North Tyneside Council
Adult Social Care

Appendix 5

Summary of Feedback / Engagement – Fee Increases 2025/26

Two separate consultation exercise were carried out to engage all providers of Adult Social Care and capture views and comments on cost pressures and the impact these will have on fee increases for 2025/26.

Firstly, a survey to understand how costs are apportioned between staffing and non-staffing costs by provider and how the changes in National Living Wage (NLW) and employers' National Insurance Contributions (NIC) will impact on costs.

A second survey was distributed to capture provider opinion on how the Local Authority is to deal with cost pressures and its methodology from 1 April 2025.

Survey 1

A survey was sent to all care and support providers (approx. 130) operating in North Tyneside on 4 February 2025, for completion, submission and return by 5pm on Friday, 14 February.

Commented [HT1]: What is the total of surveys sent out? What was the response rate? Are the results robust?

Commented [HT2R1]: What is the total of surveys sent out? What was the response rate? Are the results robust?

Overall, we received 51 responses to this survey, broken down as follows:

Type of Provider	Number of Responses
Care homes	14
Home care / Extra care	18
Supported living	9
Other community services	10
Total	**51**

The following questions were asked:

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 - note this will take account of the varying hours that different employees work and the overall percentage change?

A summary of the responses for each question is set out in the tables below.

Type of Provider	Percentage of overall costs relating to Employees	
	Average Response	Range of Responses
Care homes	71.2%	53.6% - 86.0%
Home care / Extra care	79.8%	64.0% to 99.1%
Supported living	81.3%	65.0% - 89.0%
Other community services	75.5%	55.0% - 92.0%

Type of Provider	Percentage impact on Employee pay of NLW and NIC changes	
	Average Response	Range of Responses
Care homes	10.4%	7.9% - 15.0%
Home care / Extra care	10.7%	2.0% - 29.0%
Supported living	8.6%	6.0% - 10.8%
Other community services	7.9%	5.0% - 9.7%

Included within "Any other information that you want to share" were the following comments:

- There are other cost pressures being faced by the sector including food inflation, insurance heat & power.
- Our staff are paid more than minimum wage so the increase in line with NLW is higher than the 5% increase we will give.
- We need to know fee increases in advance to be able to take this into consideration when calculating wage increases
- This increase will significantly affect the business, and we rely on LA to support us with fee increases
- Whilst we appreciate the difficult funding decisions the authority has to make, looking at increases against current costs does not address the underfunding already taking place

A full set of the responses from each of the 51 respondents is set out later in this document.

Survey 2

A survey was sent to all care and support providers (approx. 130) operating in North Tyneside on 25 February 2025, for completion, submission and return by 5pm on Monday, 10 March 2025.

Commented [HT3]: What is the total of surveys sent out? What was the response rate? Are the results robust?

Overall, we received 25 responses to this survey, broken down as follows:

Type of Provider	Number of Responses
Care homes	6
Home care / Extra care	11
Day Services	2
Supported living	5
Other community services	1
Total	**25**

Three separate questions were asked and a summary of the theme of responses for each question is included below.

Q1 National living wage – do you have any comments on our approach to this?

	Care Homes	Home & Extra Care	Day Services	Supported Living	Other
Welcomes NLW increase to funding / pays at NLW	4	6	2	1	
Currently pays above NLW		2		2	1
NLW increases allows for only minimum increase				2	
No Comments	2	3			
Total	**6**	**11**	**2**	**5**	**1**

Q2 Consumer price index – do you have any comments on our approach to this?

	Care Homes	Home & Extra Care	Day Services	Supported Living	Other
Agrees with Council approach		5	1	4	
Noted that many Costs increase by more than CPI	2	1	1		
Could RPI be used instead		1			
No Comments	4	4		1	1
Total	**6**	**11**	**2**	**5**	**1**

Q3 Employers' national insurance contributions – do you have any comments on our approach to this?

