[Your Company Name]

[Your Address]

[Date]

Local Authority Commissioner

[Recipient's Address]

Dear [Recipient's Name],

Re: Request for Fee Rate Uplift – 2025/26

I am writing to you in reference to the ongoing discussions regarding fee rate uplifts for the delivery of mental health services and in light of the financial challenges we face as a provider.

Introduce your organisation, eg. "We are a ***[registered] [supported living/residential care/day opportunities/domiciliary care/respite]*** *provider in* ***[location]*** *for people with mental mealth needs. We have* ***[number]*** *staff and we support* ***[number]*** *people. We are a* ***[voluntary/third sector/independent]*** *organisation.*

While we recognise the Local Authority's commitment to supporting the mental health social care and support sector, it is crucial that we highlight the significant changes to employers' National Insurance contributions (NIC's) and the planned rise in the National Living Wage from April 2025 announced by the Chancellor in the Autumn 2025 Budget are unfunded.

Two of the key factors driving our request are directly linked to changes to the national living wage and national insurance contributions:

1. From 01.04.25, the National Living Wage will increase by 6.7% to £12.21 per hour. It should be noted that National Minimum Wage for our organisation has risen by 37.04% between April 2021 (£8.91) and April 2025 (£12.21).[1]

We strongly support the increase of the National Living Wage, but these changes, will cost us an estimated additional **£[*cost*]** per year.

2. The change to the NIC's will add an addition **£[*cost*]** per year to our services. Meaning that the contract/s we hold with you are now unviable without an uplift of **£[*cost*]/% [increase].**

ALSO ADD if you have a contract on the CHANGE of LAW/

We also note that in your contract at point XXX. Add contract point e.g. 20.2

Quote the exact contract point "If a specific change in the Law occurs, the provider may by way of written notice express an option on its likely effects; including any necessary changes to the service/adjust local prices as a specific response to the Change in Law. We also advise you that under the contract there must be due consideration to discuss these issues with the provider as noted in point XX.X and therefore we should agree the local price adjustments necessary.

OR you may wish to point out the termination notice in your current contract means that we hope to seek a resolution to this matter by 1st April 2025 or will will have to conider the ongoing viability of our contract of service….(add anything else specific – this supports 10 people who have complex needs etc)

At the same time, we are aware of the pressures on Local Authority budgets and the need for financial efficiencies. However, your duty is to commission under the Care Act 2014 and we are paid by councils to do that to continue providing high-quality mental health services and meet the growing local demand, it is vital that fee increases align with both inflationary trends and wage growth.

We appreciate the Authority's efforts in securing some budget growth for 2025/26, and we respectfully request that this be reflected in meaningful fee uplifts of XX% that take into account rising operational costs, wage pressures, and the need for sustainable service provision. Without adequate increases, there is a risk that providers will struggle to maintain the level of care required to meet local needs.

We would be grateful for the opportunity to engage further with you to discuss this matter and ensure a fair and sustainable fee rate uplift. We also encourage you to visit our services and/or convene a meeting with third sector leaders who provide mental health support in the local area so that you can hear first-hand about risks, delivery issues and the opportunities that exist through the co-production of solutions.'

Thank you for your attention and continued support.

Yours sincerely,

[Your Name]

[Your Position]

[Your Company Name]

[Your Contact Information]

1. Source: https://researchbriefings.files.parliament.uk/documents/CBP-7735/CBP-7735.pdf National Minimum Wages Statistics, House of Commons Library