has budgeted £10 million for this purpose. [Emphasis added]

For **FPNC combined**, the new rate has therefore increased from £360.60 to **£369.15 per week**.

A more relevant measure of inflation than the GDP deflator, used for the economy as a whole, would be the Real Living Wage (RLW) increases. This is because labour is by far the largest cost in social care, and care providers are expected to pay at least RLW rates. As we saw in the previous section, RLW rates are being increased by 5%: more than twice the uplift being legislated for FPNC.

Free Personal and Nursing Care “payments” are deductions from charges levied for personal care at home (where any nursing care is provided by the NHS) and for personal and nursing care in care homes. Ministers are still committed to the official policy of ultimately abolishing non-residential charges for social care and to reduce charges for residential care by raising the Free Personal and Nursing Care payments up to the level of the care element in the standard rates for residential and nursing care under the National Care Home Contract. However, it is clear that this will not be achieved in the current Parliamentary term.

### **1.3 Other increases and funding changes for adults**

There appear to be no other increases for adult social work services or social care identified in the provisional Local Government Finance Settlement.

The Scottish Budget for 2025-26 does include some increases in funding for other bodies, compared to the previous year’s Scottish Budget<sup>13</sup>. This includes: a £5.4M (17%) increase in funding for the **Care Inspectorate**, and a £13.4M (21%) increase in funding for the **Independent Living Fund**. The **Short Breaks fund** (administered by national carers’ organisations) has been increased by £5M, from £8M in the last few years to £15M in 2025-26. Funding has also increased by £11M for “*a number of small value budgets such as Learning Disabilities - The same as you?, Adult Survivors of Childhood Sexual Abuse, the Health Directorate’s contribution to the British Sign Language Bill and staff resource costs*” (Level 4 spreadsheet narrative).

The detail for Scottish Budget lines for **Mental Health Services** shows reductions between 2024-25 and 2025-26 budgets of £19.8M (7%), but the notes indicate that comparisons are affected by budget transfers “to Local Government core funding for delivery of children and young people’s community-based mental health and wellbeing support” and by “the realignment of dementia funding to the social care budget line”. A Scottish Parliament research paper<sup>14</sup> quotes COSLA figures that £15M of mental health funding has been baselined in Local Government funding; that would bring the funding reduction down to nearly £5M.

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<sup>11</sup> <https://www.parliament.scot/bills-and-laws/secondary-legislation/affirmative-ssis>

<sup>12</sup> <https://www.legislation.gov.uk/sdsi/2025/9780111061947/policy-note/contents>

<sup>13</sup> The detailed “Level 4” Scottish Budget spreadsheets only show comparison to the 2024-25 Budgets as following the Autumn Budget Review, when many of those budgets of interest have been depleted by in-year transfers to Local Government or other portfolios. The Scottish Budget changes in this paper are compared to the original 2024-25 Budgets before any in-year transfers.

<sup>14</sup> See Table 4 in a SPICe paper by Greig Liddell, *Local government finance: Budget 2025-26 and provisional allocations to local authorities*, 20.12.2024; at: <https://digitalpublications.parliament.scot/ResearchBriefings/Report/2024/12/20/b9f25db0-6031-47bd-881f-2e76d4b957a5>

Surprisingly, the Scottish Budget for **Alcohol and Drugs** has fallen from £99.1M at the start of 2024-25, to £80.9M proposed for 2025-26, a fall of £18.2M (18%). While the National Mission remains “to reduce drug deaths and improve the lives of those impacted by drugs” the funding for “Investment in local prevention, treatment, recovery and dealing with the consequences of problem alcohol and drug use” had been significantly reduced. The notes do not mention any transfers from these budgets that might account for all or some of the reduction.

## 2. JUSTICE SOCIAL WORK

There are no increases in funding for JSW in the provisional Local Government Finance Settlement. Criminal Justice Social Work Grant remains at £86.450M. In addition, the Justice Social Work top up from Scottish Government Offenders Services also remains at £21.9M.

