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Martin Green
Chief Executive
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40 Artillery Lane
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Your ref: REF1111
Our ref: YREF222

18 May 2021

Dear Martin

RE: YOUR LETTER DATED 10TH MAY 2021

Thank you for your letter dated 10th May regarding Surrey County Council's (SCC) 2021/2022 fee uplift for residential and nursing care placements.

Since the beginning of the COVID-19 pandemic, we have worked very closely with our providers and the Surrey Care Association (SCA) to ensure we are aware of and are responding to the challenges the sector faces during this unprecedented time. Although normal face-to-face engagement has not been possible, through sustained efforts to collaborate on key issues and frequent communication in various forms we believe we are working much more closely with the sector than we have done for some time.

Feedback from providers and SCA indicates that we are building a better dialogue than before and that our collaborative approach has allowed us to build better relationships. The pandemic has accelerated some of this through the need to work very closely with the sector on our system response. We have an established task and finish group with providers which has worked on various topics including understanding the impact of the pandemic on the sector. This work, complemented the sub-regional ADASS work that has looked at market sustainability, has provided the foundations for ongoing work with the sector to shape our longer-term approach.

Through our own analysis, subregional comparative work and through drawing on other market analysis we are confident that our guide rates represent a fair cost of care for local authority funded placements. Guide prices for 2021/22 are based on analysis carried out by Laing and Buisson, which was work that providers were engaged and involved with. The

outcome of that process saw SCC guide rates rise steadily and well above inflation year on year over a 3-year period to levels which are now reviewed annually. The 2021/22 uplift in fees accounts for changes to pay rates (including the 2.2% increase in the National Living Wage from 1st April 2021) and the fact that general inflation is at a near all-time low.

For 2021/22, Surrey have not considered lower occupancy levels in arriving at our adjustment to guide rates. This is, in part, down to the extensive support package provided to deal with financial pressures associated with the pandemic (a combined financial support package of more than £50 million has been made available to support and maintain stability in the market during the pandemic) but also and more significantly due to the nature of the Surrey care market.

The Surrey care market is predominantly self-funder focused and as such Surrey County Council only spot purchase 15% of the total number of care beds available in Surrey. We work with around 80% of homes in Surrey and on its borders although in almost half of these homes we purchase less than 5 beds. This means that, unlike many other councils in the UK, Surrey County Council is a minority contributor to overall occupancy. We consider that attempting to factor overall occupancy into our fee rates would make no material difference and the responsibility Surrey County Council has towards market sustainability relates to the overall market rather than individual care homes or providers given that the market is largely driven and supported by self-funders, the rates providers believe they can charge and/or what residents who self-fund are willing to pay.

Surrey County Council fully recognises the hard work of the Surrey care home sector during this difficult period and the continued dedication shown in providing services to vulnerable residents throughout. Surrey County Council look forward to continuing the good work already started with providers and the SCA in developing an approach to working with the residential and nursing market which will be fair, equitable and transparent.

Yours sincerely,



Jonathan Lillistone
Assistant Director Commissioning – Adult Social Care