	Care Homes	**Home & Extra Care**	**Day Services**	**Supported Living**	**Other**
Any Shortfall in funding will have a detrimental impact on our business	1	6	2	2	
Any Shortfall in funding will have a detrimental impact and could lead to closure		2		1	
We had hoped to receive Central Government support		1		1	
No Comments	1	1			
Other Comments	4	1		1	1
Total	**6**	**11**	**2**	**5**	**1**

The responses received within other comments included:

- Although we understand the rational, it is disappointing that the increase in ER's NIC will not fully be taken into account.
- This really must be fully funded. Not only is the rate increasing but the reduction in the threshold is a very significant cost on business where many employees are part time
- Employers' National insurance increases are a real and quantifiable cost. We await the Council decision on the funding, along with its reasoning, and we will respond accordingly
- This is not a situation that local governments can control so while it is a bitter pill to swallow, I am sympathetic to the authority's position

A full set of the responses from each of the 25 respondents is set out later in this document.

24 March 2024

Detailed Responses – Survey 1 (Anonymised)

Responses	What type of service does your organisation deliver?	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	Any other information that you want to share
Response 1	Homecare services;	102%	13.5 %	This is hard to predict with staff leavers and staff employed and age of the staff, part time and full times, all has impact.
Response 2	Other community service i.e. outreach, enabling;	85%	9.35%	The NI increase alone will be costing us an additional £3700 per month
Response 3	Care home (OP);Homecare services;	70%	10%	we need to know the fee increases in advance as we take this into consideration when calculating wage rises for April each year as we like to stay ahead of the minimum wage but also relative to the income for care
Response 4	Homecare services;	78%	10.7%	note we currently pay above the real living wage and our intentions are to continue to do so.
Response 5	Other community service i.e. outreach, enabling;	66%	6.6%	Our service includes complimentary transport which is covered in our day rate, whether used or not. These costs are rising ahead of inflation either in maintenance of present fleet or purchasing of new vehicles.
Response 6	Care home (OP);	71%	8%	n/a
Response 7	Other community service i.e. outreach, enabling;	55%	8.5% increase	I have taken the information from the accountant year end March 2024. We have had a member of staff leave the charity in December 2024 and they will not be replaced.
Response 8	Supported Living ;	86.13% per hour of support and 92.7% per night sleep in	8.91%	Whilst we appreciate the difficult funding decisions the authority has to make, looking at increases against current costs does not address the underfunding already taking place. £20.59 is already nearly 3% lower than it needs to be. Thats before the April increases are applied. Just adding a percentage increase on top of this rate will not achieve anything like the required rate of £23.06 and £136.25. Your questions indicate that you will be ignoring the other 20 or so percent of indirect cost which is subject to inflationary increases (yet to be determined) as many suppliers pass on their own NI increases into the costs of their products and services in April, also serves to depress the impact of any rate increase further.
Response 9	Care home (specialist);	81%	+15% increase in cost.	Providers are under huge cost pressure at present. It is not just about direct costs from changes in government legislation, but the shortage of care staff across the sector has led to higher costs to retain and recruit staff also. The needs of residents has also increased over the past 5 years leading to higher staff ratios in order to ensure the same standard of care. Cost inflation is well above 10% and has been for several years.
Response 10	Homecare services;	64%	10.1%	The joint impact of the NMW increase and additional Employers NI is massive. The NI increase alone adds around £40kpa in additional cost
Response 11	Homecare services;	Staff remuneration is our biggest cost by far - we pay well in excess of the NMW and enhanced pay for all working hours and we pay travel time etc.in full. On a month by month basis direct costs for front-line staffing accounts for around 85% of our income and we can only afford this because our fixed costs are comparatively low. However, we also offer a lagged retention bonus to Support Workers that essentially means they get an extra month's pay every six months and this pretty much hoovers up our profit. However, the results of this investment are undeniably positive - our Continuity of Care (the same team of four staff delivering care to an individual customer) was 89% last month and, with annual leave averages etc., this is likely to be the highest it is practical to get, our annual sickness rate is 0.5%, we retain over 85% of our staff for more than a year and over 95% of our Quality Reviews were rated Outstanding in 2024 with 5% Good. The truth is that delivering	It depends. We would like to keep our existing percentage gap between the Living Wage (our basic pay is £12 per hour so 5% higher, early, late and weekend work is paid at £12.60 so 10% higher and the lagged bonus makes our true hourly rate between £14.40 and £15 - 24% higher than the minimum). The % rate increase for Commissioned services last year did not match the real world cost increases of both direct costs (the true calculation for this should be base rate of pay + NI + employer pension costs) let alone fixed cost increases (office staff also expect to receive annual uplifts and inflation has caused consumable costs to increase significantly). If the pattern remains in 2025 it's likely the gap between the legal rate and our pay rates will shrink and the retention bonus scheme will either be cancelled or less generous. I would expect this would only lead to higher levels of staff attrition and a worse service as a result.	The fact that no-one really wants to acknowledge is that operating a good service is expensive because the most valuable resource (good, caring staff) rightly expect a decent wage for doing a hard job but Commissioned rates are and have been too low to sustain this at a market-level - most providers pay the legal minimum, obscure travel time payments to manage their costs etc. We incur massive unfunded costs through things like shadowing because we want to offer a safe service and support new entrants to care but we get no money for this and it's understandable (if not justifiable) to see why, for example, providers don't pay travel in full because their inefficient delivery would exceed their income if they did. The sad reality is that it's very easy to run a very poor but very profitable home care service (I could up our profits by about 40% overnight if we removed all of the current incentives we have in place and dropped our KPIs) but it's hard to do this well at current funding levels. We've worked hard to create a model that consistently demonstrates we can deliver high quality outcomes for customers and a good experience for staff at lower levels of funding but this is less profitable than offering a poor service. The only other growing factor in any strategy is that, as private versus NHS care has demonstrated over the last five years, those with the means will seek out a better service at a higher cost if this is not readily available in the 'normal' market. Social care has traditionally been insulated from this paradigm with most customers taking the view that 'the state' should pay for their care but, given the inevitable tidal wave of older people that is coming to 2040, this is unaffordable so there will be a sizeable enough percentage of the market willing to pay a premium for a better quality service. We know this is already happening in London so transitioning to a higher percentage of private paying customers

