

Record of operational decision

Decision title:	Care Providers Annual Fee Review 2025-26
Date of decision:	13 February 2025
Decision maker:	Corporate Director Community Wellbeing
Authority for delegated decision:	Authority provided by Care Providers Annual Fee Review 2020 – 2021, 25 March 2020 to approve future annual fee reviews be delegated to the Director Adults and Communities - Decision - Care Providers Annual Fee Review 2020 - 2021 - Herefordshire Council
Ward:	Countywide
Consultation:	<p>The fee review process included distribution of a survey to key providers across the care home, home care, supported living and community activity markets to gather information regarding cost pressures they were experiencing. Responses were collated and used to inform the review.</p> <p>Following the collation of the results of the survey strategic engagement events were held with providers in January 2025 where survey results were shared to sense check the findings and gather additional views on the cost pressures. The engagement events took place as follows;</p> <p>13.01.2025 – home care</p> <p>13.01.2025 – supported living</p> <p>15.01.2025 – residential care and nursing care</p> <p>15.01.2025 – community activities</p> <p>17.01.2025 – additional session for home care</p> <p>Intelligence from all the above has been used to inform the review.</p> <p>The Cabinet Member for Adults Health and Wellbeing has been consulted on the proposed fee structure and proposed uplifts for 2025/26.</p>
Decision made:	That Adult Social Care fees are increased as detailed in table 1 below. New fee rates will take effect from 1 April 2025.
Reasons for decision:	Local Authorities have a duty under the Care Act 2014 to meet assessed eligible care and support needs. The Care Act 2014 also places a duty on Local Authorities to shape markets and enable a sustainable and diverse range of care providers to deliver innovative and cost-effective services that promotes the wellbeing of people who need care and support.

In line with contractual obligations, the council must review fees paid to social care providers on an annual basis.

Legal precedent indicates that whilst there is a need for Councils to have due regard to the cost of care this is not a singular factor in the setting of fee rates for services. In addition, there are expectations that Councils also consider factors such as:

- Experience of local care agency closures, lack of closures
- Over / under supply of provision
- Rates paid by other comparable LA's
- Consideration of management accounts from providers
- The position of those providers with whom it has been able to reach agreement
- Change or lack of change of CQC ratings
- Localised cost movements e.g. locally advertised job rates, staff turnover etc.

The Council must balance its duty under the Care Act 2014 with its legal duty to set a balanced budget when considering fees for care providers.

The proposed recommendations balance the need for the Council to meet its duties under the Care Act within financial resources available.

In determining uplifts and new fee rates for 2025/26 the council has considered the impact of increases in the cost of wages and other cost increases.

It is also important to note that this review has considered other challenges faced by providers, informed by their feedback to commissioners. Areas identified include:

- Recruitment and retention
- Increases in NLW
- Agency staffing costs
- Utilities
- Fuel / Travel costs
- Cost of living impact on running costs
- Cost of Voids (supported living)
- Insurance
- Training

- Head office costs

Care Homes (Residential and Nursing)

The market for care home provision in Herefordshire is buoyant with 85 residential and 29 residential with nursing homes. There have been no care home closures in the last 12 months in the county.

Published rates apply to all ages and all service user groups regardless of need with costs of homes varying across the county.

It has been decided that an increase of **8.0%** is applied to all care home provision with effect from 7 April 2025.

Home Care

Home care provision is commissioned via the council's primary and secondary framework, which is a five-year agreement which commenced in 2021.

Home care is a buoyant market with the majority of residents needs being successfully met by the framework providers, although the Council sometimes has to go off framework for those residents in hard-to-reach rural locations. The Council has a good relationship with providers, and there are regular provider engagement forums, as a means to address any challenges or opportunities.

It has been decided that an uplift of **8.0%** is applied to both urban and rural rates for Home Care with effect from 7 April 2025. Due to systems in Herefordshire, by exception, figures are rounded as indicated within appendix 1.

Supported Living

A new framework for Supported Living has been created with 27 providers. The new framework maintains the current fee structure in relation to a lower hourly rate that applies to core hours and waking nights in 24/7 properties; a higher hourly rate that applies to additional 1:1 hours and the existing sleep-in rate of £135 (based on a 9-hour sleep-in).

In relation to the lower and higher rates in Herefordshire it is difficult to make direct comparisons with other Councils in the region as only Warwickshire council operates a similar 2 rate system, with most Councils operating a single rate.

It has been decided that an uplift of **8.0%** is applied to supported living with effect from 7 April 2025.

Community Activities

The Council does not operate standard fee rates for community activities. Rates vary for individual's services based on the type of provision and level of needs of the individuals supported.

	<p>A new framework for Community Activities went live on 1 September 2024. Services that transferred onto the new framework will continue to be paid on the basis of current fee rates subject to any agreed annual uplift determined by the Council to be applied from 7 April 2025. New packages of support will be at the framework rate.</p> <p>It has been decided that an uplift of 8.0% is applied to all fee rates for community activities with effect from 7 April 2025.</p> <p><u>Shared Lives</u></p> <p>Shared lives services remain an important part of the service offer in Herefordshire providing longer term places for people to live as well as short term respite. In previous years Shared Lives carers have been given an uplift.</p> <p>It has been decided that an uplift of 8.0% is applied to fee rates for shared lives with effect from 7 April 2025.</p> <p><u>Direct Payments</u></p> <p>Direct payments can be used to fund a range of different services, with varying fee rates.</p> <p>Standard processes will be followed where individuals in receipt of a direct payment have surplus or insufficient funds to meet their care needs.</p> <p>It has been decided that Direct Payments are increased by 8.0% from 7 April 2025. (except for supported living which is not a service routinely secured using direct payments, please refer to supported living rate).</p>
Highlight any associated risks/finance/legal/equality considerations:	<p>Legal considerations:</p> <p>The Care Act 2014 places a duty on councils to “promote the efficient and effective operation of a market in services for meeting care and support needs.” In delivering this statutory obligation, councils must ensure the sustainability of the market and that there are sufficient high-quality services available to meet the care and support needs of adults in their area.</p> <p>The Local Government Finance Act 1992 sets out the duty on Councils to set a balanced budget.</p> <p>Risk management: The fee review proposals will assist in minimising the risk of future provider failures by increasing fees to providers to assist in meeting additional costs based on increases in staff wages and other costs. It also supports the need for the council to deliver a balanced budget.</p>