Social Work Scotland has previously made representations<sup>15</sup> about the need to expand provision to support community sentencing and rehabilitation to reduce re-offending and deliver better outcomes for society than is being currently achieved by among the highest prison incarceration rates in Europe<sup>16</sup>.

## 3. CHILDREN AND FAMILIES SOCIAL WORK AND CARE SERVICES

### 3.1 Real Living Wage increases

The Scottish Government extended the Real Living Wage to “private and voluntary sector staff working in Adult Social Care (ASC), Children’s Services (CS) and those who deliver funded Early Learning and Childcare (ELC)”<sup>17</sup> from 1 April 2024. Funding is being provided via a “redetermination” of £19.862M for “Pay Children’s services” for 2024-25<sup>18</sup>. COSLA and the Scottish Government have confirmed<sup>19</sup> that this is the Real Living Wage amount for 2024-25 for Children’s Services Social Care workers in the commissioned private and voluntary sectors. The amounts in 2024-25 for the Real Living wage for ELC was £16M.

The current Finance Circular for the 2025-26 provisional LG Finance Settlement includes the following two items in the longer list of additional funding at paragraph 5:

- An additional **£25.7 million** to improve pay for early learning and childcare workers
- **£33 million** to support development of people working in children’s social work.

COSLA and the Scottish Government has confirmed that these both these figures are for RLW uplifts – for early learning and childcare (£25.7M), and for social care workers in children’s services (£33M). Because the 2024-25 amounts were “redeterminations”, they not yet consolidated into core local government funding, so the same funding being paid in March 2025 has to be repeated for 2025-26, paid in March 2026, with additions for the RLW uplift (£9.7M for ELC, and £13.138M for Children’s Social Care).

### 3.2 Other increases for children and families social work and care services

There are no other known increases for children and families social work and care services. However, the provisional Local Government Finance Settlement does include additional, mainly Education funding for other measures that will benefit children and families:

An additional £15 million to support the expansion of Free School Meals;

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<sup>15</sup> <https://socialworkscotland.org/consultations/national-strategy-for-community-justice/>;  
<https://socialworkscotland.org/consultations/a-national-care-service-for-scotland/>;

<sup>16</sup> <https://www.gov.scot/publications/scottish-prison-population-statistics-2023-24/documents/>

<sup>17</sup> SG News Release 6-9-2023: <https://www.gov.scot/news/pay-uplift-commitment-for-social-care-and-childcare-staff/>

<sup>18</sup> In Annex G of Local Government Finance Circular No. 10/2024, published on 12 December 2024 (see footnote 2).

<sup>19</sup> Personal communications from COSLA, 10.2.25, and the Scottish Government, 12.2.25

An additional £41 million investment to maintain or restore teacher numbers to 2023 levels;  
 An additional £28 million for additional support for learning; and  
 An additional £10 million to improve play parks for children;

The fine print of the Scottish Budget (the Level 4 spreadsheets) shows increases for a number of other children's budget lines, including an additional £3M (9%) for **The Promise**, the notes for which mention "in-year transfers including to support delivery of secure care and Bairns' Hoose" and that "a similar transfer is planned for 25-26", but no detail on whether this will include any of the increase. **Preventing Offending by Young People/Whole Systems Approach**<sup>20</sup> also shows a £2M increase with transfer in 2024-25 mentioned in the notes.

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## ANNEX – ESTIMATED DISTRIBUTIONS TO LOCAL AUTHORITIES

The table overleaf provides estimates for each local authority for known additional social work and social care funding (plus ELC) for 2025-26 using the relevant 2024-25 "Green Book" percentage distributions. These should be reasonably close to the actual local authority shares when these are known, probably in March when the updated 2025-26 "Green Book" distributions are likely to be published<sup>21</sup>.

The bases for the distributions are understood<sup>22</sup> to be as follows.

