

CONSULTATION RESPONSE

FAIR PAY AGREEMENT PROCESS IN ADULT SOCIAL CARE

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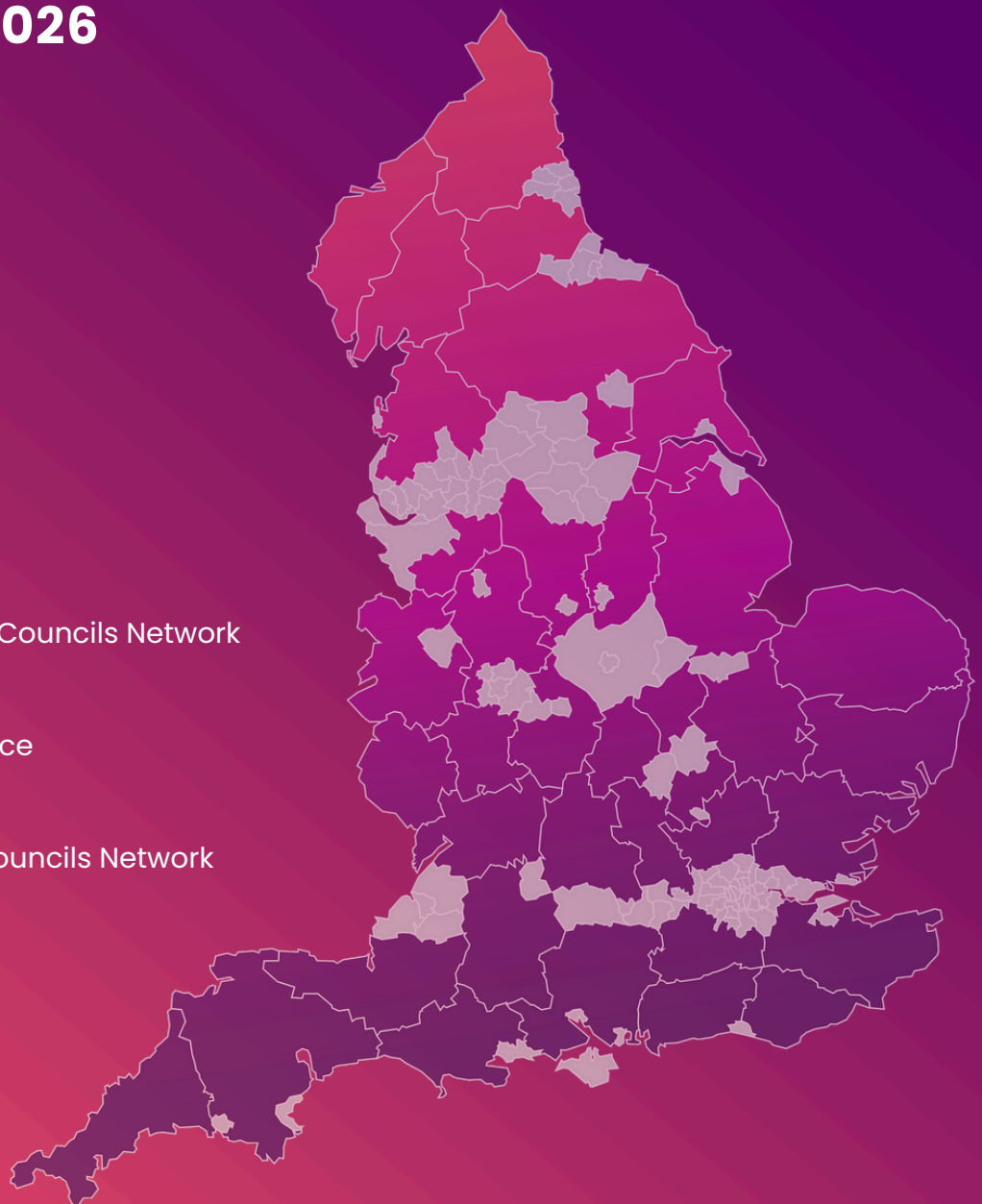
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CONSULTATION: FAIR PAY AGREEMENT PROCESS IN ADULT SOCIAL CARE

RESPONSE FROM CCN (COUNTY COUNCILS NETWORK)

The CCN welcomes the opportunity to respond to the consultation on the fair pay agreement process in adult social care. We are grateful the Department of Health and Social Care has agreed that local government submission may be made via email rather than through the online portal – enabling fuller contributions and the inclusion of supporting evidence. For ease of reference, we have structured our response to align with the consultation themes.

