

# North Tyneside Council

## Report to Director of Adult Services

### Date: 28 March 2025

#### Title: Fee Increases to External Care Providers – 2025/26

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<b>Portfolio(s):</b> Adult Social Care	<b>Cabinet Member(s):</b> Cllr J Hunter
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**Report from Service Area:** Adult Social Care

**Responsible Officer:** Scott Woodhouse, Head of Commissioning  
Sarah Heslop, Head of Commercial Services  
**Tel:** (0191) 6437082

**Wards affected:** All

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#### **PART 1**

##### **1.1 Executive Summary:**

The Authority commissions a range of care services from external care providers to meet the needs of vulnerable adults. These are put in place under different arrangements, and they generally include the Authority setting a cost that it is willing to pay external providers for these services, including a care home cost per week, home care per hour and day service per day etc.

In setting these rates, the Authority takes account of the costs that different providers in the market offer in delivering these services. These will include direct and indirect employee costs, as well as indirect costs associated with delivery, such as property costs, utility costs and the like. There are also management overheads and other operational costs, alongside a return on investment.

Every year these costs increase, and the fee levels / rates paid to providers may change as well so that providers are able to meet their contractual obligations and deliver services to required standards. Broadly, these costs change due to increases in the National or Real Living Wage (NLW or RLW) or general inflationary increases as set out in the Consumer Price Index (CPI).

This report sets out these changes and a proposal to increase rates paid from 1 April 2025.

## **1.2 Recommendation(s):**

It is recommended that the Director of Adult Social Care, in accordance with Delegation HECS 31 and General Delegation 6 in the Authority's Officer Delegation Scheme and in consultation with the Director of Resources, Cabinet Member for Adult Social Care and the Cabinet Member for Finance and Resources agrees:

- (1) The increase in external care providers' fees from 1 April 2025 as set out in paragraph 1.6 of this report; and
- (2) The payment of market supplements in relation to community-based services and the payment of a contribution towards Employers' National Insurance Contributions (NIC) as set out in the table contained in paragraph 1.5.8 of this report, from 1 April 2025.

## **1.3 Forward Plan:**

Twenty eight days notice of this report has been given and it first appeared on the Forward Plan that was published 25 February 2025.

## **1.4 Council Plan and Policy Framework**

This report relates to the following priorities in the 2021/25 Our North Tyneside Plan:

A Caring North Tyneside:

- We will provide great care to all who need it, with extra support available all the way through to the end of the pandemic
- We will work with the care provision sector to improve the working conditions of care workers; People will be cared for, protected and supported if they become vulnerable, including if they become homeless

- We will support local community groups and the essential work they do
- We will work to reduce inequality, eliminate discrimination and ensure the social rights of the people of North Tyneside are key to council decision making

## **1.5 Information:**

### **1.5.1 Background and context**

The Authority commissions a range of social care services to provide care and support for vulnerable adults. This includes, but is not limited to:

- Residential care
- Home care
- Extra care
- Day services and day opportunities
- Supported living / outreach support
- Carers' support

This includes a range of client groups over the age of 18, including:

- Older people, general physical needs, and mental health needs, i.e., dementia
- Learning disability
- Mental health – working age adults
- Physical disability – working age adults
- Autism

The Authority's recently agreed Adult Social Care Strategy 2025-26 ("the Strategy") sets out how the Authority will develop support for adults with care needs, and their carers. The Strategy is underpinned by three key aims that describe what people with care and support needs and carers need for a good quality of life. Within each of these three key aims are a number of priority areas, as set out below:

- Empowering people
  - A good life
  - Choice and control
  - Caring for carers
- Effective and efficient services
  - Brilliant basics
  - Best start in adult life

- Back to baseline
- Support and safeguarding
  - Preventing abuse and neglect
  - Right care, right place
  - Respecting rights

At the heart of this are three enabling themes:

- Co-production
- Partnerships
- Workforce

Access and eligibility to receive a personal budget and care / support under these arrangements comes from the Care Act 2014, and the assessment undertaken and completed by the Adult Social Care service.

In relation to the services / personal budgets to support individuals in the Borough, the Authority's gross budget for commissioned services in 2025/26 is in the region of £118m.

