

REPORT OF THE CABINET MEMBER, ADULT SOCIAL CARE**ADULT SOCIAL CARE AND SUPPORT MARKET ANNUAL FEE UPLIFTS FOR FINANCIAL YEAR 2025/26****Purpose of the Report**

1. The report:
 - (a) presents the rationale for determining the annual fee reviews for Adult Social Care commissioned providers for the 2025/26 financial year.
 - (b) seeks approval to increase Adult Social Care fees in line with the proposed reviews as outlined in the report with effect from 7 April 2025.
2. This is a Key Decision because it will result in expenditure of £1 million or over and it will have significant effects on two or more electoral divisions.

Information**Background**

3. The Care Act 2014 places statutory duties on councils to ensure there are sufficient and sustainable care and support services in the local care market to meet the needs of all people in the area who require care and support. This includes services for people who arrange and manage their own care and support services, using Direct Payments, and for people who fund their own care and support (self-funders).
4. The Care Act 2014 also places a duty on councils to ensure provider sustainability and viability. Section 4.31 of the Care Act statutory guidance relates to the role of councils, as part of their market shaping duties, in ensuring that fees paid to providers are sufficient to enable them to meet their employer duties and responsibilities:

“When commissioning services, local authorities should assure themselves and have evidence that contract terms, conditions and fee levels for care and support services are appropriate to provide the delivery of the agreed care packages of care and agreed quality of care. This should support and promote the wellbeing of people who receive care and support and allow for the service provider ability to meet the statutory obligations to pay at least the national minimum wage and provide effective training and development of staff. It should also allow for retention of staff commensurate with delivering services to the agreed quality and encourage innovation and improvement. Local authorities should have

regard to guidance on minimum fee levels necessary to provide this assurance, taking account of the local economic environment.” p48.

5. The Care Act 2014 requires local authorities to manage and develop the market for care in their area and many use a local cost of care exercise to ensure they are paying their providers appropriately to have sufficient good quality local care.
6. Historically the Council has used a range of factors to project a sustainable cost of care locally and the nationally introduced Fair Cost of Care undertaken in 2023 added further information and intelligence to our fee setting.
7. Nottinghamshire County Council has committed, through the Nottinghamshire Plan and Annual Delivery Plan, to shaping, developing and managing the adult social care market to improve stability so that residents with care and support needs have appropriate choice to meet their needs.

Fee Reviews

Rationale

8. Each care sector has different pressures upon it that impact upon its financial viability, such as cost of staffing and the impact of increases to the National Living Wage (NLW), National Insurance (NI) increases, competitive hourly rates offered by the non-care sector, fuel, energy, broadband, food, and insurance increases.
9. The Council must consider how to support its local care and support markets in a way that provides assurance to all stakeholders, including care providers, that arrangements for determining fees and uplifts are robust and provide value for money while delivering a balanced budget. The approach allows for uplifts to be considered on an annual basis, with consideration given to changes in business costs or conditions faced by providers.
10. The Council has worked with the Nottinghamshire Care Association (NCA) to hold a number of market engagement events to understand market pressures to support the decision-making process. The first event was held in November 2024 and was followed by a survey that 139 providers submitted. This survey highlighted that the key business pressures were around staffing costs, utility costs and insurance. Further engagement events were held in January and February. Broader information on risk, current sufficiency and strategic direction has also been considered in proposing fee rates for 2025/2026.

Number of individuals in services

11. The total number of people funded by the Council in long-term residential or nursing care placements was 2,945 as at the end of December 2024. This includes those individuals who are residents of the county but who have chosen to live in a care home in another part of the country.
12. The Council commissions a range of care and support services such as Home Care, Supported Living and Day Care services from independent sector providers to help people to remain living independently in their own homes. At the end of December 2024, there

were 6,261 people receiving community-based care and support services (6,885 including those using External Day Care) based on their eligible needs, across all service user groups. People accessing care and support services are required to contribute to the cost of these services in accordance with their financial circumstances and based on a financial assessment. Some people will be meeting the full cost of their care.

13. The Council also commissions a range of carers support services which aim to help carers to continue with their caring duties. These services include information and advice and one-off support or on-going services, including short breaks provision, to approximately 5,601 carers. Many of these services are delivered through a Direct Payment.

Proposals for fee increases from April 2025

14. For the 2025/26 year, in-year uplifts (i.e., those that occur away from the financial year) will not be considered routinely. Should a provider be in financial difficulties, they can request an open-book exercise to consider their position.
15. In April 2025 the NLW will increase by 6.7% for workers aged 21 and over, 16.3% for workers aged 18 to 20 and 18% for apprentices or workers under 18.

