

**COUNCIL CABINET**  
**12 February 2025**



Report sponsor: Cllr Alison Martin, Cabinet Member for Integrated Health and Adult Care  
Andy Smith, Strategic Director for People Services.  
Report author: Gurmail Nizzer, Director for Commissioning and Delivery.

# **ITEM 12**

## **Adult Social Care Fees and Charges 2025/26**

### **Purpose**

- 1.1 Under the Care Act 2014, Councils have a duty to ensure that there is a sustainable and affordable social care market locally. This includes establishing fee levels that providers will expect to receive for commissioned care that is delivered to meet a person's assessed needs. To ensure that the Council is aware of and taking account of the cost pressures affecting local providers of care, engagement with independent sector providers has been through the corporate budget consultation which was open from 19 December 2024 to 19 January 2025. This report summarises the engagement findings, the reported cost pressures and feedback from providers.
- 1.2 This report sets out the proposed Council rates for 2025/26 for standard residential / nursing care, standard homecare, Supported Living, Extra Care and Day Opportunities. The proposed increases to rates detailed in this report take into account the rises in the cost of care for the local market.
- 1.3 In recognition of the impact the increase in National Insurance contributions will have on local care providers, the Council has committed an additional £1million for 2025/26 to support those providers who will experience significant financial burden and difficulty as a result. There will be a consistent approach to allocation of funds to be likely managed under a grant arrangement.
- 1.4 The Council has a number of placements and packages that are and will be jointly funded with the Derby and Derbyshire Integrated Care Board (DDICB) and will be subject to an annual uplift, agreed by both funding bodies.
- 1.5 The Council has contracting arrangements with specialist care providers for specific market areas and for customers with complex needs. The Council will review requests on an individual basis for any placements or packages of care agreed on a specialist/bespoke fee rate. Requests with evidence for an increase in these enhanced circumstances must be received by the Council in compliance with the relevant contractual policies, procedures and deadlines. No requests will be considered outside of these deadlines.
- 1.6 This report also sets out the proposed charges for Council-provided adult social care services for 2025/26, which forms the annual review referred to in the Council's Adult Social Care Charging Policy. It should be noted that the full cost of care is paid by

around a tenth of customers, whilst a number contribute to their care following the outcome of a Financial Assessment.

## Recommendations

- 2.1 To approve *up to* a **4.7%** increase for standard residential care and nursing care weekly fee rates (net of the Registered Nursing Care contribution and net of any first or third party top up agreements including those funded by Derby City Council unless by exceptional agreement) from April 2025.
- 2.2 To approve *up to* a **4.1%** increase for current Homecare package service fees from April 2025 and to note that there will be a single rate fee for all new packages commencing from September 2025.
- 2.3 To approve *up to* a **4.1%** increase on fees for current placements to providers of Supported Living services from April 2025 and to note the rates for new placements commencing from April 2025.
- 2.4 To approve *up to* a **4.1%** increase on Extra Care services daytime rate, outreach rate and retainer fee. There is no proposal to increase fees associated with the 24/7 Core Wellbeing Service for 2025/6 financial year.
- 2.5 To note the rates for the Day Opportunities framework that is currently out to tender for services to commence 1 April 2025.
- 2.6 To approve an increase in existing Direct Payments, where an inflationary uplift is requested and evidenced on a case by case basis, *of up to* **4.1%**, which is identical to the proposed maximum uplift for homecare/ care at home providers.
- 2.7 To approve an increase to the charging rates for Council-provided services of **4.1 %** in relation to administration and set up for Deferred Payment Agreements, Self-Funder Community Care Administration, and the Appointeeship Service.
- 2.8 To approve for the following inhouse service charges: Bonsall View which it is proposed will be increased by **4.7%** to match the maximum standard residential care increase, for Carelink which it is proposed will be increased by **3.0%**, and for the Shared Lives Carer Service which it is proposed will be increased by **4.1%** to match the maximum standard homecare increase from April 2025.

- 2.9 To approve that all the new rates will apply from the date of the rise in benefits for 2025/26, which is expected to be <> April 2025.
- 2.10 To delegate authority to the Strategic Director of People Services, in consultation with the Cabinet Member for Integrated Health and Adult Care, to agree bespoke fee levels, *up to 4.7%* for Care Home placements, on an individual basis for complex customers placed with specialist providers and subject to non-standard contracts, within the overall budget of Adult Social Care Services.
- 2.11 To delegate authority to the Strategic Director of People Services, in consultation with the Cabinet Member for Integrated Health and Adult Care to agree bespoke fee rates *up to 4.1%*, on an individual basis, for Supported Living packages of care, to meet the needs of particularly complex Customers, within the overall budget of Adult Social Care Services.