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Responses	What type of service does your organisation deliver?	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	Any other information that you want to share
		a truly high quality service is expensive and existing Commissioned rates barely support our ability to make this level of investment.		as a means of funding our investment in staff will become more viable in the future. However, I did not get into this to support the creation of a two-tier system and I want our service to be available to the most vulnerable but, at some point, I can't continue to thread the needle of delivering a Rolls Royce service at Nissan prices.
Response 12	Supported Living ;Other community service i.e. outreach, enabling;	75%	for NLW the increase in NLW impact is 4.8% and increase in National insurance a further 2.6%	The increase in SW pay impacts other role pay differentials suck as assistant and service manager pay rates. There is also inflation CPI around 2.6% on overheads etc. Thank you
Response 13	Supported Living ;	85%	10.4%	[We] welcome the 6.7% increase in National Living Wage ("NLW") which rewards our valuable team members. However, when coupled with the changes in Employers' NIC, the real inflationary impact of NLW is 10.4%. As staff costs account for 85% of our total costs, the real inflationary pressure is significant. This is before accounting for historic under-funding. Taking these factors together, the cost of the services we provide will increase to a minimum of £22.85 per hour and, accordingly. the fees you pay us must rise from 1 April 2025. We ask that this uplift is confirmed as soon as possible ahead of 1 March 2025 to ensure we can plan ahead with confidence. For absolute clarity, the key drivers behind our requested uplift are: NLW effectively increasing by 10.4% this year (following similar increases in prior two years). CPI of 2.6% following a period of extremely high inflation that was not covered in prior fee uplifts.
Response 14	Supported Living ;	87%	8%	We calculate an overall NI increase to be £116k and the NMW uplift to come in at £146k
Response 15	Other community service i.e. outreach, enabling;	83%	5%	Hopefully the increase in the Employment Allowance will mean that the NI increase will not effect us.
Response 16	Care home (OP);	68%	8.5%	All of [our] staff are paid more than the government minimum wage, with pay being increased by 5% rather than 6.7% thereby reducing the overall impact on our wages bill by 1.7%.
Response 17	Care home (specialist);	73%	9%	All of [our] staff are paid more than the government minimum wage, pay will increase by 5% rather than 6.7% thereby reducing the impact on our wages bill by 1.7%.
Response 18	Care home (OP);	63	10.3%	We would like to be able to pay care staff more than the minimum wage (ie the living wage) and so fee increases should ideally reflect this aspiration.
Response 19	Homecare services;	86%	The current 2023/2024 living wage is £11.44 We are paying our staff £11.90 The 2024/2025 living wage will be 12.21 We will be raising our hourly rate by £0.40 to £0.50 making it (£12.30 to £12.40)	Included in the 86% is the following: wages, pensions, mileage allowance and NI.
Response 20	Homecare services;Supported Living ;	Overhead costs as a percentage of employees costs are 11.7%	Using the last 12 months as a base line , we have calculated that the average increase is going to be 10.26% this includes the minimum wage increase National Insurance Changes and indeed increased costs as a result of the NMW/NI to pension contributions.	Happy to discuss the above at any time
Response 21	Care home (OP);Care home (specialist);	The overhead cost as a % of direct labour costs is 18.18%	Using an average of the last 12 months to see what impact the increased cost of the Minimum Wage, National Insurance changes and increased Pension contributions. the increase as a % is 10.77%	Happy to discuss the above at any time.
Response 22	Care home (specialist);	68%	10.4%	We currently have a funding gap of 70% for one of the individual funded by yourself at one of our services.
Response 23	Care home (specialist);	80%	Staff Costs will increase by 14% from April 25 following the changes to Living Wage and NI.	[We] run two Schools, a College and day services in addition to Residential Care. The figures quoted are for the Foundation as a whole and for a 12 month period.

