

Pushed to the Limit: increased costs and the impact for local carer organisations

“The Employers NI is the proverbial straw that might break us. We have had no uplift since 2008. This year sees a 2.5% cut and in April another 10% (12.5%), Our Helpline is also being decommissioned (supported 3000+ calls last year).

In total, this is worth an actual cut of £63,000+ plus a deficit in core funding that we have always had to plug of around £50,000. So far, we have been forced to reduce office space, make 4 staff redundant (a quarter of staff), losing Information Service, our Training Service and reducing our Advocacy/Support service.

We are stopping Young Carer Time Out groups and closing our phones on a Friday afternoon as we don't have capacity to cover.

Our Audit fees are more than doubling to nearly £9k, heat/light has doubled and staff desperately need a pay rise as some are now on Living Wage or not much more.

Frankly we are at breaking point.

We support around 1400 carers each year. If just 3 carers stop caring, it will wipe the savings the local authority/HSCP have made through the initial cuts (in our area carers save an average of £22k+).”

Local Carer Organisation

Introduction

On 18th September, the Labour Government in West Minister announced their 2025/26 Budget. This included a 15% National Insurance Contribution-NIC- (previously 13.8%) and an increase in the Living Wage to £12.21.

The impact on Scotland’s local carer organisations is significant. Carers Trust and the Coalition of Carers in Scotland surveyed 34 local carer organisations and the findings are presented in this report. Within this report you will also hear directly from these services on the devastating impact of these increasing financial pressures, both to them but essentially to the unpaid carers they support, which is in excess of 92,000 per year.

- We anticipate that the NIC contributions will cost these organisations almost **£400k** in year one.
- The bill for local carer organisations varied greatly, **from £1172 up to almost £100k** for larger organisations.
- **64%** of local carer organisations are planning to use their charity reserves to manage the NIC increase in year one.

These rises come at a time where carer organisations are already struggling with a significant increase in running costs, and multiple years of flatline contract awards. **31% of respondents had already had to reduce services in the last 12 months.**

This-coupled with an increase both in the numbers of unpaid carers seeking support and the complexity of support they require due to reduction in public sector services-raises real concerns for the sustainability of many of Scotland's local carer services.

“Statutory services are signposting a forever increasing number of carers to our organisation. We are carrying out statutory duties on behalf of the local authority.” Local Carer Organisation

How the increases will impact on services

Unpaid carers need varied supports; from therapies, to information, income maximisation, peer support and a break from caring. The majority of these across Scotland are delivered by through the third sector. However, due to the ENIC escalating the unprecedented financial pressures experienced by third sector local carer organisations, many are having to reduce the direct services that serve unpaid carers.

Impact on services	Percentage of respondents
We will be able to carry on as before	28%
We will have to reduce staff numbers	32%
We will have to support fewer carers	28%
We will have to withdraw specialist services	20%
We will have to reduce the volume of core services	28%
We will have to use our financial reserves in 25/26	64%

We will have to hand back contracts with statutory authorities	4%
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Testimony from Local Carer Organisations on risk to unpaid carer services:

"This will have a crippling effect on our plans for the service at a time when demand is rapidly increasing."

"Over the past 4 or 5 years reserves have depleted to almost zero mostly because of Covid and the ongoing fall out from that (much higher demand with no increase in funding to help support this). So we have no reserves to cover the expected £50k increase in NIC the organisation will have to pay next year. As we don't have reserves our only choices are make staff redundant, don't give them a pay increase in April which may then make them decide to leave anyway or cut services to carers."

"We have had to reduce significantly the volume of individual, direct, ongoing support opportunities for carers, to meet the contractual requirement for completion of Adult Carer Support Plans and Young Carer Statements."

"We have had to reduce the grant award amount carers can apply for to have a short break. This was because we had to take funding from this pot to give another service the funding it'll need to stay open for the year. There is no doubt the eligibility criteria to access our services has narrowed over the past few years to the point where a carer needs to almost be at crisis before we can offer them support."

"We will need to consolidate and focus on our core service delivery, and this will have an impact on specialist and much needed (and in demand) support services such as counselling. These services provide essential preventative supports and all have seen a significant increase in demand in recent years. Over the last two years we have seen a 62% increase in the number of new carers accessing support, so any reduction in services and supports will have a direct impact on carers. The NI increase is a double whammy, as locally H&SCPs are looking to review and cut contracts and grants to carer organisations. Should this happen, the combined NI and cuts would lead to a catastrophic risk to sustainability."