## Reasons

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- 3.1 The Council must publish its intended fees for care taking into account market conditions and cost pressures. The Care Act 2014 requires this as part of Council's "market shaping" duties which also require Councils to hold sufficient intelligence about their local care market.
- 3.2 Maintaining income levels for Council-provided services is essential to the management of the overall budget for the Council. This includes considering whether care services that are directly provided need to have their charges reviewed in line with inflation.
- 3.3 The proposed start date for all 2025/26 fees and charges aligns with the date that the Department of Work and Pensions (DWP) benefit rates are expected to change.
- 3.4 In relation to 3.3 above the exception to this is where an uplift request is received part way during the financial or contractual year and there is no contractual 'window' to apply. The Council will make a decision on a case by case basis if or when the new rate will take effect.
- 3.5 Specialist fee levels for people with more complex needs in residential and community settings do not fit into the usual standard fee frameworks. Instead, these are individually set and agreed with providers at the point at which a contract for care is entered into. These do not lend themselves to be considered for a standard approach given they are bespoke to each individual.

## **Supporting information**

### **Supporting the Care Market**

- 4.1 Under the Care Act, Councils have a duty to ensure that the fee paid to providers of care is able to create stability and sustainability within the local market.

The Council has invested and will fund c£82.3 million worth of care packages and placements with independent care providers during 2024/25.

### **Annual Review**

- 4.2 Adult Social Care fees and charges are reviewed by the Council and approved by Council Cabinet each year after annual full budget consultation.
- 4.3 Any uplift applied to the standard framework rates within the Contract will be at the discretion of the Council and within the overall budget of Adult Social Care Services, taking into consideration affordability, current inflation pressures and benchmarking data. The Council will seek to enter into a dialogue with the Derby Care Association (DeCA) each year regarding market inflation pressures, financial position and challenges.
- 4.4 The Council will review requests on an individual basis for any placements or packages of care agreed on a bespoke fee rate, to meet the needs of particularly complex customers.
- 4.5 Packages of care that are jointly funded with other organisations including ICBs, will be subject to alternative timelines and processes to allow for review from all funding parties, on an annual cycle.
- 4.6 Where a placement or package is jointly funded with the ICB the provider will be notified of the % uplift and full payment for that individual placement or package when both the Council and the ICB are able to confirm what this is within a reasonable timeframe.

### **Proposed inflationary uplift**

- 4.7 Inflationary uplifts for specific cost elements have been adjusted for 2025/26 to comprise an overall weekly individual fee for care homes, extra care, home care and supported living. The factors that have been taken into account when setting the overall fee for 2025/26 are outlined below.

The change to the National Living Wage (NLW) for 2025/26 is reflected for staffing costs in the model. This is increasing by £0.77 for 2025/26 meaning the hourly living wage rate will now be £12.21 per hour (for 21 years and over). It is therefore proposed that a composite inflationary figure of 5.91% is applied to the workforce, representing the fact that not all staff will be employed at national living wage levels.

### **Proposed inflationary increase for residential care and nursing homes**

- 4.8 An overall inflationary increase of up to **4.7%** is proposed. The table below compares 2024/25 and proposed 2025/26 fee rates for standard residential and nursing home placements.

<b>Placement type</b>	<b>Current rate 2024/25 per week</b>	<b>Proposed maximum rate 2025/26 per week (4.7%)</b>
Standard Residential	£655.50	£686.31
Standard Nursing (net of RNCC)	£673.12	£704.76

Annual uplift fees for standard contracts/placements for residential and nursing care exclude first or third party top up agreements including those funded by Derby City Council unless by exceptional agreement. Fees are net of the Registered Nursing Care contribution.

For complex customers placed with specialist providers and subject to non-standard contracts, requests for uplift must be submitted with evidence to the Council between 2<sup>nd</sup> January and 1<sup>st</sup> March ahead of the forthcoming financial year, in order to be considered in these circumstances. Any bespoke rate changes will be effective from the first Monday in April of the subsequent financial year.