LG Settlement increases	£M	GAE distribution	
		Section	GAE category
Adult Social Care Real Living Wage uplifts	£125.000	Social Work	Carers Services, Respite Care and Health & Social Care Uplift
Free Personal and Nursing Care uplifts	£10.000	Social Work	Personal and Nursing Care for Older People <sup>23</sup>
Children's "social care" Real Living Wage uplifts	£33.000	Social Work	£19.862m distributed via GAE 'Casework and Related Administration: Children', plus £13.138m via GAE 'Changing Children's Services Development Fund
Early Learning and Childcare Real Living Wage uplifts	£25.700	Education	Early Learning & Childcare [in Education GAE]

<sup>20</sup> This "meets the costs of secure care accommodation placements for sentenced young people. Supports improvement work to divert high risk young people from offending behaviour, to provide alternatives to secure care and to provide custody and manage young people safely in their communities". Level 4 analysis, narrative.

<sup>21</sup> Scroll down to: "The funding of Local Government in Scotland" to look for *Scottish Local Government Finance – Green Book 2025-26*, at: <https://www.gov.scot/collections/local-government-finance-statistics/>

<sup>22</sup> Those for the Children were confirmed by the Scottish Government; the adult distributions follow previous RLW uplifts which I have identified in previous GAE Green Books.

<sup>23</sup> Free Personal Care was extended to eligible adults aged under 65 from 2019-20, at a cost of £29.5M distributed (somewhat crudely) in proportion to population aged 16-64. However, subsequent GAE Green Books show this amount has never been increased, so all FPNC uplifts are being distributed via the composite indicators of need for Personal and Nursing Care for Older People.

**Estimated local authority shares of known 2025-26 increases**

Green Book section:	Social Work	Social Work	Social Work	Education
Local Authority	Adult Social Care Real Living Wage uplifts	Free Personal and Nursing Care uplifts	Children's "social care" Real Living Wage uplifts	Early Learning and Childcare Real Living Wage uplifts
	£M	£M	£M	£M
Aberdeen City	4.697	0.390	1.121	0.917
Aberdeenshire	5.395	0.636	1.397	1.308
Angus	2.953	0.313	0.653	0.516
Argyll & Bute	2.321	0.254	0.455	0.371
City of Edinburgh	10.475	1.563	2.453	1.940
Clackmannanshire	1.142	0.036	0.350	0.254
Dumfries & Galloway	4.152	0.392	0.847	0.678
Dundee City	3.575	0.143	1.006	0.710
East Ayrshire	2.987	0.136	0.865	0.682
East Dunbartonshire	2.549	0.378	0.554	0.471
East Lothian	2.520	0.215	0.660	0.557
East Renfrewshire	2.136	0.357	0.530	0.447
Falkirk	3.582	0.160	0.956	0.736
Fife	8.804	0.699	2.308	1.793
Glasgow City	13.485	0.397	4.476	3.064
Highland	5.609	0.434	1.325	1.102
Inverclyde	2.090	0.145	0.498	0.353
Midlothian	1.941	0.137	0.691	0.578
Moray	2.282	0.187	0.550	0.457
Na h-Eileanan Siar	0.788	0.016	0.150	0.116
North Ayrshire	3.520	0.248	0.897	0.644
North Lanarkshire	7.484	0.126	2.350	1.758
Orkney Islands	0.561	0.019	0.139	0.110
Perth & Kinross	3.812	0.666	0.834	0.708
Renfrewshire	4.161	0.203	1.170	0.923
Scottish Borders	3.110	0.377	0.627	0.515
Shetland Islands	0.521	0.013	0.143	0.117
South Ayrshire	3.066	0.405	0.626	0.480
South Lanarkshire	7.466	0.485	2.010	1.597
Stirling	2.056	0.273	0.507	0.424
West Dunbartonshire	2.129	0.095	0.657	0.468
West Lothian	3.630	0.103	1.195	0.906
<b>Total</b>	<b>125.000</b>	<b>10.000</b>	<b>33.000</b>	<b>25.700</b>