	21 and over	18 to 20	Under 18	Apprentice
April 2025 NLW Rates per hour	£12.21	£10.00	£7.55	£7.55

16. In Nottinghamshire, the inflationary increases proposed have been calculated by directly applying the percentage increase in National Living Wage (NLW) to the proportion of the current fee that is directly staff related. The new NLW increases actual hourly rates paid to employees by 6.73% but when combined with increases in National Insurance and Pensions the actual increase in cost to an employer is 10.9% for hourly paid employees. Employee costs represent differing percentages of costs for providers, for example employee costs for a homecare agency represent 70% of total costs. National work by Partners in Care and Health suggest that assuming an 8% increase in provider cost is a useful guiding figure. The proposed percentage uplifts by service vary from 5% to 8% (15.3% in one area of service) after adjusting for the change in current National Insurance contributions with the detail of the percentage increase for each service. There are a few areas which are considered sustainable at the current rates.

Ageing Well Residential and Nursing Care Home Fees

17. The Council's fee structure for care homes is based on four quality bandings with an additional Dementia Quality Mark**. The quality bandings are known as Band 2 to Band 5. Since 2023/24 Band 1 was removed as it was recognised, through the cost of care exercise, to be low and this removal of Band 1 will continue for 2025/26. In the same exercise, the higher bands were described as sustainable. Homes are assigned to bands following an annual quality audit of the homes.
18. Following a recommendation from the Local Government Association (LGA) combined with extensive market engagement and detailed calculations undertaken in collaboration with the Council's Finance team it is proposed that an 8% uplift is applied to Ageing Well

residential and nursing homes' banded care home fees in respect of the increase in the NLW, NI and Inflation.

19. For packages over £919 per week (our highest banded rate) an uplift will not be automatically applied to the total weekly fee. The 8% uplift will only be applied automatically to £919 of the total weekly fee as the fees being charged should already be covering an enhanced pay level for the staff required to deliver these specialist services. Where this is not the case, providers can contact the Adult Social Care department with the appropriate evidence that an uplift is required in order to meet the National Living Wage requirements.
20. The table below outlines the proposed weekly fee levels to be applied from 7th April 2025:

Care Home Banding (all fees are per week)	Proposed Fee 2025/26 Care Home	Proposed Fee 2025/26 Care Home including DQM Payment**	Proposed Fee 2025/26 *Nursing care	Proposed Fee 2025/26 *Nursing care including DQM Payment
Band 2	£749.52	£827.28	£839.16	£905.04
Band 3	£795.96	£869.40	£883.44	£952.56
Band 4	£814.32	£886.68	£902.88	£970.92
Band 5	£838.02	£912.60	£929.88	£992.52

**For all care homes with nursing, the above fee levels are net of Funded Nursing Care Contribution. The Integrated Care Board (ICB) administer this element of the fee.*

*** DQM – Dementia Quality Mark Payment – those homes which provide high quality care and meet the Council's Dementia Quality Mark will receive an enhanced payment for those people whose primary care requires complex dementia care.*

Living Well residential and nursing care home rates

21. Fee levels for Living Well residential and nursing care home provision are negotiated and commissioned via the Dynamic Purchasing System with the care home providers on an individual basis based on the specific needs of the individual. Care Cubed, an online tool that helps determine fair price for care, is also used to assist with the modelling of care costs.
22. Since 2016 annual increases have been approved in line with the increase in the National Living Wage and other statutory charges.
23. It is proposed that an 8% increase is applied to all Living Well in-county and out of county care home fees to cover the increase in the NLW and NI, except in the following circumstances, where the uplift will be decided on an individual basis:
 - a) packages negotiated in the three months prior to this Cabinet decision. For these packages an uplift will not be automatically applied as the fees will reflect up to date costings. Where this is not the case, providers can contact the Adult Social Care

department with the appropriate evidence that an uplift is required in order to meet the National Living Wage requirements.

- b) for packages over £1692 per week, an uplift will not be automatically applied as fees should already be covering an enhanced pay level for the staff required to deliver these specialist services. Where this is not the case, providers can contact the Adult Social Care department with the appropriate evidence that an uplift is required in order to meet the National Living Wage requirements.