SUMMARY RESPONSE

- CCN **supports the ambition** to deliver a fair pay agreement (FPA) for adult social care workers.
- Any FPA **must be practicable, sustainable and reasonable**.
- The proposed process does not give sufficient representation to councils as direct employers of adult social care workers, as commissioners of adult social care, or as holders of other relevant statutory responsibilities, including market shaping duties.
- The proposed approach is insufficient to ensure FPAs are successful.
- The interests of **local government must be functionally embedded** throughout the FPA process, **which requires councils be equal and active partners** on the Adult Social Care Negotiating Body (ASCNB).
- Any FPA must be **fully funded – in terms of both direct and indirect costs to councils** – to be practicable and sustainable, and to achieve the aims of the policy.
- Any FPA must also be reasonable – **funding for an FPA must be seen in the context of adult social care funding as a whole** and the multiple pressures within the sector.
- The impact assessment does not recognise **the specific needs of CCN members**, and these needs **must be addressed** within the FPA development process.
- LaingBuisson analysis for CCN found **our members will be responsible for nearly 50% of the total cost of projected FPAs**.
- Setting out **new policy approaches to pay and employment terms, such as travel time**, is a huge remit for the ASCNB that **will directly impact councils**.
- The actual implementation of an FPA **may constitute a ‘new burden’** for local government and we urge that this be kept under review.
- The **equal pay risks** to councils need to be better understood and addressed. Fully funding fair pay policies means **central government underwrites any liabilities** that arise out of their implementation.
- The **CCN stands ready to work with the UK Government** to develop a sustainable, practicable and reasonable FPA, and to collaborate on its implementation.

BACKGROUND

1. **The CCN is the national voice for England's county and unitary councils.** It is the largest grouping of upper-tier authorities in England by population and landmass, representing 38 councils (20 county councils and 18 unitary authorities) that collectively represent 27 million people, or 47% of the country's population, across 86% of the England's landmass. CCN members account for 47% of local authority spend on adult social care.
2. **We support the ambition to deliver an FPA for adult social care workers** (if fully funded and practicable). We support the aim to make pay, terms and conditions more attractive to drive domestic recruitment into the sector and improve retention. Adult social care has high vacancy and turnover rates. We support efforts to address these, to improve the stability and wellbeing of the workforce, and to ultimately ensure people live in the places they call home, with the people and things they love, in communities where people look out for each other, doing the things that matter to them.
3. **The CCN stands ready to work with the UK Government to develop a sustainable, practicable and reasonable FPA, and to collaborate on its implementation.**

ADULT SOCIAL CARE NEGOTIATING BODY (ASCNB)

4. **Local government must be functionally embedded throughout the FPA development process, which requires councils be equal and active partners on the ASCNB.** (Local government also needs to be functionally embedded into the FPA implementation process, but we recognise this is out of the scope of this consultation). It is proposed that the ASCNB will have an equal number of seats for union and employer/provider representatives, and that any others appointed to the body are observers or advisers only. The remit letter will specify that the interests of local government must be considered, and the ASCNB must have regard to the views of local government, which must be represented throughout the negotiation. Little detail is provided as to what this might look like.
5. **The proposed approach is insufficient to ensure local government is functionally embedded within the FPA development process and is therefore insufficient to ensure FPAs are successful.** We believe the proposal that 'the interests of local government must be considered' is inadequate and will not ensure an FPA is practicable, sustainable and reasonable. The interests of local government must be functionally embedded throughout the FPA process, which requires councils be equal and active partners on the ASCNB.
6. **Councils in England not only directly employ adult social care workers, they also commission adult social care, for which they bear statutory responsibility under the Care Act 2014.** CCN members account for 47% of local authority spend on adult social care, and councils are the largest commissioners of adult social care in their areas and must secure supply in the market and assure its quality and value for money through contracting, as per the Care Act 2014. We welcome the recognition within the consultation documentation that: "Local authority commissioners play a vital role in ensuring the social care workforce receives appropriate pay" and that "they have a role in negotiating provider fee rates and contracts, which ultimately influence workforce pay". However, this is not reflected in the proposed process for developing

an FPA. Commissioners must be properly represented throughout the FPA process, which requires councils be equal and active partners on the ASCNB.

