Dear all,

I am writing to thank providers across the country for their participation in cost of care exercises. Your efforts are very much appreciated, particularly as you continue to deliver high-quality care to those who draw on it.

I would also like to encourage providers who have not yet done so, to submit their cost data to their local authorities.

Local authorities are required to submit cost of care exercises to the Department of Health and Social Care (DHSC) on 14 October 2022, in accordance with the Market Sustainability and Fair Cost of Care Fund conditions.

These exercises will support local authorities’ to make progress towards the fair cost of care, by highlighting how far away, on average, their rates are from it. To complete the exercise, local authorities must contact all CQC-registered providers of 65+ residential and 18+ domiciliary care in their area.

This is a key opportunity to reflect the actual cost of delivering care to your local authority, and inform the allocation of the £1.36 billion Market Sustainability and Fair Cost of Care Fund. The Fund, and our policy, is the first time cost of care exercises are being done on a national scale, with a clear national approach, backed by significant funding. Submitting your cost data will help ensure that the fair cost of care calculated covers this and a reasonable profit (including reinvestment in your business), surplus, or meeting your charitable objectives.

We have taken on board provider feedback on their previous experiences of cost of care exercises and have designed our Market Sustainability and Fair Cost of Care Fund guidance to promote good practice, and ensure consistency in understanding the local costs of delivering care, as well as risks to local markets. To support this consistency, we have made cost of care tools for both residential and domiciliary care businesses available through the Care and Health Improvement Programme (CHIP).

As you may be aware, support for providers completing cost of care exercises is available through the Care Provider Alliance (CPA) and, attached to this letter, is a set of frequently asked questions, developed in collaboration with CPA which you may find it useful to consult.

If you have yet to submit your data, please get in touch with your local authority to begin the process, and support their understanding of the local market.

I would like to reiterate my thanks for your tremendous efforts in completing these exercises, while continuing to support those in your care. I hope you find this information helpful, and look forward to speaking to more of you in the coming months.

Yours sincerely,

GILLIAN KEEGAN