In relation to each person that is in receipt of a "service", the overall cost of this is calculated based on an assessment of the Care Act 2014 eligible needs. Services and support are then arranged to meet those needs and the cost of this is based on a level of support and the unit cost of the service(s) to be put in place to meet assessed and eligible needs and outcomes for individuals.

These unit costs are reviewed annually to take account of changes in:

- Wage costs for staff delivering services (employee costs)– changes in the National Living / Real Living Wage, that are announced in November of the preceding year, in this case November 2024, and then implemented from April 2025;
- Non-wage costs incurred by providers (service costs)- changes in the Consumer Price Index, that are announced in mid-February, based on mid-January Office of National Statistics data, and then implemented from April 2025. It should be noted that there is a disconnect here, in that the CPI date that is used by Government to calculate the national local authority finance settlement is September in each year and there can therefore be a differential / gap in funding to meet fee increases. The proposal is to review this, see paragraph 1.5.8 below;
- Other cost pressures facing providers or changes in law, standards, specifications etc

As part of the 2025-26 increase, the other aspect to consider is the change to Employers' National Insurance Contributions from April 2025. The changes were announced by the Chancellor of the Exchequer in the Autumn Budget Statement and place an additional cost on employers. The impact on each employer will be variable dependent on the level of pay, terms and conditions of individual staff members and the number of hours worked.

## 1.5.2 Care Act 2014 Responsibilities – the Market

Section 5 of the Care Act 2014 relates specifically to the obligations of the Authority in relation to market shaping and commissioning of adult social care services and support.

Specifically, it includes:

- the principles which should underpin market-shaping and commissioning activity:
  - focusing on outcomes and wellbeing
  - promoting quality services, including through workforce development and remuneration and ensuring appropriately resourced care and support
  - supporting sustainability
  - ensuring choice
  - co-production with partners
  
- the steps which local authorities should take to develop and implement local approaches to market-shaping and commissioning:
  - designing strategies that meet local needs
  - engaging with providers and local communities
  - understanding the market
  - facilitating the development of the market
  - integrating their approach with local partners
  - securing supply in the market and assuring its quality through contracting

Importantly the duty set out above includes the promotion of an efficient and effective market for adult social care as a whole and this specifically also includes people who are outside of the local authority arrangements and fund their own care privately. This would include ensuring there is sufficiency of provision that is sustainable and offers a diverse range of support that is of

high and improving quality, offers choice and delivers better, innovative, and cost-effective outcomes for individuals.

Section 78(1) of the Care Act 2014 provides that the Authority, in the exercise of its functions, must act under the general guidance of the Secretary of State. The following sections of the Care and Support Statutory Guidance are of note:

- Para. 4.11 confirms that the Guidance describes (at a high level) the issues that local authorities should have regard to when carrying out duties to shape their local markets and commission services.
- Paras. 4.16 and 4.17 encourage outcomes-based commissioning, including payments by outcomes, further highlighting the flexibility afforded to local authorities when commissioning services.
- Para 4.27 confirms that local authorities should commission services having regard to the cost-effectiveness and value for money that the services offer for public funding.
- Para. 4.31 provides that 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 with agreed quality of care. This should support and promote the well-being of people who receive care and support and allow for the service provider to meet their statutory obligations to pay at least the national minimum wage and provide effective training and development of staff. Local authorities should have regard to guidance on the fee levels that are necessary to provide this assurance, taking account of the local economic environment.

In addition, paragraph 10.27 of the Guidance, allows the Authority to, in determining how to meet need, take into reasonable consideration its own finances and budgetary position, and must comply with its related public law duties (which includes ensuring that the funding available to the Authority is sufficient to meet the needs of the entire local population).

### 1.5.3 Market provision and market sustainability in North Tyneside

This paragraph details the market and care / support requirements in North Tyneside to meet the needs of vulnerable adults alongside the impacts on current supply and changes in demand. Some of that change in demand will be about volume and an increased population, but also will be about acuity and higher complexity of care and support needs.

