

Our ref: IL                      Service:              Direct Line: 01384 815146

Date: 23<sup>rd</sup> December 2021

E-mail: [Matt.Bowsher@Dudley.gov.uk](mailto:Matt.Bowsher@Dudley.gov.uk)

Dear Professor Green

**Re: Fair Price for Care**

Thank you for your letter dated 5<sup>th</sup> November.

We understood that the Government was working on a Fair Price for Care as part of the adult social care reforms announced by the Prime Minister on 7th September 2021. Recent information from the Department of Health and Social Care has just been announced and you will be aware of the activity through January - September 2022 required for all Local Authorities.

We are familiar with the Laing and Buisson model, although we do not necessarily agree that the outputs represent a Fair Price for Care.

The fee rates that we pay to our care home providers are based on:

- Local 'bottom-up' modelling of the cost of care given prevailing labour market conditions.
- Competition and market dynamics: no care home is obliged to take residents on behalf of the Council – individual care homes respond to tenders, either for single residents or for 'block booked beds' and offer a rate that allows them to cover their costs and make a reasonable profit.
- Affordability: the Council has a legal duty to set a balanced budget.

Any fee rates increases we are able to make in 2022/23 aim to offer the sector sufficient additional funding to enable care homes to meet cost pressures and pay a competitive wage, but must be affordable. We recognise the pressures from workforce recruitment and retention, increasing agency costs due to workforce shortfalls, low occupancy, the financial impact on costs as a result of Brexit, the transport and fuel crisis, and rising utility costs.

We expect that between now and the 31 March 2021 we will be in dialogue both with our care home providers as well as Government to try and understand the scale of the increase required and the funding available.



We have started engagement with providers and will continue this into 2022 in light of the recent Government announcements whilst gaining a local context with our providers and pressures.

Yours Sincerely



Matt Bowsher  
Director for Adult Social Care

