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Dear Mr White,

### **2021 Fee Increase**

Firstly, I would like to thank you for your previous reply to Care England's enquiry. We wish to build close relations between national and local spheres of adult social care and see such correspondence as an important means of fulfilling this. We would, therefore, be grateful for any other way which relations may be developed including meetings with commissioners.

I am writing to inquire about those processes that informed your local authorities 2021-22 fee uplift offer to care providers. A number of our members have cited their disappointment at this offer and its failure to account for the true cost of care. We believe that your offer of 2% uplift may not be commensurate for the maintenance of a stable care market. In light of these discussions, I would be very grateful for any information regarding the processes which informed the 2% uplift. Ultimately, we want to see evidence that your fee uplift has taken sufficient account of the new reality imposed by the Covid-19 pandemic.

Firstly, I would be very grateful if you could answer the following questions:

1. Has Covid-19 impacted those provider engagement processes which you usually would have conducted?
2. What engagement have you conducted with your local care market?

Care England understands that this year, the National Living Wage has increased by 2.2%. Given that many care staff are paid at or just above the National Living wage, does a deficit not arise? This is especially pertinent when considered alongside the plethora of other costs that providers face annual increases in. If you believe this not to be the case, I would be very grateful if you could point me towards why this is not so.

Also, as you will be aware, the Covid-19 pandemic has increased the costs associated with the running and operation of care homes imposing a whole new operational reality upon the care sector. In addition, as a result of higher mortality rates and decreased admissions, the occupancy levels of providers have reduced. From discussions with our members, we understand that many are still experiencing occupancy levels that sit well below pre-Covid

levels. Whilst many local authorities, across England, are basing their fees on pre-Covid occupancy levels. Occupancy rates are fundamentally intertwined with the base costs associated with the provision of care.

Whilst, at a recent Public Account Committee oral evidence session on adult social care markets, Ian Trenholm, Chief Executive Officer of the CQC, said:

“We would typically calculate that, to make a modest margin, a care home would be looking at a 90% occupancy rate. What we saw last year was an 80% average occupancy rate—that is about the level where most care homes would break even. Some care homes are operating below a break-even point, and are being kept alive by that support.”

We have also been made aware that occupancy levels in your area sit significantly below pre-pandemic occupancy rates, in turn, adversely affecting provider sustainability.


So secondly, I would be grateful if you could also answer the additional questions:

3. Do you think it is important for local authorities to use the latest occupancy levels, in their area, to inform annual fee uplifts?
4. What assumed occupancy level has your local authority taken into account when informing the fee increase?
5. What impact has decreased occupancy levels had on adult social care providers' overall base costs?
6. Would you have liked to offer a rate which reflects the true cost of care, however, were unable to do so as a result of local government finances?

Lastly, please do not hesitate to include any other information which you think might be relevant. It is worth noting that we plan to share your reply with members in order to assist their communications with yourselves.

I look forward to hearing from you.

Yours sincerely,



Professor Martin Green OBE

**Chief Executive: Care England**

**DH: Independent Sector Dementia Champion**