



Sent on behalf of the Care Provider Alliance

22nd November 2024

Dear Prime Minister,

I am writing to you as the Chair of the [Care Provider Alliance \(CPA\)](#). The CPA brings together the ten leading care provider associations reaching over 95% of all social care providers in England.

The implications of the Budget measures raising both the National Living Wage and Employers National Insurance contributions and lowering of the threshold have caused enormous concern, distress and despair across a sector already reeling from years of underfunding and increases in both demand and acuity.

Research by the independent thinktank, The Nuffield Trust, published 22 November 2024, quantifies the overall financial impact of the additional costs of your Budget measures as a total additional burden of £2.8bn on the 18,000 independent care providers. This is on top of inflationary and demographic pressures.

Given our serious concerns about this, the CPA has been analysing the impact of these costs on the care providers and care workers who deliver vital state funded public services every day. The results paint a deeply distressing picture for the delivery of social care in communities up and down the country. We heard from over 1180 providers, who support hundreds of thousands of people and employ many hundreds of thousands of staff.

The results from our representative survey are stark. If the government does not provide additional support to the sector in the wake of the budget, there is a very high risk that people will not get the services they need.

95% of providers told us they are seriously concerned about the impact of the 2024 Autumn Budget. Continuing to deliver services as they are now, is becoming a less viable option with every day that passes.

There will be a direct impact on the availability of social care to those most in need, as in order to address the financial impact, care providers are already making plans in the wake of your Budget measures that mean:

- 43% will need to shorten homecare visits

- 92% will need to increase rates for already burdened self-funders to compensate for any government shortfall
- 57% will need to hand back contracts to local authorities or the NHS
- 73% will need to refuse to accept new packages of care from LAs or the NHS

These measures also mean providers are making plans which will have an almost immediate detrimental impact on the social care workforce. The budget measures will result in employers having to take measures that are in direct contrast to the government's stated agenda to improve pay and conditions for care workers. Without fair funding, providers cannot embark on any meaningful Fair Pay Agreement discussions.

- 64% will need to let staff go
- 76% will be making cuts to training and resources for staff
- 86% will not be increasing wages of other staff, thereby reducing salary differentials
- 64% will be stepping back from paying Real Living Wage:

The Government has also committed to reform a ten-year plan for social care, recognising the important contribution the sector makes to the economy. After your Budget measures, providers are being left with no choice but to make plans to reverse growth and digital innovation.

- 75% will be reducing or stopping investment in digital transformation:
- 80% of those providing building-based services will be reducing or stopping capital investment
- 78% will be reducing or stopping investment in service development
- 78% will be reducing or stopping environmental/de-carbonisation efforts:
- 71% will be abandoning business growth plans

The drive to address the challenges facing the NHS has been emphasised repeatedly through the work of Lord Darzi, leading to the shifts that government has outlined from acute to community and from treatment to prevention. These can only be achieved with a strong and responsive social care sector. The current Budget measures not only make this more challenging, but they also threaten the very existence of public services people need. Without immediate support for the sector, you will see the provision of care collapsing.

- 22% planning to close down their businesses
- 36% planning to close some of your services
- 32% planning to sell their business
- 39% of those in building based settings planning to start the process of change of use or planning permission

The government must be under no illusion that the sector can absorb or accommodate the increased costs announced in the Budget. Without adequate support we now know for certain that services will close, care providers will stop delivering public services and care workers will lose their jobs.

When we asked care providers what they wanted us to tell you, the response was overwhelming. One provider told us it was "*Devastating - we have made it through a global pandemic and cost of living crisis only to be shut down by the very government that we hoped would save us.*" We have shared more reflections from providers with you at the end of this letter. These are the real stories, from real people. They are the people facing the difficult realities behind the figures we present. You must take seriously their concerns; they care deeply about the people they support. The decisions they are having to make are distressing and devastating for them.

Despite this, the CPA and the sector wants to work in partnership with the government. We want to ensure that we have a social care sector both fit for the future and one that can sustain and support communities in the here and now to live well, flourish and stay out of hospital wherever possible.

We urge the government to take immediate action to stop this crisis. We call on you to exempt all care providers from the changes in employers National Insurance contributions and ensure that the welcome increases in the National Living Wage for all care staff are fully funded.

