[your company headed paper]

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

Department of Health and Social Care

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[XX] November 2024

Dear Secretary of State for Health and Social Care,

**Impact of Autumn Budget on Homecare Services - A Provider's Perspective**

I am writing to you as a homecare provider deeply concerned about the devastating impact of the recent Autumn Budget on our ability to continue delivering essential public services to people in our communities.

The combined effect of the announced minimum wage increase and changes to employers' national insurance contributions will add approximately £2.04 per hour to our direct staff costs in homecare. This is before we consider inflationary pressures in other running costs, such as IT, PPE and insurance.

For my organisation alone, this means an added annual cost of [£XX] per employee.

With [number of] employees, we're looking at extra costs of over [£XX] per year - costs we simply cannot absorb.

Our reality is that:

* [X%] of our homecare services are commissioned by councils and the NHS at rates that already fail to cover our costs.
* The council/ICB we contract with pays only £xx per hour, which is only x% of the Homecare Association Minimum Price.
* The margin for our business is just [X%]
* Only 1% of public bodies pay fees that enable compliance with minimum wage legislation and care regulations.[[1]](#footnote-1)
* There is already a £1.08 billion funding deficit in homecare from the April 2024 minimum wage increase.[[2]](#footnote-2)
* Only 6% of regular homecare contracts with local authorities in England had a fee increase that kept up with minimum wage rises in 2024.[[3]](#footnote-3)

The consequences of these unfunded cost increases will be severe and immediate. Without immediate intervention, we will have no choice but to:

* Hand back contracts, affecting thousands of people who rely on our services.
* Reduce investment in training and development.
* Scale back service improvements and innovation.
* Potentially cease trading. This will create a dangerous gap in service provision.

[INSERT IF YOU SERVE PRIVATE PAY MARKET/DELETE IF NOT RELEVANT] As a provider serving the private-pay market, we are acutely aware of cost-of-living pressures for older people who pay for their own care. The asset threshold is so low that even those of modest means must pay for their care in full. If our costs rise unsustainably, then prices for self-funders will rise too. Many will have to reduce hours of care, adding to the risk of avoidable hospital admissions. This also increases the burden on unpaid carers.

The £600 million in new grant funding announced falls drastically short of what's needed. The Homecare Association, of which we are members, calculates the sector needs an injection of £1.9 billion just to cover these new increases and address historic deficits in homecare.

We urge you to:

1. Exempt homecare providers from the employers' NIC changes
2. Provide emergency funding of £1.9 billion to cover increased employment costs
3. Implement a National Contract for Care services that guarantees a minimum price for homecare
4. Establish a multi-year funding settlement that reflects the true cost of quality care

The Labour government's manifesto promised to support people in their communities and improve conditions for care workers. However, these unfunded cost increases, without addressing systemic funding issues, will achieve the opposite - devastating an already fragile sector and harming the very people you've pledged to protect.

Yours sincerely,

[Your name]

[Your title]

[Your Organisation]

1. https://www.homecareassociation.org.uk/resource/fee-rates-for-state-funded-homecar-2024-25.html [↑](#footnote-ref-1)
2. https://www.homecareassociation.org.uk/resource/fee-rates-for-state-funded-homecar-2024-25.html [↑](#footnote-ref-2)
3. https://www.homecareassociation.org.uk/resource/fee-rates-for-state-funded-homecar-2024-25.html [↑](#footnote-ref-3)