7. **Councils hold further statutory responsibilities relating to the provision of adult social care, including with regard to market shaping.** Councils have a duty under the Care Act 2014 to promote the efficient and effective operation of the market for adult social care as a whole, ensuring it offers choice for people drawing on both local authority and privately funded services. There are around 19,000 adult social care employer organisations in England (not including direct payments).¹ These range in size, but are predominantly very small. In rural and sparse county areas, smaller providers are essential, as larger providers tend to avoid the complexity of delivering across these geographies. Councils' market shaping duties include striking the right balance between large providers that may not meet the needs of everyone drawing on care, and a proliferation of micro and small providers that are difficult to assure and may not be financially resilient.
8. **Councils have increased fee rates to providers, but the market remains precarious.** Local authorities – the major purchaser in an area – must manage their own budget pressures while responding to those faced by providers. The Market Sustainability and Improvement Fund (MSIF) was introduced in April 2023 to support councils to build capacity and improve market sustainability. Councils have successfully used the MSIF to support employers/providers following increases to the National Living Wage and changes to employers' National Insurance contributions. The care fee gap – the difference between the usual fee paid by councils and the fee level necessary to offer employers/providers a reasonable return without the need for cross-subsidy from private payers – is reducing.² However, the market remains precarious, with more than half (56%) of Directors of Adult Social Services reporting residential and homecare providers in their area having closed or handed back contracts in 2024/25.³ Councils' statutory responsibilities must be properly understood and represented throughout the FPA process, which requires councils be equal and active partners on the ASCNB.
9. **It is not sufficient for the Secretary of State to consider a written assessment of the proposed FPA by local government representatives before ratifying it (i.e., after it has been negotiated by unions and employers/providers).** While unions and employers/providers will have been expected to consider the interests of local government during the FPA development process, this is first formal opportunity for councils to input, and the only guaranteed platform for their views. No detail is given within the proposed process as to how this written assessment will be convened or resourced in order to achieve a mandate from councils. It is also unclear what will happen if the local government assessment concludes that a proposed FPA is impracticable, unsustainable and/or unreasonable. The entire process could derail at this point, to the expense of taxpayers. The interests of local government must be functionally embedded throughout the FPA process, which requires councils be equal and active partners on the ASCNB.
10. **There is also a lack of clarity within the proposed process as to how the employers/providers' side will be convened and represented on the ASCNB.** As noted above, the adult social care sector is diverse, complex and fragmented. Not all employers/providers will be represented by the Care Provider Alliance. The consultation paperwork does not include a comprehensive approach to convening the

¹ Skills for Care (2025). *The state of the adult social care sector and workforce in England*.

² LaingBuisson modelling for CCN. Full analysis available upon request: chloe.reeves@local.gov.uk.

³ ADASS (2025). *Spring Survey 2025*.

employers/providers' side, and we are concerned that the costs of participation – seemingly unfunded – will prohibit smaller and third sector employers being equally and actively represented. As noted above, smaller providers are particularly essential within rural and sparse county areas. The lack of clarity makes it difficult to comprehend how a mandate will be secured, and a valid conclusion reached, as to whether a proposed FPA is likely to boost the adult social care market, or to undermine it – along with councils' duties towards it.

11. **The CCN favours the ASCNB secretariat being provided by an independent organisation rather than the DHSC.** Within the currently proposed FPA process, the Secretary of State will both set the remit for the ASCNB and ratify the FPA that is developed (or set a determination if the ASCNB does not agree a final output). The secretariat should provide – *and be perceived to provide* – impartial support to the ASCNB. This will be difficult if structurally dependent on a party to the negotiation.

NEGOTIATION PROCESS

12. **Any FPA must be fully funded to be practicable and sustainable, and to achieve the aims of the policy.** Uplifts to pay and changes to terms and conditions will need to be funded by central government to ensure councils and providers can implement them without putting further strain on budgets. Unless the outcome of negotiations is fully funded, it will fall on councils and employers/providers to try to absorb the costs involved. This could have serious unintended consequences, including reducing the availability and stability of adult social care provision.
13. **We welcome the recognition within the impact assessment of the challenges associated with an unfunded FPA.** It is noted that providers are limited in their ability to increase productivity or cut costs, and this means extra costs will potentially be passed onto councils and people finding their own care, through higher fees. Some contracts may also be 'handed back' to councils where providers cannot meet the new costs. This will compound existing pressures and adversely impact people drawing on care, unpaid carers, and adult social care workers. Higher hourly or weekly care costs will also increase the overall lifetime care expenditure for people funding their own care, potentially causing them to delay or reduce use of formal services, or to seek council-funded care earlier than would otherwise have been the case. If councils bear the brunt of extra costs, then they may have to reduce expenditure elsewhere, such as reducing or ending investment in discretionary services, however vital they may be.
14. **However, the impact assessment does not recognise the specific needs of CCN members, and these needs are not addressed within the proposed process.**⁴ Lower population density in county and rural areas means fewer job seekers and potentially less impactful outcomes of an FPA on recruitment and retention, even if roles are made more attractive through pay increases and improvements to terms and conditions. County areas have a substantially higher proportion of older adults than other areas. People aged 65+ account for 22.0% of councils' populations in county areas, compared with 17.8% of metropolitan boroughs, 17.5% of non-county unitaries, and 12.9% of London boroughs. This disproportion is also reflected in the number of over-85s resident in councils across England. In addition to increased demand and fewer job seekers, the geographical challenges in providing adult social care across large and remote distances mean operating costs are also higher in rural and county areas.