Risk	Mitigation
Market instability and discontinuation of services owing to financial or business pressures.	The financial pressures on the care sector are recognised and the council will continue to work with providers to address challenges. The council will support providers to access any additional funding that is made available to support the market where appropriate. It will also consider on a case-by-case basis evidence of financial pressures, through open book accounting exercises.
The fee increase will not be sufficient to enable all sectors to manage and respond to workforce challenges.	The council recognises that many factors influence the care workforce and therefore several other elements have or will be put in place to support the market, including accessing available funding and other resources when appropriate and available to support the sector; access to available training; and development of social care workforce strategies that include the independent care market.
Additional budget pressures resulting from increased demand on adult social care support.	Embedding a strength-based approach to assessment within social work practice; maximizing the use of technology and access to aids and adaptations; working with health partners to enable individuals to access appropriate health services; working in partnership with colleagues in public health and Talk Communities to ensure that people are able to access preventative services and community and voluntary services
<p>All risks will be managed at the Directorate level and monitored closely by the senior management team.</p> <p>Financial considerations: The fee review concludes the following:</p> <p>The overall additional investment required for 2025/26 is £7,135,000 as shown in table 2 below, which is within the agreed Community Wellbeing 2025/26 budget.</p>	

Table 1 below shows the proposed fee rates for 2025/26 by service area

Care Type (1)	Care Type (2)	% uplift	2025/26 Rate
Care Homes	Residential	8%	£693.38 per week
	Nursing	8%	£790.94 per week (plus FNC)
Home Care	Urban rate	8%	£25.16 per hour
	Rural rate	8%	£28.92 per hour
Supported Living	Lower rate	8%	£19.96 per hour
	High rate	8%	£23.24 per hour
	Sleep Ins	8%	£145.80 per night
Shared Lives	Standard - Long Term	8%	£381.40 per week
	Enhanced - Long Term	8%	£454.78 per week
	Standard - Short Term	8%	£555.27 per week
	Enhanced - Short Term	8%	£628.61 per week
Community Activities	Various	8%	Various
Direct Payments	Various	8%	Various

Table 2 below shows the financial impact of the fee uplifts by service type on the 2025/26 budget.

Care Type (1)	Care Type (2)	Increase in gross cost (£'000s)
Care Homes	Residential	£2,602
	Nursing	£1,375
Home Care	Urban rate	£1,052
	Rural rate	
Supported Living	Lower rate	£703
	High rate	
	Sleep Ins	
Shared Lives	Standard - Long Term	£84
	Enhanced - Long Term	
	Standard - Short Term	
	Enhanced - Short Term	
Community Activities	Various	£167
Direct Payments	Various	£1,152
Total		£7,135

Table 2 – financial impact of fee uplifts on 2025/26 budget

Appendix 1 shows information on 2024/25 fees, uplift %, 2025/26 fee and financial impact in relation to increased gross cost.

Details of any alternative options considered and rejected:	No fee increase is given to providers. Care providers throughout Herefordshire will face significant budget pressures during 2025/26, due to the challenges detailed in this decision, therefore this is not recommended. A minimal increase is proposed to providers. This is not recommended as workforce pressures are already evident within the health and social care market. Providers must be able to recruit and retain staff to ensure continuity and quality services to the customers it supports.
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	The council pay a higher increase to providers. This is not recommended. Whilst the council needs to invest in the market it has to be affordable and sustainable within financial resources available.
Details of any declarations of interest made:	None.

Signed..... Date: 12 March 2025

Please ensure that signatures are redacted before publishing.

Appendix 1: 2024/25 fees, % uplift, 2025/26 fees and financial impact in relation to increased gross costs

Care Type (1)	Care Type (2)	2024/25 Rate	% uplift	2025/26 Rate	Increase in Gross Costs
Care Homes	Residential	£642.02 per week	8%	£693.38 per week	£2,602
	Nursing	£732.35 per week (plus FNC)	8%	£790.94 per week (plus FNC)	£1,375
Home Care	Urban rate	£23.28 per hour	8%	£25.16 per hour	£1,052
	Rural rate	£26.76 per hour	8%	£28.92 per hour	
Supported Living	Lower rate	£18.48 per hour	8%	£19.96 per hour	£703
	High rate	£21.52 per hour	8%	£23.24 per hour	
	Sleep Ins	£135 per night	8%	£145.80 per night	
Shared Lives	Standard - Long Term	£353.15 per week	8%	£381.40 per week	£84
	Enhanced - Long Term	£421.09 per week	8%	£454.78 per week	
	Standard - Short Term	£514.14 per week	8%	£555.27 per week	
	Enhanced - Short Term	£582.05 per week	8%	£628.61 per week	
Community Activities	Various	Various	8%	Various	£167
Direct Payments	Various	Various	8%	Various	£1,152