

NHS Highland

NHS

Highland

na Gàidhealtachd

Meeting:

Health and Social Care Committee

Meeting date:

6 May 2026

Title:

Fees and Charges Report

Responsible Executive/Non-Executive:

Arlene Johnstone, Chief Officer

Report Author:

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Contracts and Compliance Manager

Report Recommendation:

The Health and Social Care Committee is asked to **note** the content of this report.

1 Purpose

This is presented to the Board for:

- Assurance

This report relates to an:

- Emerging issue

This report will align to the following NHS Scotland quality ambition(s):

Safe, Effective and Person Centred

This report relates to the following Strategic Outcome(s)

Start Well		Thrive Well		Stay Well	X	Anchor Well	
Grow Well		Listen Well		Nurture Well		Plan Well	X
Care Well	X	Live Well		Respond Well	X	Treat Well	
Journey Well		Age Well		End Well	X	Value Well	X
Perform well		Progress well		All Well Themes			

2 Report summary

2.1 Situation

NHS Highland (NHSH) relies heavily on the capacity, availability and quality of independent sector provision as part of a core component of the wider health and social care system, and commissions a significant scale of activity at a value of approximately £154m per annum.

As in previous years, there have been continued concerns regarding independent sector viability over the last 12 months. There have been sustained operational and financial pressures associated with rising costs generally (utilities, supplies, food, fuel, impact of legislative and policy changes etc), challenges associated with attracting and retaining staff, and also compounded pressures relating to the delivery of small scale, remote and rural provision.

The Scottish Government has provided funding to deliver a £13.45 per hour minimum wage for all adult social care staff providing direct care in commissioned services from April 2026, this being an increase from the 2025-2026 rate of £12.60 per hour.

Delivering a £13.45ph minimum wage requires an increase to the fees paid to providers delivering registered commissioned services. These registered commissioned services include care at home, supported living, housing support, home based respite, registered daycare and care home services. SDS Option 1 direct care assistants are also included within the scope of the funding.

This report focuses on fee changes implemented arising from delivering the Scottish Government requirements.

2.2 Background

A pay uplift for adult social care workers was announced on 13 January 2026 by the First Minister as part of the Scottish Budget for 2026/27. COSLA Leaders agreed the initial details of this uplift on 27 February 2026.

The details of the uplift for adult social care workers to a minimum of £13.45 per hour were confirmed in a letter from Donna Bell, Director of Social Care and National Care Service Development, Scottish Government on 18 March 2026. A copy of this letter is attached as **Appendix 1**.

The funding to enable payment of the £13.45 per hour was detailed in a letter from Fiona Bennett, Chief Finance Officer Health and Social Care, Scottish Government on 31 March 2026. A copy of this letter is attached as **Appendix 2**.

In line with recent practice, the above Scottish Government minimum expectations apply for registered residential and non residential services. These expectations do not apply to National Care Home Contract (NCHC) care homes, which are subject to the agreement reached between Scotland Excel, COSLA and Scottish Care. The detail of this separate agreement is provided in **Appendix 3**. Whilst separate, this arrangement also includes the minimum £13.45 per hour pay rates.

As part of the implementation planning for the Scottish Government minimum payment of £13.45 per hour, the NHS Adult Social Care Fees Commissioning, Briefing and Instruction Group developed a recommendation based on the expectations of the minimum payment and to ensure affordability. This work was developed whilst waiting for the detail of the arrangements from Scottish Government to be received.

Calculations of the impact of the minimum £13.45 per hour payment were undertaken by finance colleagues, and this along with the proposed fee rates for each type of registered service, were considered by the Adult Social Care Fees Commissioning, Briefing and Instruction Group. This identified that the estimated cost of applying the Scottish Government expectation would be in the region of £8.72m.

The awaited Scottish Government confirmation of approach and also funding was subsequently received, which were in line with our expectations to cover the contract costs of applying the £13.45ph obligation.

When satisfied with the affordability, a recommendation was made to the Chief Officer of the Highland Health and Social Care Partnership, who, in consultation with the Director of Finance, agreed for the arrangements to proceed to be implemented. Confirmation of revised fee rates were subsequently communicated to registered providers at the start of the new financial year.

2.3 Assessment

Scottish Government requires that workers delivering registered services should be paid a minimum of £13.45 per hour from April 2026 and has provided funding to meet this requirement and also costs associated with implementing updated National Care Home Contract rates from April 2026.

NHSH has established the affordability of implementing these arrangements and has now confirmed uplifted fee rates to registered providers.

There are wider cost pressures being experienced by registered providers, over and above costs associated with implementing increased pay rates. These have not been acknowledged or included within the funding received.

2.4 Proposed level of Assurance

Substantial	X	Moderate	
Limited		None	

Comment on the level of assurance

The established process for considering and agreeing fees for 2026/2027 has been followed with the necessary approvals and funding agreement sought before implementation. The increase for non residential registered services has followed the Scottish Government requirements and the residential registered services has followed the National Care Home Contract Settlement as agreed by Scotland Excel and COSLA with Scottish Care the representative body for the care home sector.

3 Impact Analysis

3.1 Quality/ Patient Care

It is anticipated that the commitment to funding care staff wages will address the increased pay costs to be applied but we are aware that care providers continue to face significant recruitment challenges with the rate paid to staff identified by providers as being insufficient to recruit and retain staff.

Providers have flagged the ongoing impact of the changes to Employers National Insurance and Statutory Sick Pay.

3.2 Workforce

The commitment to a funded minimum payment of £13.45 per hour is welcomed, although as noted above, providers are advising that a higher rate is required to attract and retain staff.

3.3 Financial

The combined total uplifts arising from the minimum payment obligation and also NCHC increases have been accommodated within the financial plan for 2026-2027.

3.4 Risk Assessment/Management

The fee uplift has been progressed in line with governance and to support Scottish Government policy. There is a risk that providers do not pass on the fee increase to their staff, whilst this is unlikely, to provide assurance, there is a clear contractual requirement included in the annual contract variation sent to the provider. This will be monitored during 2026/2027.

3.5 Data Protection

None.

3.6 Equality and Diversity, including health inequalities

None.

3.7 Other impacts

None.

3.8 Communication, involvement, engagement and consultation

See 3.9 below

3.9 Route to the Meeting

The fee approach has been previously considered by the following groups as part of the development and approval of the Adult Social Care Fees for 2026/2027.

- Adult Social Care Fees Commissioning, Briefing and Instruction Group, 25 February 2026
- Chief Officer Highland Health & Social Care Partnership SLG, 25 February 2026

4 List of appendices

The following appendices are included with this report:

- **Appendix 1:** Letter from Donna Bell, Director of Social Care and National Care Service Development, Scottish Government



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Care_Pay_Uplift_2026

- **Appendix 2:** Letter from Fiona Bennett, Chief Finance Officer Health and Social Care, Scottish Government.



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- **Appendix 3:** Letter from Scotland Excel, Scottish Care and COSLA.



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2026-27 Settlement k