



Amanda Pritchard, Chief Executive Officer, NHS England

20 December 2024

Dear Amanda,

### **NHS commissioning of homecare**

We are writing to raise serious concerns about unethical commissioning of homecare by some NHS bodies; and to request fee uplifts to cover costs and prompt payment of invoices.

NHS funding represents 25% (£1,692 million) of the total funding for homecare (£6,656 million) ([LaingBuisson 2024](#)). The NHS received a budget allocation of an extra £22 billion. This is almost as much as the £24.8 billion all councils have between them to pay for adult social care services. We appreciate a substantial proportion of the extra allocation is required for NHS pay awards. Care workers also deserve fair pay. Unethical commissioning practices by NHS bodies and councils make this hard for providers to achieve. Indeed, they risk creating the conditions for poor quality, unsafe care and labour exploitation.

You will see below correspondence from homecare providers in Liverpool and Merseyside (Appendix 1). They have still received no communication from their respective Integrated Care Boards (ICBs) about fee rates for homecare for 2024-2025, never mind 2025-2026. Nor have they received a fee uplift since 2023, though the national minimum wage (NMW) increased by 9.8% in April 2024. Homecare costs are now rising by a further 10% because of higher employer taxes and a 6.7% minimum wage increase from April 2025. Without fee uplifts, providers cannot absorb these costs and risk failure. We calculate providers need a [Minimum Price for Homecare for 2025-2026](#) of **£32.14 per hour**.

Our August 2024 report on [fee rates for homecare](#) showed **75% of NHS bodies** had not communicated with homecare providers about fee uplifts by the end of June 2024. Nor had they provided fee uplifts three months after the NMW increased. This figure was 20% for councils (see pages 17-18 of the report linked).

**There is no excuse for public bodies not to communicate with homecare providers or offer fee uplifts after a significant increase in the national minimum wage in April 2024, especially as our evidence shows fee rates are already below those needed to ensure compliance with employment and care regulations.**

## **Shaping homecare together**

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Some ICBs and councils are purchasing homecare at £17 per hour. This does not even cover direct staff costs at the NMW with statutory on-costs (an average of £20 per hour at the current NMW of £11.44), leaving less than nothing to contribute to the other costs of delivering homecare. These include wages of a Registered Manager and other office staff; recruitment; training; PPE; digital systems; telephony; regulatory fees; insurance; office rent, rates and utilities; business administration; governance; and a small surplus for investment. Providers now face a 10% increase in costs from changes to employers' National Insurance Contributions and a 6.7% rise in the NMW to £12.21 per hour. Direct staff costs after April 2025 will be an average of [£22.71 per hour](#).

Our report on [late payments](#) in September 2023 detailed 83% of homecare providers experiencing late payments by the NHS. Sometimes, payments have been outstanding for over a year.

**There is no excuse for public bodies not to pay homecare providers promptly. The unpredictability of payments by ICBs deters many homecare providers from accepting NHS work.**

You are aware of the grave situation the social care sector is now in. We copied you on a letter to ministers on 9 December 2024, which stressed that the [care and support sector is at a tipping point](#). The government is choosing to ignore the existential threat to provision of quality care and support, which will have a direct impact on the NHS.

Some [80-85% of homecare providers](#) are small and medium enterprises with fewer than 50 employees. They cannot sustain these cost increases without adequate fee increases.

Attached is a worked example of the Autumn Budget impact on a not-for-profit, employee-owned provider of homecare and supported living (Appendix 2). [Be Caring](#) operates in Leeds, Sheffield, Bradford, Manchester, Liverpool, North Tyneside, and Newcastle. They have no bank loans, no debt, no investors. Councils and the NHS fund 99% of their work. Last year, their turnover was £22 million, and they recorded a surplus of 1.5%. They employ 720 care workers and 120 office staff. They do not use agency workers. 92% of their costs are employment - 70% for care workers and 22% office staff. Overall, they are projecting a **10% increase** in costs for 2025-2026.

Without funding to cover these increases, homecare providers might have to stop delivering services for the NHS. We copied you on a letter on 25 November 2024, which set out [research the Care Provider Alliance has undertaken](#) with the sector. It shows 73% of care providers will have to refuse new care packages from local authorities and the NHS by April 2025. 57% will look to hand back existing contracts to local authorities and the NHS.

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We call on you to ensure ICBs engage with homecare providers about the costs of delivery; offer fee uplifts to cover costs; and pay invoices on time. This must happen without delay to protect service provision. The Prime Minister's pledge to reduce NHS waiting lists will fail if care and support provision fails.

We look forward to your urgent response.