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				[We have] recently become a Real Living Wage employer so the changes to then Living Wage has minimal impact. The bulk of the % increase comes from the changes to NI especially reducing the NI free allowance to £5k. [We have] made savings wherever possible enabling us to request a fee uplift of less than 5% but cannot accept less than that without affecting the sustainability of our Services.
Response 24	Other community service i.e. outreach, enabling;	Employees account for 70% of our overall costs.	We have completed full payroll modelling exercise as we prepared our budget for the new financial year. The combined NLW and NICs increases demand a +12% increase to payroll. This will increase our payroll by £98K. From this increase, Staff will see a +7% increase. Had the NICs not been implemented we could potentially have awarded a higher Staff pay award.	As a Charity this very substantial increase is serious: many of our local authorities are paying well being full cost recovery/hr for Day Services. The lowest is £6.00/hr. We have to find grant aid to support the existing deficit created from delivering Statutory contracts. It is highly unlikely the local authorities paying these exceptionally below cost rates will cover the full required increase, +12%, demanded by the Government's NLW and NICs implementation. It is equally likely that this will simply push more Providers out of the market. Commercial organisations can increase their pricing. We cannot, of course, tied in to Social Care contracts or, equally, where we are off Framework as in Newcastle and Gateshead (our lowest pricing) but where Commissioners have not tendered for 8+ years for Day Services. The BBC filmed us a week ago in relation to these increases, this broadcast on Look North (Richard Moss interview). No MP on programme responded to Richard's question on rates of contract pricing, interestingly. We will be writing to both MPs separately.
Response 25	Homecare services;	75%	85%	No
Response 26	Homecare services;Extra care services;	78%	11% Increase	.
Response 27	Homecare services;Other community service i.e. outreach, enabling;	78%	11% increase in our costs as a result of NLW/ENIC increases in 2025.	Local Authorties in other areas have put previous increases in and stipulated a pay rate for carers to enable everyone a fair market share for the recruitment pool.
Response 28	Other community service i.e. outreach, enabling;	84%	7% increase from 84% to 91%	No
Response 29	Other community service i.e. outreach, enabling;Supported Living ;	75%	The percentage will increase from 75% to 82.5%	This increase will significantly affect the business and we rely on LA to support us with fee increases
Response 30	Care home (specialist);	53.6%	7.93%	None
Response 31	Supported Living ;	89%	9%	The 9% we require is a minimum to increase costs in line with NLW and increased national Insurance costs - ideally we want to increase rates in line with Real Living Wage or above in order to remain competitive in such a challenging recruitment market and avoid agency costs
Response 32	Homecare services;	91.2% - this is comprised of carer pay 68.4% and branch office and central support 22.8%	We have estimated that there will be 9.6% increase on our costs as a result of NLW and NI changes.	I will send you the detail of our breakdown of how we have calculated these figures. In addition for non pay there are cost pressures as our suppliers in turn will be affected by the changes too. We have estimated CPI of 2.6% for next year which is the Office of Budget Responsibility forecast. The Care sector is affected heavily by the changes. The national insurance changes affects the cost of employing low paid and part time workers the most. Our average carer works 25 hours a week and we are forecasting the employers NI for the average carer will increase by 97.5% between this year and next, this scale of increase along with the increase in NLW cannot be absorbed.
Response 33	Homecare services;	75%	2%	WE ARE STILL BUILDING A SIZEABLE PORTFOLIO AND HOPE TO HAVE HOURS COMMENSURATE WITH THE CURRENT STAFF
Response 34	Other community service i.e. outreach, enabling;Supported Living ;	92%	9.7%	No
Response 35	Homecare services;	31	29	Staff costs tend to increase massively during bank holidays as we pay staff an enhanced pay of double time plus travel however we cannot charge any of this to the councils.

