

9th March 2022

Dear Jane and Robert,

Further to my email of 1st February the BCA have engaged with providers to fully understand and assess the impact of the Local Authority and CCG care fee proposal for 2022/2023. It is clear as previously stated that the current proposed fee uplifts for 2022/2023 are simply not sufficient to allow providers to even standstill given the current inflationary cost increases they are experiencing, let alone the further cost of living increases projected over the coming weeks and months.

The BCA shared with Cost of Care Forum the minimum percentage uplift required to care fees in November 2021 (based on November Inflation rates) of 7.6%. We have revised the calculation to consider the expected CPI inflation rate of 8% in April and allowed an additional 25p to reflect the wage inflation faced by providers in order to retain and recruit staff to the sector. The minimum percentage uplift required on care fees to enable providers to standstill has risen to 10.5%. This does not take account of the confirmed energy price rises as of April 2022, the cost-of-living impact of the ongoing conflict in Ukraine or the consistently increasing costs of staffing (for example the increased use of agency staff and recruitment/training costs due to a higher level of staff turnover), all of which will further add to the cost pressures faced by the care sector.

Some of the current cost pressures and challenges providers are currently facing are reflected in the survey the BCA conducted with Bradford providers in February.

- 100% of care homes providers stated the cost of Utilities is a current significant cost pressure and with utilities bills set to at least double in the next few months this further exacerbates the situation. In the model we have been working on for the cost of care, the electricity and gas cost used was £16.67 per resident per week. The levels of increase care homes will experience will be variable, but many homes are reporting their electricity and gas costs are doubling or worse. Hence for some care homes the total care fee uplifts of approximately £35 per week might not cover the rise in these costs let alone cost pressures such as NNW or food.
- 85% of care homes also highlighted the increases they are seeing in weekly food and consumables costs in region of 8-10%.
- 90% of home support providers flagged the rising cost of petrol as a significant cost pressure affecting both their business costs and more importantly the cost to staff of working in the care sector. Some providers described the prohibitive petrol cost as 'rendering a proportion of their workforce immobile' and 'unable to attend work without additional support.' In addition to this there are increased challenges and costs for staff to ensure they have access to a vehicle and that they are able to safely maintain it.
- Home support providers are also faced with rising office/overheads such as utilities, rent, digital infrastructure.
- 85% of the care sector as a whole highlighted the increasing cost of insurance. Although it was hoped this would be a short-term impact of the pandemic the cost of insurance continues to rise.

Providers are simultaneously having to endure these rising costs of service provision at the same time as facing what can only be described as a workforce crisis within the care sector. Provider's ability to recruit and retain staff has never been more challenged.

- 100% of providers surveyed highlighted the workforce crisis has resulted in significant increases to the costs of retaining and recruiting staff. Wage inflation is significantly beyond that of the NLW increase, as well as significant increases in recruitment and agency staff costs in order to try to maintain existing service provision.
- Workforce costs as a percentage of turnover have significantly increased beyond the allowance (60% care home, 75% home support) used in the Local Authorities calculations of the wage costs required to enable providers to implement the required NLW, pension and NI increase.
- Only 10% of care homes had wage costs of 60%, with an average of 70% wage costs of those surveyed. Likewise, only 23% of home support providers had wage costs of 75%, with the average costs standing at 82%.

Providers surveyed described the impact of the current workforce challenges we are already witnessing within the system.

- 35 % of care homes are unable to take new admissions and/or they are reducing the occupancy of the home.
- 82% of home support providers are unable to take on new packages of care.
- 64% of home support providers state they are at risk of handing care packages back to the local authority. With many providers stating they will have no alternative to shift focus to private care packages.
- 60% of care home and 82% of home support providers described a reduction in their ability to support complex care packages and residents (increase frailty, higher care needs and double up provision)
- 30% of the providers surveyed highlighted that they felt they were in danger of ceasing trading or closure if the staffing situation worsens within the next 6 months.
- Most concerning is that 85% of care homes and 70% home support providers stated the workforce crisis was impacting the quality and continuity of their service provision.

Lack of staff availability and the end of D2A funding will further decrease the revenue in the sector. Home Support providers are already reporting reductions in their total weekly hours of between 20-25% in the last 6 months, likewise some care homes are being left with no alternative but to reduce the occupancy within their care home which, will put further pressure on the sustainability of the sector.

Care providers have highlighted to the BCA that they are likely to come under increasing pressure from their banks over the next year as they struggle as a result of reduced profitability and activity to meet covenants such as cashflow, occupancy and EBITDA.

The need of a vibrant, thriving, and sustainable care market is essential to the Bradford health and care system. But the current Bradford care market cannot be described in those terms and is facing unprecedented challenges from all directions. These challenges are not limited to care homes and home support but to the whole social care sector- Supported Living, Extra Care, LD, PD & MH providers, Day Care and PA's.

The BCA asked providers if the proposed Care Fee Uplifts for 22/23 were not increased to reflect the real-world costs how would this effect their ability and willingness to continue to delivery care services in Bradford.

- 15% of care homes and 18% of home support providers are in danger of business failure in the next 6 months.
- 30% of care homes and 24% of home support providers are contemplating exiting the care market within the next 6 months.

Without a sufficient and appropriate inflationary care fee uplifts which, reflect the actual pressures faced by the sector for the year ahead the impact on the sustainability of care market in Bradford will be significant, particularly given the ongoing fragility of the care market post pandemic. With the end of COVID financial grants for the sector on top of the cost of living increases the likelihood of provider failure or exit from the Bradford care market is a serious risk. As to will be the ability of providers to ensure the current levels of service provision are not reduced any further. The impact of which would pose a significant risk to the wider health and care system in Bradford and its ability to maintain flow throughout the system.

The BCA urge the Local Authority and CCG to urgently review and increase the proposed care fee uplifts for 2022/2023. This could be considered by either increasing the care fee uplift and/or making specific payments to deal with individual pressures while recognising that these are not necessarily short-term cost pressures and time is of the essence for the sector. We ask that you explore and identify all possible funding sources and opportunities to support the financial stability of the sector. The BCA will continue work alongside system partners to ensure there is a vibrant, thriving, and sustainable quality social care market in Bradford.

Yours Sincerely,



Louise Bestwick

Chief Executive, Bradford Care Association