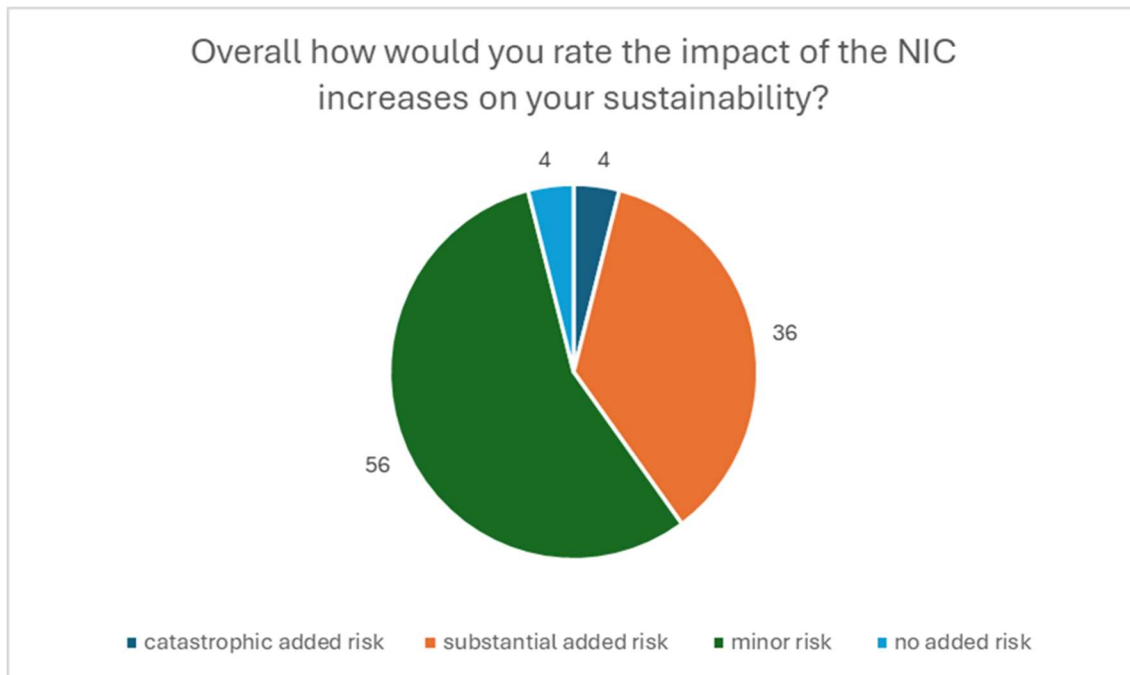
"ENIC added £40k to our budget deficit for 25/26 = to 1FTE Carer Support Worker. We have invited expressions of voluntary redundancy."

This trend of reduction in services is likely to continue, with many local carer services already highlighting the risk these financial pressures create for their overall sustainability. If unpaid carers cannot access their support, the burden

will fall to statutory social care services, which simply cannot withstand the demand.

Impact on Sustainability

96% of respondents said that the NIC increases will have an impact on their sustainability, with 40% reporting a substantial or catastrophic risk. Currently, around **70% of local carers services income comes from local authority contracts**. This gives a sense of the scale of service delivery that third sector are providing on behalf of statutory services.



Impact on workforce

One of the key challenges that carers centres are currently facing is retention and recruitment of staff. Pay and conditions for the third sector are historically less favourable than those for the statutory sector. This disparity has increased in recent years as a result of cost of living increases for public sector workers, which the majority of third sector organisations have been unable to match.

A survey by the Coalition of Carers in Scotland in 2023 found that less than half of local carers centres were able to provide a salary uplift to their staff at the same level of those received by local authority staff in similar positions. One in Four carers centres were only able to offer staff a rise of 2% or lower, with one organisation unable to provide any increase over the period.

If current trends continue, this disparity is likely to increase, as only 18% of organisations received additional contract funding from their local authority to pay for the increase in costs, while 77% had to fund the increase from their reserves. A situation which is unsustainable as reserves continue to dwindle and the accumulative effect of increased costs mounts.

Testimony from Local Carer Organisations on risk to workforce

“The changes mean we will be unable to provide a cost of living wage increase for our staff. For those on the lowest pay point, that could mean we no longer pay the Real Living Wage if there is an increase in that, unless we reduce hours elsewhere or cut back on other areas.

We are already unable to offer long-term stability to staff and they can do a less stressful job at Lidl for more pay. Effective wage cuts through failure to match cost of living rises will impact retention and recruitment.

I will not blame staff who choose to leave, and by managing cost increases through natural wastage we just increase the pressure on the remaining staff.