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Responses	What type of service does your organisation deliver?	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	Any other information that you want to share
Response 36	Homecare services;	80%	4% increase in NI costs	no
Response 37	Supported Living ;	82%	10.8%	n/a
Response 38	Other community service i.e. outreach, enabling;	73%	88%	Other operating costs will also increase including transport costs
Response 39	Supported Living ;Other community service i.e. outreach, enabling;	87%	National Insurance Increases From 6 April 2025 the employer NI rate will rise from 13.8% to 15%, and the employer NI threshold (secondary threshold) will drop significantly—from £9,100 per year (£758 per month) to £5,000 per year (£417 per month). This change will lead to a substantial increase in National Insurance contributions for employers in the 2025/26 tax year. In previous years, employers benefited from some relief due to part-time employees not exceeding the NI threshold. However, an employee working 16 hours per week at the new living wage (£12.21) will now have an annual salary exceeding £10,000, fully subject to both the reduced threshold and the higher rate. This means the relief previously available is no longer applicable, impacting all employees. The combined effect of the employer NI rate increase and the threshold reduction will result in an estimated 3% rise in overall wage costs. Additionally, the broader impact of NI budget changes will affect all businesses, including suppliers, many of whom are likely to pass these costs on through higher prices, particularly for agency services. This will further escalate operating costs beyond our earlier expectations. Living Wage Increases We had anticipated a living wage increase of approximately 6% for 2025/26. However, the additional 0.7% rise will exacerbate the financial strain on providers. Moreover, the increased employer National Insurance contributions on this higher wage must also be considered. The real-term cost increase is 6.7% x 1.15 = 7.71%.	None
Response 40	Care home (specialist);	60-65%	Not sure as of yet	All care staff increasing by 6.7%
Response 41	Other community service i.e. outreach, enabling;	72.2%	5%	As a real living wage employer we had factored in an increase in costs but we are struggling to keep pace with cost increases across the board, not only those related to staff.
Response 42	Care home (specialist);Supported Living ;Other community service i.e. outreach, enabling;	70% for residential services, 90% in SL & community services	10.4%	Other cost pressures include recruitment & retention (which forces employers to consider additional measures including premiums paid for unsociable hours & paying above NLW), agency costs, costs of digitalisation, etc. Our letter sent on 13/12/2024 regarding our inflationary ask for FY25/26 provides further detail around our request & calculation drivers.
Response 43	Homecare services;Extra care services;	77%	6.73%	We are a Real Living Wage Employer and the figures produced in first drafts calculating the costs are to retain this status, as well as hourly paid staff we also have salaried staff where we have to increase costs between 2% - 6.73% before NI increases to manage the current differentials to the NLW and the RLW.
Response 44	Care home (OP);	Our Staffing Costs are on average are 61.1% of our fee income and represent 81.4% of home running costs.	Our Staffing Costs are set to increase by 10.7% from April 2025.	I would also like to point out that there are other cost pressures being faced by the sector, such as food inflation, increased insurance costs, heat & power, maintenance & repairs etc.
Response 45	Supported Living ;	Approximately 65%	Approximately 8%	Nothing

