



Rt Hon George Osborne  
Chancellor of the Exchequer  
HM Treasury  
1 Horse Guards Road  
London  
SW1A 2HQ

04 November 2015

Dear Chancellor,

**The Sustainability of Social Care in the United Kingdom and the Republic of Ireland**

We are writing to you as the Five Nations Care Forum. Collectively we represent providers from the independent, voluntary and statutory social care sector in each jurisdiction in the United Kingdom and the Republic of Ireland.<sup>1</sup> We collectively represent approximately 11,000 providers of social care, who provide care and support to 600,000 people in a variety of settings.

As representatives of the care sector we are all in agreement that, due to current funding rates, increasing demand on our services due to demographic trends and a growing wage bill, the care sector is becoming unsustainable and is financially unstable.

These conditions have impacted upon the the careworkers and nurses who deliver care and even more so on the older and disabled people who use care services.

We call on Government and the devolved Ministers to ensure that care services are adequately funded now and in the future.

Members of the Five Nations Care Forum welcomed the announcement in the Summer Budget that a National Living Wage (NLW) would be introduced at £7.20 per hour from the 1<sup>st</sup> April 2016. It is right that careworkers should be well rewarded for the important work they do. However this is unrealistic for publicly funded care providers given current prices paid by commissioning bodies for care.

Care work is undervalued across the UK. We believe that care workers should be paid in excess of the statutory minimum in recognition of the importance of the work they do.

It has been estimated that the cost of funding the NLW in the care sector in the UK will be in excess of £2.3 billion by 2020.<sup>ii</sup>

It is vital that the Spending Review addresses the growing deficit in the social care sector and that appropriate allocations are made via the Barnett Formula to ensure that the devolved departments with care commissioning responsibilities have adequate funds to meet the care and support needs of the population and fund the NLW.

Any financial allocations made must be delivered via mechanisms that guarantee that the Treasury's allocation goes directly to care providers and the careworkers and nurses they employ, and it must apply equally to the devolved administrations.

We are concerned that the rising costs of delivering care, if not met with an adequate increase in funding, will have catastrophic implications for the people needing care and for the sector as a whole and will have significant consequences for the statutory health sector in the form of delayed discharges and increasing demographic pressures.

Diminished capacity in the social care sector and the increasing risk of provider failure, (apart from having a serious negative effect on citizens,) will impact greatly on the efficiency of the health sector. We estimate that over the financial year 2013/14 the statutory health sector in the UK spent well in excess of £1.05 billion on delayed discharges.<sup>iii</sup>

If this situation is not resolved as a matter of urgency, we are concerned that the growing pressures on the health sector over the winter months will result in a serious crisis in the sector. This will impact most acutely on people with health and care needs.

Resolving these issues and addressing the growing crisis in care is vital, and will only happen through a commitment to the proper funding of care services. We ask that:

- 1.** The Chancellor recognises the cost of delivering high quality sustainable care and makes the necessary allocation in the Spending Review. Any allocations made must recognise the increased wage- and other- costs and enable commissioning bodies to pay a fair price for care.
- 2.** The Treasury should ensure that any allocation made to social care delivery is ring-fenced or mechanisms are used to guarantee that funding reaches care providers and the workforce.

3. Allocations made to social care must recognise the NLW, the allocation must be sufficient to guarantee that careworkers receive a proportional increase in their pay that raises them above NLW rates.
4. Although social care is a devolved responsibility, the NLW is a reserved matter and applies across the UK. As such, the allocations made to the devolved nations in the Spending Review must account for funding the NLW.
5. Government should ensure that statutory regulators are empowered to oversee the commissioning practice of commissioning bodies with particular reference to their impact on the stability of local care market.
6. Government should enter into a transparent, open book costing exercise with local authorities, providers of care and their representative associations to assess the actual costs of care.

We look forward to your response.

Yours sincerely,



On behalf of the Five Nations Care Forum

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<sup>i</sup> The 5 Nations Care Forum is an alliance of the professional associations representing the care sector across the UK and Ireland. Through a collective commitment to information sharing, joint lobbying, shared learning and support, the aim of the 5 Nations Care Forum is to add value to member's activity by promoting the interests of service recipients, staff and service providers. The Forum seeks to encourage the development of a joined-up approach to matters which have a UK-wide or European dimension.

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ii The Resolution Foundation, Funding the National Living Wage in the Social Care Sector: <http://www.resolutionfoundation.org/media/press-releases/over-700000-care-workers-set-to-benefit-from-new-national-living-wage-but-extra-funding-essential-or-services-will-suffer/>

iii UKHCA Briefing, *Delayed Discharges and Homecare*. Available at: <http://www.ukhca.co.uk/downloads.aspx?ID=489>