Home Based Care and Housing with Care

- 24. Home based care, Housing with Care and Supported Living services are subject to market testing through competitive tender processes on a regular basis, usually every 3 - 5 years, and the current Home-based care contract was extended from 2024 for up to 5 years. Tendering processes provide the Council with the opportunity to test the market through an open and transparent competitive process to seek best value from providers.
- 25. Since 2018/19, the Council has been working with a 'Lead Providers' model with each covering a large geographical area based on district council boundaries. 'Additional Providers' are contracted to supply care to supplement the lead providers. There are also a small number of spot contracts from legacy arrangements that are reducing over time. The Dynamic Purchasing System can also be used to procure individual packages of care. The above contracts do not require the Council to apply an annual inflationary increase.
- 26. Since 2016 annual increases have been approved in line with the increase in the National Living Wage and other statutory changes. The increase in the National Living Wage is only applied to the employees' costs and the profit element and has not included an increase for inflation on other overheads.
- 27. For the 2025/26 year, applying the increase in NLW, NI and inflation, it is proposed that an 8.00% increase is applied to:
 - (a) 'Lead', 'Additional' 'Supplementary', Spot and DPS contracted home-based care
 - (b) Extra care providers.
- 28. When applying the uplift to the average district rates, this would result in the following average prices for the 2025/26 year for homecare:

Median per district	2024/25 rate per hour	Uplift	The uplift in £	2025/26 rate per hour
Bassetlaw	£24.63	8.00%	£1.97	£26.60
Newark & Sherwood	£24.88	8.00%	£1.99	£26.87
Mansfield & Ashfield	£24.28	8.00%	£1.95	£26.23
Gedling	£24.04	8.00%	£1.92	£25.96
Rushcliffe	£23.19	8.00%	£1.86	£25.05

Broxtowe	£23.53	8.00%	£1.88	£25.41
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Supported Living Rates

29. Since 2016 annual increases have been approved in line with the increase in the National Living Wage and other statutory changes. The increase in the National Living Wage is only applied to the employees' costs and the profit element and has not included an increase for inflation on other overheads.
30. For the 2025/26 year, applying the increase in NLW, NI and inflation, it is proposed that an 8.00% increase is applied to: Supported Living under 65 at standard rates and waking nights at standard rates. Non-standard under 65 at below standard rates will be adjusted by variable amounts to a maximum of 15%, to align with standard rates.
31. The Council has several care and support arrangements which due to historic issues are paid at rates below our standard rates. These are potentially unsustainable and to level up and synergise rates across the county is it planned to resolve this historic issue. This will require applying a 15.3% increase to these as a one off. In future years, this support will then align with usual rates and be subject to the same % increase as all other packages, thus moving from "nonstandard" to "standard." There are also a number of legacy arrangements where the Council is paying rates above usual rates, and it is planned not to increase the rates on these to begin to further align rates across the county.
32. When applying the uplift to the categories listed, this would result in the following fixed rates for the 2025/26 year for Supported Living.

Supported Living Category	2024/25 rates per hour	Uplift	The uplift in £	2025/26 rates per hour
Supported Living under 65 at standard rates	£ 21.57	8%	£ 1.73	£ 23.30
Supported Living under 65 at enhanced rates	£ 25.59	0%	£ -	£ 25.59
Outreach/community under 65	£ 23.80	0%	£ -	£ 23.80
Nonstandard packages under 65 below standard rates	£ 20.21	Up to a maximum of 15%	£ 3.09	£ 23.30
Nonstandard packages under 65 above standard rates	£ 25.11	0%	£ -	£ 25.11
Waking nights standard rates	£ 21.57	8%	£ 1.73	£ 23.30

Waking nights at enhanced rates	£ 25.59	0%	£ -	£ 25.59
Sleep in nights	£ 13.83	0%	£ -	£ 13.83

Day Care Rates

33. The Council has established matrix rates for day services, based on the following categories shown in the table below, reflecting their levels of need.
34. Applying the increase in NLW and NI, whilst recognising an aspiration to continue to transform the service where community provision is the dominant service model it is proposed that a 6% increase is applied to all externally commissioned day services. The table below outlines the proposed weekly fee levels to be applied from 7th April 2025:

	2025/26
Complex needs	£49.52 per session
High level needs	£25.55 per session
Medium level needs	£18.10 per session
Low level needs	£12.47 per session
1:1 support	£15.92 per hour
2:1 support	£31.84 per hour

Direct Payments

35. The Council provides Direct Payments (DPs) to 2538 individuals who choose to commission their own care. Individuals who choose a DP commission their care in several different ways:
- An individual may choose to employ their own Personal Assistant (PA)
 - An individual may choose to commission support from a self-employed PA
 - An individual may choose to commission support from a CQC registered care agency
 - An individual may choose to commission a combination of some or all of the options.
36. In the past the Council has paid various rates for the options above, and this is difficult to administer and can lead to the Council paying fees (via a DP) to care agencies and self-employed PAs at rates above (and sometimes below) our usual, contracted rate for an equivalent service
37. The Council plans to begin to align and link DP rates for PAs to the new National Living Wage and align and link DP rates for care agencies and self-employed to our usual contracted rates for homecare.
38. This will require an overall average increase in expenditure for DPs of 5% but will result in some DP rates rising by more than this and some rates increasing by less than 5%. In cases where the Council is paying rates higher than our usual, contracted homecare rates we plan

to apply both a zero uplift and an alignment to our usual, contracted rates where this is achievable. *