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Responses	What type of service does your organisation deliver?	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	Any other information that you want to share
Response 46	Homecare services;Extra care services;Other community service i.e. outreach, enabling;	66%	9.8%	.
Response 47	Supported Living ;Other community service i.e. outreach, enabling;	76%	5/6%	NONE
Response 48	Homecare services;	67.4%	12.48% increase for NLW and NI due largely to the NI threshold	We are facing strong inflationary pressures, due to the NI and NLW increases, combined with the change in the NI threshold. As a business our costs will be increasing by 12.48% which will make us review viability of contracts in regions where we do not get commensurate fee rate increases.
Response 49	Care home (OP);Care home (specialist);Homecare services;Supported Living ;Other community service i.e. outreach, enabling;Extra care services;	86%	10%	N/A

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Detailed Responses – Survey 2 (Anonymised)

Responses	What type of service does your organisation deliver?	National Living Wage. Do you have any comments on our approach to this?	Consumer Price Index. Do you have any comments on our approach to this?	Employers National Insurance Contributions. Do you have any comments on our approach to this?	Do you have any other information that you want to share?
Response 1	Extra care services;	[We welcome] the council's assistance in supporting annual increases to NLW. As a business, [We pay] care staff 10% above NLW in recognition of the work they do and the impact it has received in reduced staff turnover. Wherever possible, we will seek to maintain this position to support the continued good work delivered by our local care teams.	We welcome the council's decision to apply the Jan '25 CPI figure which allows for a more realistic reflection of the current situation. We hope that some financial consideration might be afforded care services across the region.	Whilst we had hoped the Government might support local authorities with additional funding to support the NI increases, it comes as no surprise that	As the largest provider of Extra Care housing in England, [we are] committed to continued investment within our services. We encourage extended staff training to allow for Supported Discharge at the earliest opportunity. In addition, we strive to create healthy communities that offer vibrant services in our quest to reduce unscheduled admissions. We would support any attempt by the council in requesting additional income through NHS funds (e.g. BCF) supportive of our work.
Response 2	Other community service i.e. outreach, enabling;	[We] always aims to pay support staff higher than the NLW and will hopefully continue to do this in 25/26, however, this will prove to be difficult due to the Employer NIC increase	-	Any % contribution towards these additional costs will be hugely beneficial to our charity, and will enable us to continue to pay an hourly rate above the NLW to our staff, which results in retaining essential staff in the social care sector	Fully appreciate this is a challenging financial time for NTC, just as it is for us providers. But if providers go out of business due to additional expenditure, this will result in further challenges to NTC when there is already a shortage of providers
Response 3	Care home (OP);	Yes, full account must be taken of the increase.	Many of our costs increase by more than CPI, eg rent is linked to RPI and there are higher levels of inflation in utilities and food etc...	This really must be fully funded. Not only is the rate increasing but the reduction in the threshold is a very significant cost on business where many employees are part time, such as this sector.	The cost increases facing the sector are significant and must be addressed in order to ensure sustainability of vital services into the future.
Response 4	Care home (OP);	We are comfortable with the LA approach to taking into account the increase in NLW.	No comments to make	Although we understand the rational, it is disappointing that the increase in ER NIC will not be taken into account more fully when setting the fees for 2025/26. The increase in ER NIC is a significant increase to our staffing costs and a concern as to how we are able to afford it.	No
Response 5	Homecare services;	We pay the national living wage in line with the Northumberland guarantee hours contract agreement. We currently pay £12.54 per hour and we are awaiting the new rates to start from April 2025.	No comments on this nothing can be done to prevent any inflationary cost increases.	This is going to have a detrimental effect on our business we anticipate our ni cost to double this year. Which is why we anticipate that a direct care cost increase taking into account this and nmw increases will result in a 10.7% increase in direct care costs for our workforce contact time.	N/a