Placements and packages of care that are jointly funded with other organisations including ICBs, will be subject to mutually agreed annual uplifts. For care home placements that are delivered outside of the Derby City boundary, the Council will consider an annual uplift fee, where comparable, in line with the host Local Authority. Any out of area rate change will be effective from the first Monday of April of the current financial year.

#### **Proposed inflationary increase for current home care packages**

- 4.9 An inflationary increase of up to **4.1%** is proposed based on allowances for staff costs and percentage increases being applied across a number of non-staffing elements.

<b>Description</b>	<b>Current Rate 2024/25</b>	<b>Proposed maximum rate 2025/26 4.1% increase</b>
Weekday hourly rate (07:00-20:00hrs)	£19.30	£20.09
Weekday 15-minute call rate (07:00-20:00hrs)	£6.25	£6.51
Evening/Weekend hourly rate	£21.40	£22.28
Evening/Weekend 15-minute call rate	£9.31	£9.69

Lengths of call that are over 15 minutes will be paid at a pro rata amount of the relevant hourly rate. If calls overlap times for two different rates, they will be allocated the rate that applies at the start of the call.

There will be a new Homecare rate for new packages arranged under the new Framework going live from September 2025. It is proposed that there will be a single hourly fee rate which will negate the current rates identified above and be modelled on an outcome based approach.

4.10

#### **Proposed inflationary increase for current Supported Living placements**

An overall inflationary increase of up to **4.1%** is proposed. The table below compares 2024/25 and proposed 2025/26 fee rates for Supported Living services.

<b>Description</b>	<b>Current Rate 2024/25</b>	<b>Proposed maximum rate 2025/26 4.1% increase</b>
Standard	£17.99	£18.73
Complex / Specialist Mental Health	£18.59	£19.35

#### **Fee rates for new placements arranged under the new Framework going live from April 2025**

##### Proposed pricing model

<b>Lot (based on customer assessment)</b>	<b>Individual Hours (1:1, 2:1 or Core Support) £ per hour</b>	<b>Waking- Night Hours £ per hour</b>	<b>Sleep-In Hours £ per night</b>
Low	£18.52	£18.52	£115.11
Medium	£19.50	£19.50	£115.11
High	£22.50	£22.50	£115.11

Work will be undertaken to transition successful bidders awarded to the new Supported Living Services Framework with current packages/placements originally awarded through the DPS, onto the Framework rates.

Requests with evidence for an increase for bespoke packages to meet the needs of complex customers must be received in line with the contractual arrangements applied at the time. No requests will be considered outside of these contractual arrangements. Any bespoke rate changes will be effective from the first Monday in April of the subsequent financial year.

For placements and packages of care that are delivered outside of the Derby City Supported Living Service Framework boundary, the Council will consider an annual uplift fee, where comparable, in line with the host Local Authority. Any out of area rate change will be effective from the first Monday of April of the current financial year.

#### 4.11 Proposed inflationary increase for Extra Care

An inflationary uplift of up to **4.1%** is proposed for the day rate, outreach rate and retainer fee. The table below compares 2024/5 and proposed 2025/26 rates for Extra Care.

Description	Current Rate 2024/25	Proposed maximum rate 2025/26 4.1% increase
Planned Care Hourly Fee	£19.19	£19.98
Planned Care Outreach Fee	£19.19	£19.98
Planned Care Retainer Fee	£11.54	£12.00

There is no planned proposal for an annual uplift for the fees associated with the 24/7 Core Wellbeing Service Charge in 2025/26.

#### 4.12 Day Opportunities rates

Day Opportunities have previously been purchased directly by customers via their Direct Payment. However, feedback from carers and customers showed they expressed a preference for the Council to commission these services. A significant piece of work has been undertaken to instigate a robust commissioning approach which will result in a managed framework. This will also support the Council in having improved oversight through contract management and monitoring.

The rates for this new framework, which is envisaged to go live on 1 April 2025, are as follows:

	Group Rate (Session rate – minimum 6hrs)	1:1 Per Hour (centre or community)
Low Need	£61.20	£17.48
Medium Need	£74.97	£17.48
High Need	£91.76	£21.74

#### 4.13 Proposed inflationary uplift - Direct Payments

If a request is received from a Direct Payment holder whose provider had increased their fee and in consideration of any information they are furnished with from their care provider or employees such as Personal Assistants, where appropriate, it is proposed that existing individual Direct Payments for 2025/26 may be uplifted to **a maximum of 4.1%**, which is the proposed maximum for homecare providers. Any proposed uplift will need to be evidenced as linked to inflationary pressures associated with the specific cost of care for each individual, rather than increasing levels of individual need which would be dealt with via a social work review.