There are a number of market sustainability plans in place to support the care provision across North Tyneside, these cover:

- Older person's care home and home care
- Working age mental health services
- Learning disability and autism services

Details on each of these are provided in the background documents of this report for reference. Each market sustainability plan covers:

- An assessment of the current sustainability of the local care market
- An assessment of the impact of future market changes, which includes demand and supply changes as well as key challenges and key opportunities
- Plans for each market to address sustainability issues, including reference to fee rates paid

As part of the "fair cost of care" work that was undertaken and completed in 2022, local authorities were required to complete market sustainability plans for older person's care homes and home care services and to publish these plans. The Authority has decided to update its plans and refresh them for the period 2024-26, and to extend them to cover working age and learning disability / autism services.

Whilst the outcomes of the "fair cost of care" work for both care homes for older people and home care was not implemented by the Government, the Authority asserts that the final and published position on the outcome was not significantly different from the rates that were being paid to care providers at that time. A copy of the Authority's Care Home Cost of Care report from October 2022 is attached to this report at Appendix 7.

For reference, a summary of the market sustainability plans are set out below. More detail on them and a link to the Authority's webpage is given at in the background documents section of the report.

### Care homes

*We have a stable number of care homes with an additional home opening in early 2025. This will bring additional capacity into the market.*

*We have indicated a degree of over provision in the market due to:*

- *Increase over the last few years, but now stable number of vacancies*
- *Additional supply*
- *Alternatives being explored – hospital discharge with home first and use of step down in extra care before getting people home. Also new extra care schemes in the last 12 months and also other in development*

*There is still demand for nursing provision, general and dementia, also bariatric provision and for people in hospital with delirium.*

*Whilst we do have current capacity in the market and an increase in overall population and prevalence over the next 5-10 years, this is mitigated by having in place approx. 10% (150 bed) vacancies and a range of suitable alternatives to care home placements. Note vacancies is set to increase as new care home opens early June 2025.*

### Home care

*The Authority will work with providers to ensure more people are supported at home for a longer period; and to ensure the market delivers effectively and efficiently and that costs associated with delivery are maximised. We are committed to a Home First model to support hospital discharge and get a majority of people back home.*

*There will be a consequential increase in demand for home care, increase in client numbers and overall hours commissioned / required.*

### Mental health

*Work has already been done to review the needs of people currently in care home placements to assess their suitability for a move to supported housing alternatives. It is hoped that if more appropriate supported living accommodation settings can be created it will improve the flow of individuals being discharged from hospital into appropriate community settings.*

*Emerging evidence also suggests a need for Supported housing for people with complex mental health needs with dual diagnosis related needs. This is likely to be typically a small block of flats containing five or six units with 24/7 support available on site.*

*The Authority wants to grow the market to meet current and future demand requirements. There are significant challenges in doing this and will need to be supported by a comprehensive local workforce plan to support recruitment*



*and retention of a skilled, competent and supported care and support workforce now and into the future. This will be linked to regional and national strategies.*

### Learning disability

*Extend the offer of CQC registered residential home provision for forensic clients in North Tyneside aged 18-64 years. Particularly for residential care home beds for females, currently we have ALL male services.*

*Extending the offer of residential adapted services in the community for those with Autism who need a low sensory environment.*

*To expand the offer of regulated young people with learning disabilities and autism residential provision, including independent supported living, overnight respite and longer-term residential care, that is age appropriate and adapted to meet needs.*

*To expand the offer of short break residential overnight support, for autistic young people who may also have a learning disability and complex health needs aged 18 to 64 years. This is needed in a controlled environment (the Authority has recently completed building works at our residential short break / respite service "Queensbridge" that has created a mixed arrangement to use two of the six available beds, with a low stimulus secured environment with its own garden space, to extend the offer to clients and families locally.*

*To develop any social care housing or land, with private and regulated housing providers, with a multiple offer on a core and cluster arrangement over the next 5 years. See more detail on this in the updated Housing MPS.*

*Develop a core and cluster approach, that can be adaptable to meet changing needs in close proximity to allow residential and ISL's close to each other, to make better use of available staffing and upskilling staff, and to assist with recruitment of a localised staff team.*

#### 1.5.4 Process for Reviewing Fees with Providers

To ensure there is a fair and transparent process in place and that the views of all stakeholders are considered and fed into the review, the following has been undertaken:

1. Received speculative information from providers and from representative organisations from December 2024 onwards, these mainly referenced overall cost pressures relating to staff wages and the Employers National Insurance Contribution (NIC) changes, requesting the Authority to fully fund these changes.
2. Letter dated 10 January 2025 from the Care Minister, at the Department of Health and Social Care on local authority expenditure and budget setting for 2025/26 and in particular on NIC impact and market sustainability. See Appendix 2 of this report.
3. The Authority sent out a Microsoft Forms survey to all care and support providers (see Appendix 3 of this report) requesting specific information on cost impacts leading into 2025-26 and also the proportion of their cost base relating to employee costs and other costs. A summary of this feedback is set out below in paragraph 1.5.6 and also in Appendix 5 to this report.
4. Received updates and analysis through the Local Government Association (LGA), the Association of Directors of Social Services (ADASS) on fee increases and, in particular this year, on NIC impact.
5. Analysis of the above, alongside detail of the Authority's budget position and Medium Term Financial Plan 2025-28. This was presented to Cabinet, and agreed, on 13 February 2025.
6. The Authority wrote to all providers on 25 February 2025 (see Appendix 4 of this report) to set out its intended approach as to how the following areas would be dealt with as part of calculating fee increases from 1 April 2025 (referred to in this report as "the Proposal Letter"). Feedback was received via a Microsoft Forms survey. A summary of this feedback is set out below in paragraph 1.5.7 and also in Appendix 5 to this report. This covered the following areas: -
  - a. Increase in the National Living Wage
  - b. Increase in Consumer Price Index and change to how this is used as part of calculation for care homes
  - c. Changes to Employers' National Insurance Contributions
  - d. Split of calculation for National Living Wage and Consumer Price Index increase
7. An analysis of the above has been fed into this report by the Head of Commissioning and the Head of Commercial Services in consultation with the Director of Resources.

#### 1.5.5 Component Parts to Care Costs and Fee Increases

In general, the costs of care provision, either in a care home setting or in a community setting will be made up of:

- Employee costs – both direct and indirect
- Service costs – direct service-related costs and overheads

In addition to this, dependent on the status of the organisation providing the service and the type of provision it provides, there will be a return on operations (profit) and a return of capital investment (property cost or rental cost). These are generally calculated as a percentage of operating costs (employee and service cost).

Fee increases are generally then calculated based on changes in:

- Employee costs – Real / National Living Wage (published each November)
- Service costs – Consumer Price Index (January index published in February each year). Note: this is not in line with the date of CPI used by the Government to calculate local authority settlements.

The split in the proportion of employee cost to service cost has historically been 70:30 for care homes and 80:20 for community-based services.

For care homes, in the last two years, a different approach has been in place using an agreed 'basket' of indicators to look at specific service cost rises across different elements of cost, i.e. energy, food, insurance etc. The aim of this approach was to recognise the range of cost pressures faced by the sector given the significant economic volatility, and to provide both parties with transparency and a clear mechanism to then calculate an overall percentage increase. However, this has not worked as intended and both parties have still had to negotiate increases on costs over and above the 'basket' approach.

The Authority proposes to revert to using the published overall CPI rate. However, this will be calculated using September 2024 CPI percentage rate and applied from 1 April 2025. This will give parity in relation to the Authority's funding settlement from the Government and the increase to be applied to costs within the social care market. This will provide a position whereby the respective CPI increase dates are consistent and known well in advance of the new financial year which should help all parties plan more effectively and with greater certainty.

### 1.5.6 Information received from Providers and Representative Organisations

Since late 2024, the Authority has received various communications from providers individually and through representative groups, both local / regional and national groups. These have indicated a range of cost pressures that providers are facing and most of the communications this year have focused on the changes to Employer's National Insurance Contributions. In order to address this, the first Microsoft Forms Survey (detailed above) sent to providers focussed on two key questions:

*What percentage of your overall cost relates to employees' pay (direct and indirect costs)?*

*What is the % impact on your current 2024/25 employee pay (direct and indirect) cost of the Living Wage and National Insurance changes from April 2025?*

A summary of the responses is set out in Appendix 5 to this report, alongside the detailed responses from each of the 51 respondents.

