

United Kingdom Homecare Association

The professional association for homecare providers



HM Treasury
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Sent by e-mail to: BusinessRatesReview2020@hmtreasury.gov.uk.

To whom it may concern

Business Rates Review - Call for evidence

I have pleasure in submitting our response to the call for evidence from United Kingdom Homecare Association. Please do not hesitate to contact me should you require any further information.

Yours sincerely

By email

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About UKHCA

1. We are a member-led professional association, with over 2,100 homecare provider members across the UK, 1,952 of which are in England. Our members encompass the diversity of providers in the market: from small to large; predominantly state-funded to predominantly private-pay funded; generalist to specialist; and from start-ups to mature businesses. Our purpose is to enable a strong, sustainable, innovative and person-led homecare sector to flourish, representing and supporting members so that people can live well and independently at home.
2. Over 4.1 million hours of state-funded homecare are purchased each week in the UK. This enables over 850,000 people to be supported to live at home independently each year. The size of the privately purchased homecare market is not known with certainty, but may represent a further 1.75 million hours and 364,000 people.

Section 3.1 Reliefs:

1. How well do current reliefs and exemptions deliver their intended outcomes and satisfy the principles of good tax design? What changes would you suggest to the system?

UKHCA would argue that tax design has not kept up with the times. We draw your attention to Schedule 5, Section 16 of the Local Government Finance Act 1988, as amended: <https://www.legislation.gov.uk/ukpga/1988/41/schedule/5> which is also summarised in relevant government guidance: <https://www.gov.uk/apply-for-business-rate-relief/exempted-buildings-and-empty-buildings-relief>. This states clearly that property used for the provision of welfare services for disabled persons is exempt.

Exemption is rightly given to care homes where high levels of care are provided round the clock to older and disabled people in a regulated residential setting. Homecare is also a regulated service and like care homes, provides complex care to older and disabled people in their own homes. People who need care in their own homes will fall under Schedule 5, s16 1A of the Local Government Finance Act 1988, that is homecare is provided to people who are disabled within the meaning given by section 6 of the Equality Act 2010.

Schedule 5, S16 (4)(a) of the Local Government Act 1988 refers to S29 of the National Assistance Act 1948¹ which in turn refers to 'Welfare arrangements for blind, deaf, dumb and crippled persons'. At that time, and until the NHS and Community Care Act 1990 was implemented in 1993, homecare was largely provided by local authorities or the district nursing service with very few independent providers.² (The independent sector was providing just two per cent of homecare in 1992).

¹ Now superseded by the Care Act 2014

² Janet Leece (2003) The development of domiciliary care: What does the future hold?, Practice, 15:3, 17-30, DOI: 10.1080/09503150308416924 <https://doi.org/10.1080/09503150308416924>

Since the implementation of the NHS and Community Care Act 1990, homecare has increasingly been provided by a range of providers including for profit and not for profit organisations. Local authorities now provide very little homecare. As Skills for Care reported earlier this year, 81% of social care jobs are in the independent sector and of the 1.52 million jobs, 43% are in homecare.³

In the view of the homecare business sector, they are being treated in the same way as other high street businesses, rather than as an essential public service. Like care homes, homecare providers are supporting individuals, their families and the NHS. The case for extending exemption for business rates to the homecare sector fits with the original policy intentions of the Local Government Finance Act 1988 - that is to support organisations providing care to older and disabled people by reducing their costs. It remains an important government policy objective to support care organisations and this is even more vital for the fragile homecare section of the NHS and social care infrastructure. Jane Townson, CEO UKHCA, set out clearly the precarious position of homecare in her letter to Rishi Sunak dated 26 May 2020.⁴

UKHCA understands the position of the Government, that it, "expect[s] Local Authorities to identify and pay an appropriate rate for adult social care in their local areas, taking into account all relevant factors." However, as Jane Townson repeated in her letter to Rishi Sunak dated 20 August 2020, "... HM Treasury must recognise the costs of delivering quality homecare and fund councils adequately to enable them to purchase homecare at sustainable fee rates."⁵

2. How can reliefs be targeted more effectively? How can reliefs and their administration be simplified?

UKHCA suggest that the legislation is amended to make clear that organisations, including homecare, which help to meet government NHS and social care objectives should be exempt from business rates.

3. What evidence is there on the capitalisation of business rates and business rates reliefs into rents over time? What does any evidence mean for the design of rates reliefs and business rates more broadly?

³ Skills for Care, The size and structure of the adult social care structure and workforce in England 2020, <https://www.skillsforcare.org.uk/adult-social-care-workforce-data/Workforce-intelligence/documents/Size-of-the-adult-social-care-sector/Size-and-Structure-2020.pdf>

⁴ https://i.emlfiles4.com/cmpdoc/8/3/6/4/6/files/676627_ukhca-letter-to-chancellor-re-homecare-funding-26-05-2020.pdf?utm_campaign=11767312_Rishi%2021%208%2020&utm_medium=email&utm_source=UKHCA&dm_i=1DVI,707PS,QOHVJL,S8F4W,1

⁵ https://i.emlfiles4.com/cmpdoc/8/3/6/4/6/files/676634_20082020-ukhca-letter-to-chancellor-re-homecare-funding-20-08-2020.pdf?utm_campaign=11767312_Rishi%2021%208%2020&utm_medium=email&utm_source=UKHCA&dm_i=1DVI,707PS,QOHVJL,S8F4W,1

UKHCA cannot provide an answer to this question, though we note that many homecare businesses will be paying rent to landlords and it is most likely they will have seen rent increases as a result of costs of business rates passed on by landlords.

4. What role should local authorities have in determining business rates reliefs and exemptions? Should reliefs and exemptions be set by central government or set locally?

UKHCA's view is that central government should set business rates reliefs and exemptions, though we recognise that councils will need some discretionary powers to agree reliefs and exemptions to suit local arrangements.

5. Are you aware of ratepayers misusing tax reliefs or other means to avoid paying their full business rates liability? What could be done to tackle this?

No, UKHCA is unaware of ratepayers misusing tax reliefs.

Yours sincerely,

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United Kingdom Homecare Association