The rationale for aligning the potential uplift to that proposed for home care is that this will harmonise discussions with those care organisations who may operate a mixed economy of both commissioned services (using a contract) and those delivered using a Direct Payment. Inflationary care cost increases for Direct Payments will still need to be explored separately as there may be different pressures depending on how the care is delivered and configured.

#### 4.14 **Charging for Social Care Services**

Charges for customers receiving community-based support or residential and nursing care support are governed by the Council's *Adult Social Care Charging Policy* underpinned by the Care Act 2014 and supporting statutory guidance.

In line with the *Adult Social Care Charging Policy*, customers receiving community-based support will be charged for the full cost of their social care support, subject to the limit of their assessable income and except where the Council is required to provide the service free of charge. With the exception of some fixed-charge services, all people who are required to make a contribution towards their care undergo a Financial Assessment to determine the amount that they can afford to contribute. Most people receive a subsidy and are not asked to pay the full cost of their care.

#### 4.15 **Maximum contribution for community-based services**

The Council has discretion under the Care Act 2014 to set a maximum contribution that a customer would be expected to pay towards the cost of their non-residential care. The Council has previously decided not to apply a cap, as set out in the *Adult Social Care Charging Policy*. No change is proposed.

<b>Charges for Social Care Services</b>	<b>Limit 2024/25</b>	<b>Proposed 2025/26</b>	<b>Limit</b>
Maximum Contribution	No cap	No cap	

#### 4.16 **Charges for independent sector/ commissioned services**

In accordance with the *Adult Social Care Charging Policy*, the new proposed costs for independent sector provision described above will be passed on in full to customers for whom the Council arranges support, subject to the outcome of their Financial Assessment.

#### 4.17 **Short-term residential care charges**

The Council has previously set the charge for *Short Breaks in a Registered Care Home* for up to four weeks based on the minimum amount of benefit entitlement for the age of the customer less the statutory residential personal



expenses allowance. This is currently £30.15 weekly for 2024/25, however confirmation of 2025/26 is not likely to be received until mid February when it is announced in the Local Authority Circular. The proposal is to continue this approach and reflect the 2025/26 rates in the table below when received.

Service Unit	Rate 2024/25	Proposed Rate 2025/26
Short term residential care of <b>up to four weeks</b> - under Pension Credit Age - over Pension Credit Age	£102.85 weekly £188.00 weekly	£tbc £tbc

#### 4.18 Inflationary charges increase for Council provided services – 2025/26

It is proposed that the amount charged for care and administrative services provided directly by the Council should be increased by **4.1%** in line with the current growth in inflation and pay award.

#### 4.19 Bonsall View Short Breaks Service

The Council provides a Short Breaks residential care-based service at Bonsall View for customers with complex needs. It is proposed that the current Bonsall View charges are increased by **4.7%** to ensure alignment and consistency with the uplift proposed for standard residential care.

Bonsall View	2024/25 rate	Proposed 2025/26 rate
Short Breaks	£419.20 per night	£ 438.90 per night

Where a placement in this service is joint funded with the ICB the uplift and full payment for the individual placement will be effected when both parties have confirmed what this is and within a reasonable timeframe.

#### 4.20 Carelink

The current weekly fee for Carelink is £6.95 per week. It is proposed that the current Carelink charges (which are weekly for individuals and where service level agreements exist these are annual charges with Housing Associations) are increased in April by **3.0%** to £7.16 per week. This takes into account an inflationary increase and the increase in direct costs to Carelink for the provision of the equipment.

#### 4.21 Shared Lives

It is proposed that the current Shared Lives fees and charges are increased by **4.1%** to match the maximum uplift being applied for home care services, reflecting the overall cost pressures affecting the cost of the carer.

#### 4.22 Administration Charges - Deferred Payment Agreements

The Care Act 2014 introduced a new duty for every local authority to offer a deferred payment scheme, meaning that no one should be forced to sell their home during their lifetime in order to pay for their residential care. The Care Act guidance and regulations set out what local authorities can charge in interest on any amount deferred and the administrative charges which may be recovered in relation to deferred payment arrangements.