### 1.5.7 Feedback from Providers to the Proposal Letter (Appendix 4 of this report)

From the above initial analysis and details of the Authority's financial settlement and the Authority's Medium Term Financial Plan, the Authority wrote to all care providers setting out how it would deal with fee increases and in particular in relation to:

- National Living Wage
- Consumer Price Index
- Employer's National Insurance Contributions

A summary of the responses to the Proposal Letter is set out in Appendix 5 to this report, alongside the detailed responses from each of the 25 respondents.

### 1.5.8 The Approach to Dealing with Fee Increases

As referenced earlier in this report, the Authority set out its position on fee increases in the Proposal Letter sent to care providers dated 25 February 2025. This is detailed below alongside the Authority's updated position following the engagement with care providers and the feedback received.

<b>Original position – letter to Care Providers (the Proposal Letter), 25 February 2025</b>	<b>Updated position to feed into decision</b>
<p><u>National Living Wage (NLW)</u></p> <p>The Authority remains committed to ensuring that the increase from April 2025 takes full account of the 6.73% increase in the NLW and that this will be fully passed on to your frontline staff delivering the care and support in your services.</p>	<p><u>National Living Wage (NLW)</u></p> <p>There is no change to the original position as stated.</p>
<p><u>Consumer Price Index (CPI)</u></p> <p>Care homes only – The Authority proposes to revert to using the published overall CPI rate and move away from the previously used basket of indicators.</p> <p>All providers – In 2025/26 we will use the January 2025 increase that is published in February 2025, but in subsequent years our preference would be to use the September increase of the preceding year, as this is the CPI date that used by the Government to calculate the increase as part of the local government settlement.</p>	<p><u>Consumer Price Index (CPI)</u></p> <p>There is no change to the original position as stated.</p> <p>The CPI calculation date will be changed to September 2024 (for the purposes of the 2025/26 increase) and to subsequent September dates in subsequent years. This means the date that CPI is used to calculate the Authority’s budget is used to feed into provider increases. This will streamline the process and allow providers to plan over the longer-term for known increases that are to be funded.</p>
<p><u>Proportion of NLW / CPI cost</u></p> <p>Care homes only – In previous years a 70:30 split between NLW and CPI has been used. The plan is to change this to 60:40 split.</p>	<p><u>Proportion of NLW / CPI cost</u></p> <p>The Authority proposes to retain the 70:30 split between NLW and CPI, but, will continue to monitor this.</p>

<b>Original position – letter to Care Providers (the Proposal Letter), 25 February 2025</b>	<b>Updated position to feed into decision</b>
<p><u>Employer’s National Insurance Contributions (NIC)</u></p> <p>The Authority’s position is not to fully fund this as part of fee or price increases across the various contracts and supply arrangements that are in place.</p>	<p><u>Employer’s National Insurance Contributions (NIC)</u></p> <p>The Authority will include a 20% cost contribution to the NIC changes / impact on care providers, this will be built into the overall percentage.</p>
	<p><u>Other</u></p> <p>Community based services – an additional consideration is the market provision and services to support people to continue to live at home as independently as possible and for as long as possible. The Authority needs an assurance of capacity and quality of service delivery to support this. An additional 0.5% market premium / supplement will be included to increase the baseline rate from 1 April 2025.</p>

### 1.5.9 2025-2029 Medium-Term Financial Plan

The Authority’s 2025/26 Budget and 2025-2029 Medium-Term Financial Plan (MTFP) were agreed by Full Council on 13 February 2025. It was reported that the Authority remains under significant financial pressure and whilst the MTFP proposals presented a route through the next four years, there remains significant challenges and risks.

Local government finance continues to be extremely challenging across the sector. Like other local authorities across the country, pressure on the Authority’s social care services is unprecedented. The Authority’s budget and MTFP continued the existing approach introduced in 2024/25, where the focus

was on a series of specific projects that aim to align the delivery of Authority services to the resources that it has available.