- * It should be noted that where the DP recipient (or the Council) **cannot** obtain a service for an individual package of care via a DP at our published DP rate (sometimes linked to the rurality of the individual's home), it is obliged under DP legislation to pay a higher rate to meet the needs of an individual's care package. Where an individual (or the Council) **can** obtain service for an individual package of care via a DP at our published DP rate but the individual chooses to commission an agency or PA above our published DP rates, the individual will pay a top up to meet the enhanced cost of their chosen provider.

39. The Council commissions several support services to assist DP recipients to manage and maintain their DP including Employment Support Services and Payroll Services, support to access Disclosure and Barring (DBS) checks on potential PAs, a PA accreditation service and a PA forum for PAs to receive peer to peer information, PA training and access to national organisations such as Skills for Care.
40. Applying the increase in NLW and NI, whilst recognising an aspiration to continue to transform the service further it is planned to increase DP expenditure overall by 5%. The table below outlines the proposed weekly DP fee levels to be applied from 7th April 2025:

Category of how the DP is used by the individual	2024/25 Average	Uplift %	The uplift in £per hour	2025/26 maximum rates per hour
Employed PA	£14 per hour	8.7%	£1.22	£15.22
Self Employed PAs				
Bassetlaw	£various	N/A	£various	£23.91
Newark & Sherwood	£various	N/A	£various	£24.27
Mansfield & Ashfield	£various	N/A	£various	£23.82
Gedling	£various	N/A	£various	£24.24
Rushcliffe	£various	N/A	£various	£23.28
Broxtowe	£various	N/A	£various	£23.08

DP being used to commission a care agency	2024/25 Average	Uplift %	The uplift in £	2025/26 maximum rates per hour
Bassetlaw	£various	N/A	£various	£23.91
Newark & Sherwood	£various	N/A	£various	£24.27
Mansfield & Ashfield	£various	N/A	£various	£23.82
Gedling	£various	N/A	£various	£24.24
Rushcliffe	£various	N/A	£various	£23.28

Broxtowe	£various	N/A	£various	£23.08
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Voluntary Sector and Non-Care Fee Review

41. The Council has several contracts with the voluntary sector covering a range of support services. The voluntary sector contracts are designed and delivered in various ways. Contracts can be a fixed value i.e. we pay a fixed sum for a specific, often preventative service, some are demand led i.e. we pay based variable amounts based on activity levels linked to Adult Social Care demand and some are block contracts where we pay a fixed amount each month for a fixed amount of agreed activity.
42. It is planned to increase expenditure overall by an average of 8% with some contracts increases at 5%. The council expenditure in this area is c.£11 million roughly split between £5 million of various prevention and support services and £6million of reablement and hospital discharge services.
43. It is planned to increase the £5million of prevention and support services by an average of 8% and the £6million of reablement and hospital discharge services by 5%.

Market Sustainability Fund

44. For the year 2025/26 the Council will also operate a scheme to maximum value of £750,000 to be able to consider financial support for: any provider in the County that can evidence costs linked to exceptional circumstances (for commissioned providers, costs that are not already covered by our fee review) regardless of whether they only have self-funders or out of county placements made by the Council. The Council will also welcome bids to this fund from providers who can evidence innovation to accelerate support that the Council needs more of, at reduced costs.
45. Payments from the fund will only be made on receipt of an application from the provider which is supported by financial information verified and certified by their accountant(s). Any payments from the fund will be made following a detailed discussion with the Council to clarify any questions or issues with the application. All payments from the fund to the provider will be authorised by the Integrated Group Manager Quality and Market Management Team.

Fee reviews

46. Other options are not being considered as the Council is following national guidance and our annual process for the application of annual inflationary increases for care and support services purchased from independent sector social care and support providers.
47. The Council has a legal duty under the Care Act 2014 to ensure a sustainable social care market across the County. The increases in the National Living Wage are also legally binding.
48. All fee reviews are subject to any ongoing legislative changes and all future fees will consider the impact of further changes or alterations to the Living Wage and National

Insurance. The Council may review rates in the future in recognition and consideration of any changes.