#### 4.23 Deferred Payment Agreement Set-up Charge

In the Care Act 2014 impact assessment, the Department of Health estimated that the cost to Councils of administering a Deferred Payment Agreement was £750. Local estimates of the costs incurred were in line with this, so for 2016/17, the Council set the charge for setting up a Deferred Payment Agreement at £750, and this has since been increased in line with the budgeted inflationary increase in income.

It is proposed to increase the set-up charge by **4.1%** to reflect current growth in inflation and pay award.

The Council has previously chosen not to charge an annual administration charge for managing a Deferred Payment Agreement as set out in the *Adult Social Care Charging Policy*. No change is proposed.

Deferred Payment Agreement	2024/25 rate	Proposed 2025/26 rate
Set-up charge	£ 985.00	£1025.00
Annual administration charge	None	None

#### 4.24 Deferred Payment interest rate

The Care Act 2014 regulations state that the interest rate applied to Deferred Payment Loans must be based on the cost of government borrowing - specifically the 15-year average gilt yield - as set out by the Office for Budget Responsibility twice a year in their Economic and Fiscal Outlook report. The Care Act allows discretion for Councils to apply up to an additional 0.15% to this rate. Interest rates are based on the average gilt rates which are only published six monthly and, in line with a number of other Councils in the region, Derby City Council has previously decided to charge the maximum interest rate for deferred payments allowed under the Care Act 2014.

No change is proposed to this for 2025/26 i.e. it is proposed that the Council will apply 0.15% additionally to the base rate for the specified time period. In the event that the 15-year average gilt yield value is not available for a specific period, then the previous rate will continue to be applied until a new rate becomes available. Interest will be compounded daily.

<b>Deferred Payment Agreement</b>	<b>2024/25 rate</b>	<b>Proposed 2025/26 rate</b>
Interest rate premium	0.15%	15-year average gilt yield value +0.15%

#### 4.25 **Self-funder community care administration charge**

As laid out in the *Adult Social Care Charging Policy*, Derby City Council applies charges to cover the administrative costs incurred when it organises community-based services on behalf of people who are able to pay for the full cost of their care (except where the local authority is required to arrange care and support free of charge).

- 4.26 It is proposed to increase the self-funder set-up and maintenance charges by **4.1%** to reflect current growth in inflation and pay award.

The proposed rates for 2025/26 are as follows:

<b>Service</b>	<b>Rate 2024/25</b>	<b>Proposed Rate 2025/26</b>
Setting up a community care package	£ 120.00	£125.00
Annual maintenance for a community care package	£ 110.00	£115.00

#### 4.27 **Deputyship and Appointeeship service**

Where people do not have capacity to manage their own money (as evidenced by a Mental Capacity Assessment), they need someone to act on their behalf. Typically, a family member or close friend will take on this role, but some people do not have anyone in their circle of support willing to take on the role. A number of independent sector organisations offer this service for a fee, and social workers will normally seek to signpost customers and their families to these services. As a last resort, the Council is able to act as a Deputy or Appointee.

- 4.28 The basic Appointeeship service for someone living in the community or a residential care or nursing home involves receiving benefits on behalf of the customer, paying out a regular personal allowance from benefit funds received and providing support to customers to pay their own bills. The enhanced Appointeeship service additionally includes management of regular payment schedules (rent, utility bills) on behalf of the customer. These additional tasks take more time and therefore the enhanced service has a higher charge.
- 4.29 Deputyship involves making decisions on behalf of the customer rather than just managing their money for them. The Court of Protection sets out the

charges for Deputyship. On the rare occasions when we agree to apply for Deputyship on behalf of a customer, the charges from the court will be passed on to the customer, in addition to the enhanced Appointeeship service charge.

- 4.30 It is proposed to increase the Appointeeship service charges by **4.1%**. The proposed charges, which are subject to a Financial Assessment as described under the Care Act 2014, are:

<b>Appointeeship Service</b>	<b>Rate 2024/25</b>	<b>Proposed Rate 2025/26</b>
Basic service (4 weekly)	£33.00	£34.50
Enhanced service (4 weekly)	£59.00	£61.50

### **Public/ stakeholder engagement**

- 5.1 The Council has engaged with the local care market by proactively communicating to individual providers and encouraging them to respond to the corporately led Council budget consultation. Responses received from care providers will be managed through this consultation and Adult Social Care management will be made aware of any feedback directly relating to its proposed fees and charges for 2025/26.
- 5.2 The Council also has continued dialogue with its strategic Adult Social Care market partner, the Derby Care Association (DeCA), via scheduled and theme specific meetings and forums with the proposed fees for 2025/26 being a current key theme for two way discussion.
- 5.3 The key themes emerging from feedback and discussion are in relation to increased costs arising from additional National Insurance contributions and the wider staff group this applies to, National Living Wage and inflation.