Yours sincerely,

**Dr Jane Townson OBE**  
Chief Executive Officer

*Status: We believe this letter is in the public interest and intend to release it as a public document.*

## **Copies by email:**

Secretary of State for Health and Social Care, Rt Hon Wes Streeting MP  
Chief Secretary to the Treasury, Darren Jones MP  
Minister for Care, Stephen Kinnock MP  
Leader of the Conservative Party, Kemi Badenoch MP  
Leader of the Liberal Democrats Party, Sir Ed Davey MP  
Liberal Democrat Spokesperson (Treasury), Daisy Cooper MP  
Chair of Health and Social Care Select Committee, Layla Moran MP  
Second Permanent Secretary DHSC, Tom Riordan  
Director-General Adult Social Care DHSC, Michelle Dyson  
Director, DHSC, Tom Surrey  
Director for Adult Social Care – Strategy & Reform, DHSC, Tabitha Jay,  
Director, DHSC, Claire Armstrong  
Senior Policy Lead – Market Oversight, DHSC, Chris Pluck  
Deputy Directors, Charging, Commissioning and Markets, Adult Social Care Strategy, DHSC, Lindsey Craike and Megan Bradish  
Director of Labour Market Enforcement, Department for Business and Trade, Margaret Beels OBE  
Director of Employment Rights, Department for Business and Trade, Michael Warren  
Head of Adult Social Care, Primary Care and Prevention, HM Treasury, Danny Slater  
Head of Adult Social Care, HM Treasury, Laurence Wooldridge  
Director of Local Government Finance, MHCLG, Nico Heslop  
Head of Adult Social Care Policy, Care and Reform Division, Local Government Finance, MHCLG, Jo Mundie  
CEO, Care Quality Commission, Sir Julian Hartley  
Chief Inspector Adult Social Care and Integrated Care Systems, James Bullion  
Director of Corporate Provider and Market Oversight, Care Quality Commission, James White  
Chris Day, Director of Engagement, Care Quality Commission

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Directors of Adult Social Care Improvement, Partners in Care and Health (PCH), LGA and ADASS, Simon Williams and Hazel Summers

National Care & Health Improvement Adviser Finance, LGA, John Jackson

President of ADASS, Melanie Williams

CEO of ADASS, Sally Burlington

National Director of Urgent and Emergency Care / Deputy Chief Operating Officer, NHS England, Sarah-Jane Marsh

CEO of the NHS Confederation, Matthew Taylor

CEO, NHS Employers, Deputy CEO, NHS Confederation, Danny Mortimer

Interim CEO NHS Providers, Saffron Cordery

Co-director of development and engagement, NHS Providers, Miriam Deakin

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## **Appendix 1: correspondence from homecare providers in Liverpool and Merseyside**

**From:** [email address redacted]

**Sent:** 13 December 2024 10:51

**To:** Jane Townson <Jane.Townson@homecareassociation.org.uk>

**Cc:** [email addresses redacted]

**Subject:** Re: Request for urgent support from members in St Helens & Liverpool regarding CHC funded packages

Dear Jane,

Thank you for checking in, and I hope you're doing well?

Unfortunately, there have been no updates on rates in St Helens, and there has been no communication from the council to providers regarding this matter.

At our Liverpool Homecare Providers CIC meeting last week, members based in both Liverpool and Halton also confirmed they had not received any updates on uplift rates, progress in discussions, or an indication of when rates might be shared or agreed upon.

It seems likely that this issue is widespread across the Cheshire and Merseyside ICB area, with agreements on rates still pending.

It's incredibly frustrating and feels disjointed. While I understand that discussions may have stalled at a senior level, it's unclear why providers have not been kept informed of any updates. We've all been implementing the mandatory uplifts since April, yet we still have no clarity on what we will be paid for services from that time.

Adding to the frustration, many service users who received care during this period will have since passed away, making it challenging to claim the difference at this late stage. This process will require significant resources, and the mounting gap between what we're paying out and what we expect to be reimbursed is placing a growing financial strain on providers.

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Thank you again for your interest in this matter. Please feel free to contact me if I can provide any further details.