Other Options Considered

49. There is an option of not increasing these charges for this financial year, however this option is not being chosen due to inflationary and legislative increases aligned to those services listed in this report.

Reason/s for Recommendation/s

Reasons for Recommended Fee Reviews

50. The Council has a statutory duty to have in place a range of care and support services for people who meet national eligibility criteria, either directly through its internal services or through commissioned services from external providers. This statutory duty extends to ensuring that there is a viable and sustainable market of social care providers who can deliver the required services.
51. Consideration has been given to the current fee levels paid to care and support providers within the context of the increasing cost pressures arising from the impact of the National Living Wage. The proposed fee increases should help providers to continue to deliver care and support services at a time when they are facing substantial increases in their costs, most of which relate to staff pay and terms and conditions of employment.
52. The Council must ensure that, in all the services and support provided, there is the funding available and for the services highlighted in this report the costs incurred are covered in part, or fully, by the charges set out in this report.

Statutory and Policy Implications

53. This report has been compiled after consideration of implications in respect of crime and disorder, data protection and information governance finance, human resources, human rights, the NHS (National Health Service) Constitution (public health services), the public sector equality duty, safeguarding of children and adults at risk, service users, smarter working, sustainability, and the environment and where such implications are material they are described below. Appropriate consultation has been undertaken and advice sought on these issues as required.

Financial Implications

54. The estimated costs of the uplift contained within the recommendation of £28.2m is contained within the overall budget envelope. In addition to this increased client contributions and increased s28a contributions from the ICB could reduce this net cost to the Council further. Any reduction of spend on the budget will be available to support the pressures elsewhere in the Adult Social Care revenue budget.

Public Sector Equality Duty Implications

55. The Council must have due regard to the Public Sector Equality Duty implications when making a decision. The outcomes are expected to be broadly positive for those with protected characteristics. By increasing the rates, the likelihood of providers serving notice on those citizens they support is reduced and there are opportunities within the Market Sustainability and Improvement Grant, cited in the report, to continue to support the market, as necessary.

Implications for Residents

56. The Council has a statutory duty to ensure there is sufficient provision of a diverse range of services to meet people's social care and support needs. An increase in fees paid by the Council to independent sector care and support providers will help to ensure that there are sufficient and viable services within the local market to meet current and future needs.

RECOMMENDATION/S

That Cabinet:

- 1) approves the proposed distribution of £28.2 million fee increases to Adult Social Care fees in line with the proposed uplifts as outlined in the report with effect from 7th April 2025.

Councillor Jonathan Wheeler
Cabinet Member, Adult Social Care

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Constitutional Comments (CM 05/03/24)

57. The recommendation falls within the remit of the Cabinet.

Financial Comments (GBM 05/03/25)

58. Whilst the estimated costs of the uplift contained within the recommendation of £28.2m is contained within the overall budget envelope (as identified in paragraph 54) this should not be considered a target budget to aspire to. The pressures on the Adult Social Care budget more widely are such that any opportunities to manage both income up and expenditure down should be explored. It is recognised that in addition to these pressures, increased client contributions and increased s28a contributions from the ICB could reduce this net cost to the Council further. Any reduction of spend on the budget will be available to support the pressures elsewhere in the Adult Social Care revenue budget. Given the recent House of Lords debate on the application of NI increases to the Social Care Market, attention should be given to any announcement to the wider market on these increases. Whilst it is

recognised that providers need some certainty from the Council on fee uplifts the Council should not be funding uplifts for costs which do not materialise.

Background Papers and Published Documents

Except for previously published documents, which will be available elsewhere, the documents listed here will be available for inspection in accordance with Section 100D of the Local Government Act 1972.

Published [Market sustainability and fair cost of care fund 2022 to 2023: guidance - GOV.UK \(www.gov.uk\)](#)

Published Social Care Reform White Paper:
<https://www.gov.uk/government/publications/people-at-the-heart-of-care-adult-social-care-reform-white-paper>

Published [Adult Social Care Reform Impact and Risks Cabinet report dated 14th July 2022](#)

Published Section 5 of the Care Act – shaping the market and support services [Care Act factsheets - GOV.UK \(www.gov.uk\)](#)

Published Care and Support Statutory Guidance (Sec 4.31) [Care and support statutory guidance - GOV.UK \(www.gov.uk\)](#)

Published further background information on [Think Local Act Personal \(TLAP\)](#)

Autumn Statement in Detail - [Autumn Budget 2024 - GOV.UK](#)

Published [Market Sustainability and Fair Cost of Care | Nottinghamshire County Council](#)

Electoral Division(s) and Member(s) Affected

All.