That's a vicious circle that will lead to more burnout and further resignations. There are no funders who will support the cost of wages for roles that involve work that is delivering the local authority's statutory duty to carers, so that is not an option.”

“Staff retention is now a serious identified risk. The Social Care sector is already incredibly difficult to recruit and retain staff in, this has made things so much worse”

“Recruitment is difficult due to the remote and rural nature of our area, particularly on the islands. The uncompetitive rates of pay we can offer is a factor and NI changes are compounding this.

Reducing staffing is absolutely the last resort because of the impact it would have on carers.

Cutting groups and activities would not help because these are funded from grants, not core statutory funding.

The future feels very bleak. If carers centres fail, the wellbeing of unpaid carers will fail with it and the crisis we see now in social care will be nothing to what would follow.”

“We badly need more staff to cope with demand and we need to retain our existing staff by paying them a fair wage and giving them salary increases that helps with the cost of everything else going up. Both are impossible to do at the moment due to lack of funding and the recent NIC increase only makes the situation more bleak.”

Contract value for local carer services

Many local carer organisations are already seeing the ENIC increases being passed on through their supply chains. However, due to the nature of the contracts held between third sector providers and statutory bodies, local carer organisations are unable to reflect their increased costs within their existing local authority contracts.

Testimony from Local Carer Organisations on contract value

"The value of our contract has not increased in over 10 years, which is a real-time cut. Staffing (now at minimum levels to maintain delivery) and overheads (office, required by the contract, utilities, stationery etc.) make up well over 80% of the contract budget available, leaving restricted monies for delivery."

"The additional cost is difficult for us to manage against a backdrop of rising costs and flat income from contracts. It will mean reducing staff hours which then puts the pressure on the rest of the team or means carers will get less substantial support or will need to wait longer for their support."

"With no increase in funding or reduced expectation in what we need to deliver within our contract it means we are, yet again, being squeezed, which has a huge impact on our staff and our ability to deliver the service we all aspire to."

"We expect the new contract to be similar to the existing one but at the same level of funding for the next six years. That then leaves no room for growth, makes it difficult to manage cost increases outwith our control (eg IT support, which has gone up by 5% this year) and means our staff cannot have any pay increases in that time."

We held council grants and contracts in relation to carers work. The council have removed the grants programme entirely from July 25 with no replacement and are now starting on recovery and savings from across all 3rd sector contracts, not just carers. It is highly likely that Carers Act monies in the city will now be used to fill the deficit and/or social care costs.

While contract is not up for renewal, our contract was kept at a standstill budget in 24/25 and is expected to be at standstill for 25/26. With costs increasing, the value of the contract is thereby reduced and services within the contract have had to be stripped back.

Increased scrutiny on every detail of funding, despite comprehensive finance and accounting reports. Substantial staff time spent negotiating and justifying any funding needed. Having to look at external sources of funding beyond local authority contracts, and fundraising activity within the organisation to meet costs. There is an expectation that the sector can do more work without the need for more staff e.g. grant distribution without the associated resources for delivery.

"other services-which support adults with learning disabilities- frontline staff have the Living Wage uplift funded by the Scottish Government each year. This funding is not extended to staff working to support unpaid carers which we feel is unfair and simply wrong. In addition to the cost of the NI increases (estimated at around £60k), We will also carry an additional burden of £40k to ensure all our staff receive the Real Living Wage."

Recommendations

Many local carer services are currently on a precipice following years of underfunding, increased costs and the potential threat of further cuts to come. The value of unpaid care in Scotland is currently estimated to be £15.9 Billion a year, ¹ Our health and social care system simply cannot afford to absorb that cost.

Unpaid carers must be well supported to have good physical, mental and emotional wellbeing, and to have a life alongside their caring role. Local carer services are the vehicle for making this happen. To prevent the social care crisis from deepening we must adequately resource a sustainable third sector for unpaid carers.

1. Local carer organisations should be provided with a contract uplift to meet the ENIC and Living Wage increase from 1st April 2025.
2. A proportion of Carers Act funding should be directed to local carer support organisations to increase their capacity and extend the range of support available to unpaid carers
3. Scottish Government should require HSCPs to report on their spend of the Carers Act (2016) Scotland funding as part of their Annual Performance Reports
4. The Scottish Government should update guidance to local authorities on third sector funding principles, as recommended by the [Social Justice and Social Security Committee's pre-budget scrutiny 2025-26](#)
5. The wider impact of the National Insurance increase on unpaid carers should be considered. This includes the reduction in services to the cared-for person due to cuts to wider social care services and the impact on those who employ personal assistants through a Direct Payment.

¹ Valuing Carers 2022, Carers Scotland