Best wishes,

[name redacted]

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**From:** [email address redacted]

**Sent:** 23 September 2024 15:39

**To:** Jane Townson <Jane.Townson@homecareassociation.org.uk>

**Cc:** [email addresses redacted]

**Subject:** Request for urgent support from members in St Helens & Liverpool regarding CHC funded packages

Dear Dr. Townson,

I hope this message finds you well. I am writing to you on behalf of both the Liverpool Homecare Providers CIC and the St Helens Homecare Association to raise an **urgent issue that is affecting homecare providers in our region.**

Since 1st April 2024, none of the providers delivering CHC-funded (NHS Continuing Healthcare) packages have received the agreed uplift for the current financial year. We are still being paid the 2023/24 rates, despite the fact that the minimum pay uplifts have been applied since 1st April, meaning we've been paying our carers at the new rates without receiving the corresponding uplift in funding. To date, we have received no communication about what the new rates will be, nor any indication of when the backdated uplift will be paid. We even have one provider who has been waiting for the uplifted 23/24 rates for over 455 days.

This is an ongoing issue that affects us year after year, and it is **causing severe financial strain on providers** who are committed to maintaining continuity of care for vulnerable service users. Given the circumstances, we are urgently seeking guidance and support on the best course of action to address this.

Here is a summary of the providers affected:

- Able Support
- Candour Care Group
- Care Solutions
- Care Mark
- Eclipse Care Solutions
- Heron Care
- Home Instead
- Quarry Care
- Local Solutions

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- Merseycare Julie Ann Ltd
- New Day Care
- NFC Health & Social Care Ltd
- Red Robin Homecare Ltd
- Right at Home
- Second to None
- SOS Homecare Ltd
- Together Care
- Yes Care

The situation is causing widespread concern as the providers continue to absorb the costs while ensuring care services are uninterrupted. I understand this issue is impacting Liverpool, St Helens, Halton and potentially other areas across Cheshire and Merseyside under the ICB.

**Could you advise on:**

- 1. Who we should contact to escalate this issue and seek clarification on the delayed rates?**
- 2. What steps we can take as a collective group to ensure we receive the uplifted rates and backdated payments that are due?**

We would greatly appreciate any guidance, advice, or support you can provide in addressing this, as it is placing an unsustainable burden on providers across the region.

Thank you for your time and consideration. I look forward to your response and any advice you may have.

Best regards,

[name redacted]

Acting on behalf of the Liverpool Homecare Providers CIC (LHCPIC) and the St Helens Homecare Association

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## Appendix 2: Calculations on the Autumn Budget impact from **Be Caring**, a non-profit homecare provider

### Impact of Increase in National Living Wage and Employer National Insurance Contributions - 2024/25 current to 2025/26 future

Table 1 Average Carer Pay

Average weekly hours per carer including training hours	Current Hourly Pay Rate £	Future Pay Rate £	Current Annual Average Pay £	Future Annual Average Pay £	Increase £	Increase %	Per hour now £	Per hour next year £	Increase £	Increase %
25	11.44	12.21	14,912.04	15,915.74	1,003.70	6.7%	11.44	12.21	0.77	6.7%
Pay oncosts:										
NI			802.06	1,637.36	835.30	104.1%	0.62	1.26	0.64	104.1%
Pension			447.36	477.47	30.11	6.7%	0.34	0.37	0.02	6.7%
App Levy			74.56	79.58	5.02	6.7%	0.06	0.06	0.00	6.7%
Sub Total			16,236.02	18,110.15	1,874.12	11.5%	12.46	13.89	1.44	11.5%
Holiday Pay			2,029.50	2,263.77	234.27	11.5%	1.56	1.74	0.18	11.5%
<b>Total</b>			<b>18,265.53</b>	<b>20,373.91</b>	<b>2,108.39</b>	<b>11.5%</b>	<b>14.01</b>	<b>15.63</b>	<b>1.62</b>	<b>11.5%</b>

Table 2 - Average Branch Office, Central Management and Support Staff Pay

	Current Annual Average Pay £	Future Annual Average Pay £	Increase £	Increase %
Average Office Pay Salary	30,000.00	31,500.00	1,500.00	5.0%
NI	2,884.20	3,975.00	1,090.80	37.8%
Pension	900.00	945.00	45.00	5.0%
App Levy	150.00	157.50	7.50	5.0%
<b>Total</b>	<b>33,934.20</b>	<b>36,577.50</b>	<b>2,643.30</b>	<b>7.8%</b>

Table 3 - Summary of Estimated Cost Increases 2024/25 to 2025/26

Split of branch costs %	Category of Cost	Estimated cost % increase 2024/25 to 2025/26	% of branch costs multiplied by cost increase %
70.0%	Carers Pay	11.5%	8.1%
22.0%	Other Staff Pay	7.8%	1.7%
8.0%	Non Pay	2.6%	0.2%
<b>100.0%</b>	<b>Total</b>		<b>10.0%</b>

Based on latest CPI forecast by Office of Budget Responsibility  
Increase in 2025/26 income rate needed

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