



**North Tyneside
Council**

Adult Social Care

North Tyneside Council
Quadrant East, The Silverlink North
Cobalt Business Park
North Tyneside
NE27 0BY

This matter is being dealt with by:

Scott Woodhouse

Direct Line: (0191) 643 7082

Email: scott.woodhouse@northtyneside.gov.uk

Distribution

All community based providers operating in North Tyneside

- Home care, extra care
- Day services
- Supported living
- Outreach

Appendix 4

25 February 2025

Dear Provider

Fee Increases 2025/26

I refer you to the above and to various items of correspondence we have received individually and also through representative organisations.

This year, as part of the process of reviewing fees paid for community based services, the Authority has included consideration of the Employer's National Insurance Contributions (NIC) increases that the Chancellor announced on 30 October 2024, as part of the budget statement. I know there has subsequently been a lot of lobbying about this and the added cost that this will bring to care home providers, the care sector and businesses as a whole across the country.

I also refer you to the survey that was emailed to you on 4 February requesting information about the impact on your service of the changes to employers NIC. This feedback from over 50 providers has been reviewed by the Authority.

Equally, the Authority has been awaiting its confirmed budget settlement information from the government for 2025-26 and has lobbied hard nationally on this through

the Local Government Association and the Association of Directors of Social Services to ensure that this was factored into the settlement to local authorities. The settlement was received on 3 February 2025 and our analysis has confirmed that the Authority will not receive sufficient funding to meet our own direct costs, placing further pressure on our ability to deliver internal services and also funding increases to external providers.

So, in considering this and the overall position regarding fees paid in recent years and potential level of increases from April 2025, there are a number of things to take into account. The sector must take into account the previous high levels of fee increase provided by the Authority.

National living wage (NLW)

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. The cost of this to the Authority is significant, leading to an increased cost of circa £4.9m.

Consumer Price Index (CPI)

As you know in previous years, the CPI percentage increase has been high and at similar levels to the NLW, and despite the significant pressures facing the Authority, we have managed to ensure the fee increases in 2023/24 and 2024/25 reflected this and the Authority provided significant cost increases. We have seen this come down now to a level of 3.00% (January 2025 – published February 2025) and it is the Authority's intention to continue to track this. The rate of CPI that is used by the Government in setting local authority funding is the September 2024 rate, which was 1.7%.

In 2025/26 the Authority 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. 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.

Proportion of NLW/CPI cost

This will remain at 80:20 split for NLW and CPI, the information we have received from providers in the recent survey supports this.

Employer's National Insurance Contributions (NIC)

The NIC changes come into effect from April 2025, and the Authority recognises concerns from businesses this is a tax on employers. However, we also note that the additional funding goes to the government to fund its overall spending plans as set out in the Budget. Its impact is far reaching and impacts on a vast majority of suppliers in the Authority's supply chain.

The Authority's position is that it is not in a financial position to fully fund this as part of fee or price increases across the various contracts and supply arrangements that are in place.

Notwithstanding this, and as detailed in Stephen Kinnock, Care Minister's letter dated 10 January 2025 – Adult Social Care, Local Authority Expenditure and Budget Setting, there is a reference to taking account of provider costs linked to NMW and NIC changes. This is to be done as part of market sustainability planning and ensuring there is sufficiency of provision in the local area to meet need.

Market Sustainability

The Authority's refreshed [Market Sustainability Plan](#) sets out our position on:

- The care home and home care market in North Tyneside for older people
- Working age mental health
- Learning disability and autism. This underpins our "Home First" model to support more people to live and continue to live longer at home.

We have seen an overall increase in the number of people being supported in the community, ie not in a care home. This is across all care types and client group areas. We have a strategy of "Home First" for those being discharged from hospital and the NHS planning framework through the Better Care Fund will put greater emphasis in 2025/26 on preventing admissions into hospital:

- Shift from sickness to prevention, and
- Support people to live independently and shift from hospital to home

For specialist provision, the Transforming Care programme is still focussed on supporting people out of long stay mental health hospital and preventing admissions in the first place and supporting people and provider in community settings.

Affordability

Underpinning the consideration of changes in fee levels / rates paid to providers is affordability, and the Council budget available to support this. The Authority has been successful over the last 10 years in securing additional funding into the adult social care commissioning budget to deal with standstill and demand led pressures.

The standstill pressures have historically been linked to increases in the national living wage and the Authority has been able to include this in the fee uplift calculation. This is viewed as a central and core element of the calculation of funding and to ensure there is continued funding increases available for you to pass onto staff in line with the NLW percentage changes year on year. This is to support recruitment and retention issues within the sector

Alongside side this and to fund additional cost pressures in adult social care, North Tyneside, like lots of other local authorities, has relied on new grant funding coming through from DHSC, though in more recent years this has not covered the impact of the overall increased costs that have been put in place, and this places an additional burden on an already stretched local authority budget.

This continues to be the case in 2025/26.

Funding Increase – 2025/26

The Authority has received supplementary information from a number of different providers across different care settings and client group types. This information has been really helpful to support the content of this letter alongside other information received over the last three months.

The content of this letters sets out the factors the Authority is taking into account as part of its decision on an increase in fee levels and rates paid from 1 April 2025.

If you wish to make representation to the Authority on this, please do so by completing the survey form, see link below.



<https://forms.office.com/e/XdhYUhEcKh>

If you are not responsible in your organisation for this financial information, can you please forward this on to the person or team that is responsible to complete and submit.

Please note the **deadline of 5pm on Monday, 10 March 2025** for this to be completed and submitted.

Other areas of Increase

In relation to Continuing Health Care, the Authority will need to defer to the North East and North Cumbria ICB in relation to the local rates paid in North Tyneside to seek agreement and approval to change these.

Yours sincerely

A handwritten signature in black ink, appearing to read "E Binks", is written in a cursive style.

Eleanor Binks

Director of Adult Services