



Sent on behalf of the Care Provider Alliance

25<sup>th</sup> November 2024

Dear Colleagues,

**Re: Employers National Insurance and National Living Wage Survey Implications for adult social care support providers in England**

I am writing to you as the Chair of the [Care Provider Alliance \(CPA\)](#) to outline the devastation the Chancellors 2024 Budget announcement will have on the Adult Social Care and support sector by increasing the employer's national insurance (ENI) contribution and lowering the threshold on top of the welcomed National Living Wage increase from April 2025.

The CPA brings together the ten leading care provider associations reaching over 95% of all social care providers in England and covers both regulated and unregulated Homecare, Residential Care (with and without Nursing) Supported Living, Extra Care and Shared lives, for adults of working age (18-65) and older persons (over 65).

The data we are sharing today is a representative snapshot from concerned care and support providers employing hundreds of thousands of care workers and providing care and support to hundreds of thousands of people in their own homes and within residential facilities. This data was shared with the Prime Minister, Chancellor, Ministers for Health and Social Care and the Deputy Prime Minister along with the Department of Health and Social Care late on Friday 22<sup>nd</sup> November.

The implications of the Budget measures have caused enormous concern, distress and despair across a sector already reeling from years of underfunding and increases in both demand and acuity. The changes to ENI will have a significant knock-on impact on wider NHS and Local Government services and the millions of people accessing them, as care providers will be forced to hand back packages of care and refuse unviable care packages from the public sector.

Research by the independent thinktank, The Nuffield Trust, published 22<sup>nd</sup> of November 2024, puts the overall financial impact of the additional costs of the Budget measures as a total additional burden of £2.8bn on the 18,000 independent care providers, on top of inflationary and demographic pressures.

The CPA surveyed care providers to explain the impact these measures would have on services and produced the following evidence outlining the impact to providers, care workers, and those in receipt of state funded care. The survey results are stark and paint a deeply distressing picture for communities up and down the country.

If central government does not exempt social care providers or provide additional financial support to the sector in the wake of the Budget, there is a very high risk that people will not be able to access the vital care services they need, acuity will increase, and additional pressures will be placed on an already stretched NHS with wider public services for people of all ages negatively impacted.

95% of providers said they were seriously concerned about the impact the Budget will have on their organisation. 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 prior to the changes coming into force on the 1st of April 2025 and once implemented, as in order to address the financial impact, care providers are already making plans that mean:

- **73% will need to refuse to accept new packages of care from LAs or the NHS 57% will need to hand back contracts to local authorities or the NHS**
- **43% will need to shorten homecare visits**
- **92% serving the self-funder market will need to increase rates, adding pressure to the already burdened individuals and their families.**

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. Recruitment and retention will suffer and as a result so will the availability of care services that health and local government commissioners rely upon.

- **64% will need to let staff go**
- **86% will not be increasing wages of other staff, thereby reducing salary differentials**
- **64% will be stepping back from paying Real Living Wage**
- **76% will be making cuts to training and resources for the very staff we are trying to develop and retain**

Local Government and the NHS have previously called for the government to commit to long-term plans to reform adult social care, recognising the important interdependence between social care and wider public services. After the government's Budget measures, providers are being left with no choice but to make plans which seriously undermine government's ability to deliver on its plans.

- **71% will be abandoning business growth plans needed to support an aging population**
- **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**

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.

- **22% planning to close down their businesses**
- **36% planning to close some of their 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**

Local Government and NHS colleagues must make it clear to central government that the sector cannot absorb or accommodate the increased costs announced in the Budget for ENI. 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. The impact is likely to be greater in areas of higher deprivation.

When we asked care and support providers what they wanted us to tell the government, 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.”* Another said it *“is unacceptable to exempt the NHS but expect charities and care providers to bear the cost.”*

We have shared just a small snapshot of the hundreds of further reflections from providers at the end of this letter. These are the real stories, from real people. They are the people facing the difficult realities behind the evidence we present above. We have asked government to take seriously their concerns; they care deeply about the people they support and the decisions they are having to make are both distressing and devastating for each of them.

The CPA wants to work in partnership with Local Government and the NHS to ensure we can make the case for all our vital public services 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 they choose to live.

We are calling on the government to either exempt or fund the impact of the ENI changes for all social care providers to ensure the increases in the National Living Wage can be implemented for all care staff who provide essential care and support for some of the most vulnerable members of society.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'V A R', followed by a horizontal line.

Professor Vic Rayner OBE

Chair of the Care Provider Alliance

## **Appendix 1 – A snapshot of verbatim care provider comments**

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.

*Without support of the social care sector more pressure will of course be placed upon the NHS. Grass roots funding specific to providers is essential for growth and potential to develop. Treat providers with respect and we can work in tandem with the NHS to benefit our society.*

*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 favour 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. The people who receive care and support 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 people receiving care and support 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 resident's 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, it's 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.*