

4 February 2026

The Rt Hon Steve Reed MP
Secretary of State for Housing, Communities and Local Government
House of Commons
London
SW1A 0AA

Cc: The Rt Hon Wes Streeting MP, The Rt Hon Rachel Reeves MP, The Hon Stephen Kinnock MP

Dear Steve Reed,

RE: High Value Council Tax Surcharge and adult social care premises

On behalf of Care England, our members, and the wider adult social care sector, I am writing to set out our clear and firm view that adult social care premises must be excluded from the scope of the proposed High Value Council Tax Surcharge. Applying the surcharge to adult social care premises would represent a policy error, not a necessary trade-off.

Care homes are not discretionary assets, nor are they a proxy for private wealth. They exist to deliver statutory care and support on behalf of the state and are funded predominantly by local authorities and, in many cases, the NHS. A measure designed to apply to high-value private housing was plainly not intended to fall on care homes, and its application in this way would represent a fundamental misalignment with the policy's stated purpose.

Care England represents a significant proportion of independent adult social care providers across England, covering a wide range of service types, organisational models, and local areas. Our members support hundreds of thousands of people every day, often those with the most complex needs, within an already constrained and fragile funding environment. From this position, we are clear that providers have no meaningful capacity to absorb new property-based costs or prolonged uncertainty without direct consequences for services.

Based on reasonable and conservative sector assumptions, the inclusion of care homes within scope would generate an estimated £25 million to £33 million per year nationally. In practice, this would not represent genuine new revenue. Providers and public commissioners do not have the financial capacity to absorb additional property-based costs. The only realistic outcomes would be:

- Providers passing the cost through to local authorities and the NHS via higher fees, requiring additional public funding so commissioners can meet increased provider costs; or

- Providers being forced to reduce investment, capacity, or service provision in order to absorb the cost, further destabilising a care market that is already under significant strain and increasing the risk of unmet need across social care.

Put simply, this would mean the Government charging a tax on care homes only to have to fund that same cost back into the publicly funded care system. It is difficult to see how this makes sense as a matter of public policy.

Either route is economically circular and operationally harmful. It would undermine market sustainability, cut across the Government's stated ambitions for social care reform, and risk limiting access to care for people who rely on these services every day. At a time when government is seeking to stabilise the care market and reduce pressure on the NHS, introducing additional cost and uncertainty would pull in the opposite direction.

For these reasons, care homes and equivalent adult social care premises, which deliver a vital public service, should be formally excluded from the High Value Council Tax Surcharge. This should be confirmed explicitly and without delay, to provide certainty for providers and commissioners and to avoid unnecessary disruption to an already fragile care market.

We are aware that *"The government will also consult on a full set of reliefs and exemptions"*¹; however, for the reasons set out in this letter, we do not consider it appropriate to leave this issue to consultation, and adult social care premises should be excluded from the scope of the surcharge in full.

We would welcome written confirmation that adult social care premises will be excluded and would, of course, be happy to provide further evidence or meet to discuss this further.

Given the importance of this issue for both our members and the sector itself, this correspondence is being shared publicly.

Yours sincerely,



Professor Martin Green OBE

Chief Executive, Care England

¹ *High Value Council Tax Surcharge Guidance*, [GOV.UK](https://www.gov.uk), Published 26 November 2025