

11 March 2026

Norfolk County Council  
County Hall  
Martineau Lane  
Norwich  
NR1 2DH

**The Rt Hon. Rachel Reeves MP**  
Chancellor of the Exchequer  
HM Treasury

Tel: 01603 638353

And

**The Rt Hon. Wes Streeting MP**  
Secretary of State for Health and Social Care  
Department of Health and Social Care

*By Email*

Dear Ministers

**Subject: Social Care funding and sustainability of this important sector.**

We have previously written to you on two occasions, the first was to the Rt Hon. Wes Streeting MP on the 10<sup>th</sup> February 2025 and the second was to the Rt Hon Rachel Reeves MP on the 24<sup>th</sup> April 2025. These letters were written at the time in response to the changes to employer's National Insurance contributions and impact on providers of adult social care. It raised the significant concerns around the changes and the strain it has and continues to place on providers of adult social care service.

Although the letters were written in response to this fundamental change, we also raised key points about the long-term funding needed that would enable the social care sector to be sustainable. Not only do we want them to be sustainable, but we also want providers to be able to invest and innovate in the delivery of services, as per the duties outlined in the Care and Support Statutory Guidance. It is disappointing that we did not receive a response to our previous letters and we are writing to you again, to outline the current position and significant challenges being faced.

Norfolk County Council has recently agreed the annual fee uplift that will be applied across the care and support market. Further information can be found in the Cabinet paper that was produced to inform this decision. I would encourage you read this as it includes important information about the current adult social care market and the important feedback received from providers and Norfolk Care Association about the current funding levels. A link to this paper can be found here [Document.ashx](#) (page 31 onwards).

We would like to draw your attention to a couple of specific areas that providers have told us, as part of the engagement work that was undertaken, as part of this process.

- 35% of providers have reported that they are operating at a deficit over the last 12 months, and this is a picture similar to previously reported national figures.
- Linked to this, 39% of providers have considered exiting the market in the past 12 months, due to rising staffing costs and insufficient funding from local authorities, which are seen as severely impacting on financial viability. This represents a 3% increase compared to the previous year, highlighting growing concern about sustainability across the sector. Staffing costs have increased further as a result of National Insurance increases implemented by Central Government in 25/26, which remain unfunded. This increase in cost has continued to put pressure on and has directly increased staffing costs.

This is not a situation that is unique to Norfolk and is a position seen across England and reported by other local authorities. This is supported by the Care England Sector Pulse Check which highlights a similar picture at a national level. If you have not done so already, I would encourage you to also read this report, as it supports our view about the risks within the sector, due to a lack of funding and priority being given to social care. A link to this report can be found here [Sector Pulse Check 2024 - Care England](#).

This situation is placing local authorities and providers of social care in a difficult position and is creating a tension between the funding that is available, against the funding and investment that is required. This is widening the funding gap and a view that is supported by the Home Care Association who have published the following article [£3.25 billion homecare funding gap makes legal compliance challenging, warns Homecare Association](#).

You will note that this letter is co-signed by both the Local Authority and Norfolk Care Association, as we stand alongside our care market regarding the need for long term financial investment that enables the social care sector to be sustainable and invest in their services and workforce. There is also an economic case for investment as recent studies have shown that for every £1 invested in the sector, it would generate a £1.75 return to the wider economy. A copy of this report can be found here [Adult Social Care Reform: the cost of inaction](#).

It is important to note that we do welcome the establishment of the independent commission (Casey Commission) on social care reform and the focus it brings to the long-term transformation of the sector. We have also appreciated the opportunity to provide feedback on the proposed Fair Pay Agreement for the adult social care workforce. Whilst we value the attention and focus this brings for the sector, it must be noted that there are notable challenges across both. Firstly, the long-term recommendations from the Casey Commission are not due until 2028, which for many providers may be too late, due to the pressures they are facing right now. The second is the wider impact of the Employment Rights Bill and the additional pressures regarding costs associated with the workforce, such as changes to Statutory Sick Pay.

As you will be aware staffing costs are a significant consideration for social care providers. Our own and national research evidence that at a minimum, these costs are at least 70% of the total cost of service delivery. Without adequate funding for these changes, it will only add to the workforce challenges being experienced, in terms of being able to recruit people and ensure they are receiving pay rates that reflects the importance of their role, in providing high quality care and support.

We know that as Ministers, you do value and understand the positive impact social care does and can have on the lives of people. We need to see that understanding translate into funding that is made available to support the sector and raise the standards for care workers in relation to pay and their terms and conditions.

Therefore, we are asking Government to:

- Firstly, acknowledge the points made in this letter, noting the risks currently being held by the Local Authority and providers of social care, in terms of the sustainability of the sector. We would value you reviewing both the Care England report and the Local Authority Cabinet paper on the fee levels for Adult Social Care 2026-27 as part of the response to this letter.
- Secondly, to make available funding that can be invested into the social care sector, to improve standards of care, support investment into services and increase the rates of pay for care workers. If funding is made available, the Local Authority can work quickly with Norfolk Care Association and other key partners, to ensure this is invested to support sustainability of the sector.

We do need to be clear that we cannot afford to wait for the outcome of the Casey Commission and recommendations, whilst we have these fundamental concerns about the sustainability of the sector. With every decision made by Central Government and a lack of funding to support those decisions, the gap in funding to adequately support the sector grows, alongside the risk of sustainability for the sector.

We look forward to your reply and would welcome any opportunity to discuss the content of this letter in more detail.

Yours sincerely,



**Councillor Alison Thomas**

Lead Cabinet Member for Adult Social Care



**Christine Futter MBE**

Chair of the Norfolk Care Association Board of Directors.