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Chancellor of the Exchequer and First Secretary of State
The Rt Hon George Osborne MP
House of Commons, London, SW1A 0AA
By email: george.osborne.mp@parliament.uk

31st July 2015.

DRAFT LETTER

Dear Mr Osborne,

The Housing and Support Alliance is a membership organization representing nearly 200 Local Authorities, Housing Providers, Support Providers, Advocacy Groups, People with Learning Disabilities and their families. All our members are involved in the provision of supported living and residential care services.

A key element of providing these services at the level of quality people with learning disabilities rightly expect, and are entitled to, is ensuring there is a sustainable market in employing experienced and committed care and support staff. For that reason a rise in the minimum wage to £9.00 by 2020 is welcome.

However, we are concerned that unless wider structural market issues are addressed, the benefit will be undermined.

Service providers have not received any increases to their fees paid by Local Authorities for five years and although they went through last year's cost cutting using national care cost models there is little movement for them to increase wages for the 2015/16 year without an increase in their income.

Local Authorities are making plans to reduce their budgets further over the next 5 years and will not therefore be in a position to address increasing wages by £2.50 per hour.

This leaves a funding gap that needs to be addressed. If it can't be done through cost savings or fee increase, there is no further room for manoeuvre.

There is an additional consequence of increasing the minimum wage. Bringing up the wages at the basic level has a “knock-on” effect. A minimum wage of £9.00 is closer to the wage of a member of staff currently supervising or managing staff at the current minimum wage. To make sure the necessary differential between care and supervisory pay levels is maintained, those supervisory levels would need a similar increase, putting further pressure on the funding gap between cost and income.

Urgent work to evaluate the true scale of the funding gap and to identify how the issue could be resolved is required to ensure Local Authorities, in a time of significantly rising demand, can continue to meet their statutory responsibilities and providers can continue to provide the quality of services necessary to meet the needs of people with learning disabilities.

Yours sincerely,

A handwritten signature in blue ink, appearing to read 'Alicia Wood', with a horizontal line above it.

Alicia Wood
CEO, Housing and Support Alliance