Yours sincerely

A handwritten signature in purple ink, appearing to read 'V A R -', with a horizontal line extending to the right.

Professor Vic Rayner OBE

Chair of the Care Provider Alliance

Cc

Chancellor of the Exchequer, Rt Hon Rachel Reeves

Deputy Prime Minister, Rt Hon Angela Rayner

Secretary of State for Health and Social Care, Rt Hon Wes Streeting

Minister of State for the Department of Health and Social Care, Rt Hon Stephen Kinnock

Department of Health and Social Care Second Permanent Secretary, Tom Riordan CBE

Director General, Adult Social Care, Michelle Dyson

Appendix 1

The survey contained a large number of comments from regulated and unregulated care providers covering: Homecare, Residential care with and without nursing, Extra Care, Supported Living, Shared Lives and Community care. There are too many to encapsulate here. However, this small sample is an important element of ensuring that the voices of those providing care and support are heard.

Devastating - we have made it through a global pandemic and cost of living crisis only to be shut down by the very government that we hoped would save us.

Terrible - we want to deliver high quality care and the government is wanting us to cut cost, cut corners and deliver poor quality care just to survive.

We are a charity organisation, therefore all of our income goes into running the home, the financial impact is around £65K, this means no pay rise, or a significant fee increase. Local authorities do not match the cost of care, therefore we will have to either refuse funded residents in favor of private, or reduce staffing and the service we provide will suffer. We have no reserves to draw upon, as our building is old and requires constant updating.

It's as far from person centred as you can get

I also expect we will have staff leave if we have to drop to paying NMW (we pay above this now) to frontline staff because staff will go elsewhere for this additional pay. This turnover of course affects continuity of care and quality of care.

Soul destroying, this is my life's work. Absolutely devastated

Currently exploring selling business ASAP - something I have always considered a last resort

We have started the process to serve notice on 16 placements as fees are already behind where they should be and with no prospect of an increase this year, we cannot subsidise this any further, so April 2025 is a critical cut off point for us. These people will therefore be supported to move to new placements but because of the niche service we offer there will be a huge challenge finding enough suitable placements elsewhere meaning people will move to settings around the country and may be a long way from their family and friends. This will have a devastating impact on these people and their wellbeing.

Closure of the home is being considered as the company only own this one home and the increase in min wage and NI will force this. It's something that I have never considered before as this is the residents home. We will not be able to facilitate admissions from the local authority, the building will not continue with its refurbishment programme and we will not be able to continue to invest in the running of the business

Our work supports learning disabled adults to become more independent and to rely less on the state. it also supports their loved ones to go out to work. if our services stop, all of these people will have limited lives and will become dependent on state funding - it's a false economy. Some of our service users may end up having to go to residential care if their parents don't have the respite of day services, this is way more expensive. This would also place more pressure on the NHS and welfare state

The majority of our clients are already battling to pay for their care. This additional cost, if passed on to them, will mean that they will not be able to afford as many care calls as they need, resulting in additional hospitalisation and ambulance call outs.

We are in a rural area and it will be difficult for the people we care for to find alternative care providers. Some of our service users are in remote farming areas that are several miles from the nearest village and other care provider bases.

It is against every fibre of my soul that my residents and staff will be forced into uncertainty and that everything I have worked for to be so needlessly destroyed when there are other options

that can be looked into, its an absolute disgrace

If we don't increase everyone at the same rate we face lack of recruitment and very unsettled first- and middle-line managers as the differentials in pay are eroded, this is very concerning as this group of people are our next registered and senior managers.

As a 500-year-old charity the need to increase our fees so high above even the rate rises during the pandemic/energy crisis due to an avoidable decision is devastating for our residents, staff and trustees. It is contrary to our reason for existence to the poor of our community and closing our doors to those most in need to ensure the viability of our Home.

Terrible - as People Director I fought long and hard to pay at the Real Living Rate and it is just impossible to maintain this anymore.

We have worked so hard to get our staff turnover down to 11%, so much lower than the sector average and this could all be undone if pay isn't where it needs to be in April.

In 30 years of providing services both myself and the team have never felt so demoralised.

Sickening. Genuinely scared of the impact this is going to have and the future for the business. Do not want to make people redundant but might not have another choice.