The Health and Social Care workstream identified expected pressure for 2025/26 of £7.773m primarily linked to the impact of market forces, where the cost of providing care rises as providers seek to pass on increases in their costs, including National Living Wage and other inflationary pressures. The workstream also included £2.000m savings linked to initiatives to help manage demand and support greater independence as well as reviewing care packages. A separate workstream focusing on Commissioning, identified additional savings of £1.000m to be generated through commercial negotiations, particularly around the Authority's Adults and Children's social care contracts.

The January 2025 Performance and Financial Management Report, discussed at Cabinet on 17 March 2025, shows the 2024/25 forecast pressure to the end of March 2025 is expected to be in the region of £7.665m. The reported pressure for Adult Services is £0.989m.

## **1.6 Proposed Fee Increases to External Care Providers – 2025/26**

In conclusion, the proposals in relation to the fee increases for external care providers with effect from 1 April 2025 are as follows

Percentage increase – care homes – 5.70%

Percentage increase – community provision – 6.80%

The details of the increased rates payable from 1 April 2025 are set out in Appendix 6 to this report – Rates for Commissioned Care Services – 2025/26.

The percentage increases are based on the details as set out in the table in paragraph 1.5.8 above (second column).

## **1.7 Decision options:**

The following decision options are available for consideration by the Director of Adult Services, in consultation with the Cabinet Member for Adult Social Care and the Cabinet Member for Finance and Resources and the Director of Resources.

## Option 1

To agree the recommendations as set out in paragraph 1.2 of this report.

## Option 2

Not to agree the recommendations as set out in paragraph 1.2 of this report and for further work to be undertaken on fee increases and the impacts on the market in North Tyneside, and then to receive further recommendations for consideration / approval.

Option 1 is the recommended option.

### **1.8 Reasons for recommended option:**

Option 1 is recommended for the following reasons:

This would enable a decision to be made on fee increases to be implemented from 1 April 2025, and to ensure that providers are paid the updated rates as soon as practically possible after the decision is made. This would support provider cashflow issues as they will be facing increased costs from 1 April 2025.

### **1.9 Appendices:**

Appendix 1: Equality Impact Assessment – Care Provider Fee Increases 2025/26, dated 24 March 2025.

Appendix 2: Letter from Care Minister, Department of Health and Social Care, Adult Social Care – Local Authority Expenditure and Budget Setting, 10 January 2025.

Appendix 3: Email to all providers to complete initial survey on specific areas of cost impact from April 2025

Appendix 4: Letter to all providers (one for all care home providers and one for all community based providers) requesting feedback on the Authority's intended approach to deal with fee increases from April 2025 (referred to as the "Proposal Letter" in this report).

Appendix 5: Summary of initial feedback from providers on cost pressure and split of costs and summary of responses from providers to the Authority's intended approach to the fee increases from April 2025.

Appendix 6: Rates for Commissioned Care Services – 2025/26 (based on inflationary uplifts set out in paragraph 1.6 above.



### **1.10 Contact officers:**

Scott Woodhouse, Head of Commissioning, Adult Social Care, tel. (0191) 6437082

Sarah Heslop, Head of Commercial Services, Resources, tel (0191) 6435456

David Mason, Head of Finance, Resources, Tel (0191) 6433293

Jane Cross, Senior Business Partner, Resources, Tel (0191) 643 3166

### **1.11 Background information:**

The following background papers/information have been used in the compilation of this report and are available at the office of the author:

- (1) Adult Social Care Strategy 2025-26 – [Key responsibilities and leadership | North Tyneside Council](#)
- (2) Department of Health and Social Care, Care Act 2014 – guidance, last updated 27 September 2024 – [Care and support statutory guidance - GOV.UK \(www.gov.uk\)](#)
- (3) North Tyneside Market Sustainability Plans 2024-26 – [Market position statement | North Tyneside Council](#)

## **PART 2 – COMPLIANCE WITH PRINCIPLES OF DECISION MAKING**

### **2.1 Finance and other resources**

The Authority must take account of its available resources in determining the fees payable to social care providers for the delivery of a range of different services. In doing this, the Authority will take account of current budget provision, current and forecasted expenditure, and expected changes to demand requirements reflected in future commissioning intentions.

Growth requirements are identified through the annual budget setting process i.e. demand growth based on increase in numbers and activity or standstill pressures such as national living wage increases, other cost pressures providers are facing.