⁴ For more information, please see: CCN & Rural Services Network (2021). [*The State of Care in County and Rural Areas*](#).

15. **LaingBuisson analysis for CCN found our members will be responsible for nearly 50% of the total cost of projected FPAs.**⁵ LaingBuisson analysis for CCN concluded the UK Government’s £500 million funding allocation toward an FPA in England would finance an increase of about 3% in pay for low-paid social care staff employed in delivering adult social care services funded by local authorities. At a 3% increase, this would equate to £237m of a £496m total cost falling on CCN members. The recommendations of the ASCNB cannot be presupposed. Were the body to recommend a higher pay uplift, then the costs to councils would be significant. A 5% pay uplift would lead to a cost impact on local authorities of £861m in 2027/28, of which £410m will fall on CCN members.

16. **Fully funding an FPA means funding both direct and indirect costs to councils.** The LaingBuisson analysis cited above relates purely to costs associated with councils (with adult social services responsibilities). However, further LaingBuisson analysis for CCN shows that if the costs were modelled to consider all funding sources (including NHS and private pay), the overall cost impact would be:

- A proposed 3% pay uplift would lead to a cost impact of £821m (2027/28) and £853m (2028/29).
- A proposed 5% pay uplift would lead to a cost impact of £1,424m (2027/28) and £1,479m (2028/29).
- The overall cost impact of an FPA across all funding sources is estimated at 65% higher than costs associated with councils with adult social services responsibilities.

We are concerned that increased costs to, for example people self-funding their care and NHS continuing healthcare packages, will ultimately increase demand and costs for councils.

17. **The implementation of an FPA will come at a time of significantly increasing spending pressures on local government.** Analysis contained in our recent response to the consultation on the provisional Local Government Settlement 2026/27⁶ included new spending projections for CCN that are now higher than previously anticipated: outpacing the increase in core spending power and resulting in a significant and increasing funding gap for local government, and in particular for CCN member councils as a result of the provisional settlement.

18. **Nationally, council costs of delivering services, including adult social care, will rise £16.5bn between 2025/26 and 2028/29.** The table below shows PwC’s new estimates of total spending need under CCN’s main scenario of a continuation of recent spending pressures between 2025/26 and 2028/29. Over the period, CCN member councils will witness the largest increase in spending pressures (23.3%), with the increase in costs totalling £7bn between 2025/26 and 2028/29.

Table 1: Total spending need projection (continuation of spending pressures) (£m)

LA type	2025/26	2026/27	2027/28	2028/29	% change 2025/26-2028/29
London	12,182	13,056	13,892	14,795	21.4
Non-CCN unitaries	12,990	13,942	14,853	15,830	21.9
Metropolitan boroughs	16,930	18,181	19,384	20,681	22.2
Districts	3,801	3,904	4,002	4,106	8.0
CCN	30,097	32,450	34,700	37,110	23.3
All LAs	76,001	81,533	86,831	92,521	21.7

⁵ Full analysis available upon request: chloe.reeves@local.gov.uk.

⁶ Available here [download PDF]: www.countycouncilsnetwork.org.uk/download/6289/?tmstv=1768567324