### **Other options**

- 6.1 The Council could determine not to award any inflationary increase to the fees it pays for in-house and independent sector care. This is not being recommended as having a sustainable and viable social care market is vital to ensuring that the Council can discharge its statutory duties in relation to vulnerable adults.
- 6.2 The Council could decide not to increase the charges it levies for in-house and independent sector care. This is not being recommended as it would create an unmanageable pressure in the adult social care budget.

- 6.3 The Council could decide not to exercise the powers granted in the Care Act 2014 to levy administrative charges for certain activities. This is not being recommended as it would create an unmanageable pressure in the adult social care budget.

## **Financial and value for money issues**

- 7.1 The proposals in this report will help the Council to provide its statutory services within the available budget. The proposed fee increases for external care providers has taken into account inflationary pressures, specifically in relation to the ongoing National Living Wage rises and pension contributions. Other measures such as demand management activity, diverting people into alternative low-cost services, and using preventative approaches such as Local Area Coordination and Technology Enabled Care will also be utilised to help manage cost pressures.

## **Legal implications**

- 8.1 The public sector equality duty, under section 149 of the Equality Act 2010, requires public bodies to have due regard to the need to eliminate discrimination and promote equality of opportunity for groups including disabled and older people. By ensuring that a fair price for care is paid and charged for, the Council will fulfil its duty by ensuring that older or disabled people are able to access care locally and from a viable, sustainable and high-quality care sector.
- 8.2 Consultation on the Adult Social Care Charging Policy took place in 2020 the outcome of which has informed the content of this report; similarly, an equality impact assessment (EIA) of the impact of the Adult Social Care Charging Policy has been carried out. The EIA and a summary of its findings can be found on the Council website here:  
<https://www.derby.gov.uk/community-and-living/equality-diversity/equality-impact-assessments/>

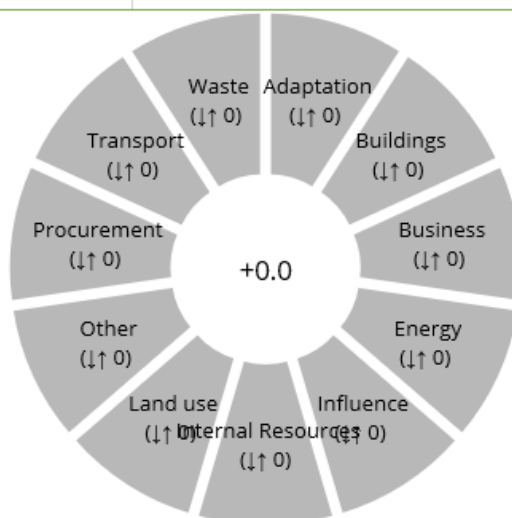
The outcome of the EIA was that no major change was needed given that no potential for discrimination or negative impact had been identified and therefore no mitigations required.

A review of the Adult Social Care Charging Policy will be undertaken in 2025.

## **Climate Implications**

## 9.1 None arising from this report.

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## Other significant implications

### 10.1 Equalities Impact

The people affected by these charges have protected characteristics under the Equality Act – however, everyone making a contribution towards the cost of their support undergoes a Financial Assessment to determine how much they can afford to contribute. Very few people pay the full rate for these services.

This report has been approved by the following people:

Role	Name	Date of sign-off
Legal	Olu Idowu, Head of Legal Services	22/01/2025
Finance	Janice Hadfield, Head of Finance	20/01/2025
Service Director(s)	Gurmail Nizzer, Director for Commissioning and Delivery	23/01/2025
Report sponsor	Andy Smith, Strategic Director for People Services	23/01/2025
Other(s)	Andy Muirhead, Head of Adults Commissioning, Integration and Market Development	
	Amanda Verran, Head of Business Support and Debt Management	20/01/2025

List of appendices:	No appendices for this paper
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