The Medium Term Financial Plan – 2025–29, sets out the Authority’s budget for the coming financial year and includes demand pressures on Adult Social Care, including commissioning budget that pay for care services.

The cost impact in 2025/26 of the proposed fee increases, as set out in this report, is £5.295m, which is an additional pressure of £0.193m on the growth identified in the Medium Term Financial Plan for 2025/26. This additional pressure will be managed by the service throughout the year by managing demand.

In addition to this, there is an efficiency target of £1.750m against commissioning arrangements, across Adult’s & Children’s Services which needs to be factored into the overall consideration and decision making as set out in this report.

## **2.2 Legal**

The Authority’s duties stem from the Care Act 2014 and also the Care Act Statutory Guidance. There are also wider duties and responsibilities in relation to transparency and open decision making, as well as ensuring there is effective engagement with stakeholders.

There is a further requirement to ensure that the Authority’s Public Sector Equality Duty under section 149 of the Equality Act 2010 is properly considered. There has been an Equality Impact Assessment produced to ensure that due regard to that duty and the need to eliminate unlawful discrimination and to advance equality of opportunity as between groups with and without particular protected characteristics.

The Authority has had the benefit of expert external legal advice in relation to the consideration of the matters set out in this report. This advice is subject to legal privilege.

## **2.3 Consultation/community engagement**

### **2.3.1 Internal Consultation**

Key internal engagement has taken place across the Authority with input and representation from legal, finance, commercial and commissioning services.

### 2.3.2 External Consultation/Engagement

The Authority has undertaken extensive consultation and engagement as part of this decision making process, this includes:

- Receiving information from various care providers about their future cost pressures from April 2025 and the likely percentage increase they would want to have in place to meet these cost pressures. This is varied and has been given with varying levels of supporting information.
- Receiving information and cost examples from representative bodies / organisations, including Care North East (North Tyneside), Care England / Homecare Association, Laing and Buisson, Cordis Bright, Care Provider Alliance, Learning Disability England. Again there is varying levels of detail and is mostly (with the exception of Care North East (North Tyneside)) based on national feedback from providers across England.
- Received 51 responses to MS forms survey of North Tyneside based care providers on the cost pressures from 1 April 2025 and breakdown of costs.
- Received 25 responses to the letter setting out the Authority's approach for dealing with fee increases from April 2025.
- Details on these are set out in Appendix 5 to this report.

### 2.4 Human rights

The proposals contained in this report relate to the following human rights, that are part of the delivery of social care services and support to vulnerable adults:

- Right to liberty and security.
- Right to respect for private and family life.
- Freedom of thought, belief, and religion.
- Freedom of expression.
- Protection from discrimination.

The contracts and specifications in place will require Providers to meet human rights duties and statutory requirements.

### 2.5 Equalities and diversity

The Adult Social Care contracts stipulate that Provider(s) will ensure compliance with the 2010 Equality Act and Public Sector Equality Duty and therefore will not unlawfully discriminate against employees or service users with protected characteristics.

The contracts for care services also stipulate that the Provider(s) must ensure that its workforce receives appropriate training to understand their roles and responsibilities under the Equality Act e.g., implementing Equal Opportunity requirements, and to promote equality and prevent discrimination.

This is monitored through the quality monitoring arrangements for each of the services.

An Equality Impact Assessment has been completed in relation to this decision and this is set out at Appendix 1 to this report.

## **2.6 Risk management**

Risks have been considered and evaluated. Actions that could be taken to mitigate identified risks have been identified. During the process of contracting, risks will be discussed, evaluated and actioned as appropriate.

Risks that are specific to service delivery will be identified and included in the service specification.

There is the additional risk that the decision taken by the Director will not be accepted by individual care home providers and/or their representatives and the Authority's proposals challenged.

## **2.7 Crime and disorder**

There are no crime and disorder implications arising from this report.

## **2.8 Environment and sustainability**

There are no environment and sustainability implications arising from this report.

## **PART 3 - SIGN OFF**

- Interim Chief Executive
- Director(s) of Service
- Mayor/Cabinet Member(s)

- Chief Finance Officer
- Monitoring Officer
- interim Director of  
• Corporate Strategy and  
• Customer Service.