19. **There is a stark divide in the extent to which new grant funding matches rising costs.** CCN estimates new government grant funding announced at the provisional settlement will fund just 2% of the £7bn increase in costs of providing services in county and CCN unitary areas over the next three years, while the increase in grant funding for metropolitan authorities will fund 42% of the total £3.75bn increase in estimated costs of providing services in these areas.
20. **Any FPA must be *reasonable* to be practicable and sustainable, and to achieve the aims of the policy.** Improved pay, terms and conditions are recognised to be key factors in attracting more staff to social care. However, funding for an FPA needs to be seen in the context of adult social care funding as a whole. There are multiple funding challenges within the sector – including access and eligibility, investment in prevention, and support for unpaid carers – and careful thought needs to be given as to where funding is directed and prioritised.
21. **The formal ‘remit letter’ issued by the Secretary of State to the ASCNB to commence each cycle of negotiations should additionally make clear that *all costs arising from an FPA will be met by central government*.** Wage increase alone in 2025/26 is estimated to cost local authorities £1.3bn.⁷
22. **We do not consider six months to be sufficient time for negotiating an agreement *through the process as currently proposed*.** Expectations about development and implementation timescales need to be realistic. It is worth noting that even the NHS pay review process – well established and narrowly focused – usually takes longer than anticipated, with pay rates announced long after their intended implementation. The ASCNB will not only set pay, but will also deal with terms and conditions. Delivering a successful FPA for adult social care in England will be challenging, especially in annual cycles. The lack of clarity as to how the provider/employer side will be convened and represented poses a particular challenge to timescales. However, the greater challenge – as described throughout – is how the complex and varied roles and interests of local government will be functionally incorporated into an FPA.
23. **No detail has been given as to the resourcing, process or timescale of local government representatives making a written assessment of a proposed FPA.** While the written assessment is noted to be a formal part of the FPA process before ratification by the Secretary of State, it is difficult to comment on its utility or validity without detail of what it entails and how it will be resourced. As noted above, it is not clear what the process will be if the local government assessment concludes a proposed FPA is impracticable, unsustainable and/or unreasonable. The interests of local government must be functionally embedded throughout the FPA process, which requires councils be equal and active partners on the ASCNB.

COVERAGE AND REMIT

24. **If they are included within the scope of the ASCNB, then directly employed local government care workers will be removed from the ‘Green Book’ pay settlements.** The consultation proposal is incorrect in its assertion that staff can be covered by the ASCNB and another negotiating body. The constitution of the ‘Green Book’ precludes those covered by it from also being covered by another negotiating body. We support the LGA’s fuller analysis of this issue.

⁷ Institute for Government (2025). [*Public services performance tracker 2025: Local government*](#).

25. **Initial FPAs are unlikely to be of benefit to council employed adult social care workers.** As Skills for Care analysis has shown⁸, average pay rates for care workers employed by councils are well above the average pay rates for independent sector care workers. Council employed workers also have enhanced benefits such as more generous holiday entitlements and access to the Local Government Pension Scheme. We support the LGA's recommendation that directly employed local government care workers be excluded from the scope of the ASCNB in the first instance, and concur that this should be reviewed in future years.
26. **There is a balance to be struck between compensating for rural travel burdens of adult social care workers and assuring the sustainable fiscal position of councils in county areas.** The consultation notes FPAs will not only cover pay levels, but must also set out new policy approaches to pay and employment terms. Travel time is given as an example of potential focus. Travel time is a significant structural cost driver in adult social care, and how it's treated under an FPA will have an immense impact on local authority finances, commissioning practices, and service sustainability. We welcome efforts to reduce non-compliance with minimum wage rules and recognise the potential workforce benefits of going further. However, we are concerned the particular challenges of CCN members are not adequately captured within the impact assessment and will not be reflected in the FPA process. Care provision in rural and county areas is framed by longer distances between people drawing on care. We must avoid penalising councils whose geography makes care inherently more expensive and/or creating pressure to reduce care packages in sparsely populated areas.
27. **Setting out new policy approaches to pay and employment terms is a huge remit for the ASCNB that will directly impact councils.** Consideration of travel time is just one of many examples. The interests of local government must be functionally embedded throughout the FPA process, which requires councils be equal and active partners on the ASCNB.

DISPUTE RESOLUTION

28. **We cannot agree with the approach to dispute resolution, as the current proposal does not functionally include local government, despite councils being essential to the successful development of FPAs.**

IMPLEMENTATION

29. **Successful implementation of an FPA will be contingent on the interests of local government being functionally embedded throughout the FPA process, which requires councils be equal and active partners on the ASCNB.**
30. **As noted above, any FPA will also need to be fully funded by central government.**
31. **Implementing an FPA may constitute a 'new burden' for local government.** The consultation states that 'at this stage, there is no new burden' for local government posed by FPAs. However, the actual implementation of an FPA may constitute significant 'new and additional' work and resource, and we urge that this be kept under review.

⁸ Skills for Care (2025). *The state of the adult social care sector and workforce in England*.

COMPLIANCE AND ENFORCEMENT

32. **Successful compliance will be contingent on the interests of local government being functionally embedded throughout the FPA process, which requires councils be equal and active partners on the ASCNB.**

EQUALITIES IMPACT AND EQUAL PAY

33. **The equal pay risks to councils need to be better understood and addressed.** We are concerned that creating a different negotiating body for directly employed staff may increase these risks. We also wonder if the impacts of creating 'common terms' and/or a 'single source' responsible for pay levels have been fully assessed.
34. **Fully funding fair pay policies means central government underwrites any liabilities that arise out of their implementation.**