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Responses	What type of service does your organisation deliver?	National Living Wage. Do you have any comments on our approach to this?	Consumer Price Index. Do you have any comments on our approach to this?	Employers National Insurance Contributions. Do you have any comments on our approach to this?	Do you have any other information that you want to share?
Response 6	Homecare services;	At a conceptual level, rises matching the NLW should not be the goal. Anyone involved in care would tell you that asking someone to do the job for minimum wage is an insult to them and the customers they support. Take your pick - early starts, late finishes, weekend working, complicated moving and handling, dealing with challenging people, personal care, the responsibility of administering medication - why would anyone do this for minimum wage? Strategically, setting the target as matching minimum wage rises ignores years of historic underinvestment in care rates and it renders any wider conversations about retention, quality improvement or sustainability redundant. Operationally, we've always had a significant gap between minimum wage rates and our remuneration (this was 22% higher than NLW in 24/25) so, if we can't secure relative increases in income, this gap will inevitably close and result in quality, continuity of care and retention reductions.	1.7% bears no resemblance to the true cost of inflation on our non-staffing costs. Our biggest ticket consumable items have gone up by around 40% in the last two years and we're limited in how we can manage these because, unlike us, suppliers can pass on their increased costs in the form of increased prices. Many suppliers would rather give up the business than operate at a lower margin or at a loss. We're somewhat protected because we don't have huge overheads by design but for every extra penny we do have to pay in overheads it comes out of the resources available for staff remuneration. As for the 1.7% increase, has anyone in the Cabinet Office bought a basket of shopping in the last 12 months? I'll bet it costs more than 1.7% than it did a year ago.	I think it's grim that, as regulated providers, we're actually being asked to pay for the investment required in our own services - especially when subsequent income rises don't match these. God forbid we are treated the same way as the NHS as they are exempted employers NI but commissioned services (including GPs) are not. It's just crazy by any logical standard. For us, not funding it in full through rate increases will lead to the outcomes already discussed. As for future provider sustainability, this will force many to close because they won't have the margins to cope. This isn't the worst thing in the world but it's hardly managed change, just chaos theory let loose.	I think we're at the point that we need to be honest. I can come up with a million reasons why the funding position is both short-sighted and leads to poor outcomes for service users but it doesn't really matter - it is what it is. The cold fact is that fee rates will reflect what funds are available to you so let's just accept it but let's not try to knit fog and convince ourselves it's good for anyone in the sector - least of all those receiving the service or those directly involved in the delivery of services. I am getting tired though, I can't sit through another budget when a Minister is talking about investing in world-class services and then giving us peanuts in real life. It's continuities dissonance in the extreme. The Authority can't generate more income easily so, if you want true change, you need to seriously look at getting more out of what is available. My final point is a personal one - I set my service up because I saw how valuable good services are for older people and I also worked in a fairly poor service at the time so I saw bad practice too. My Mam and Dad are getting on a bit now and they live in Wallsend - I'm concerned that they'll not have access to decent services as and when they need it. In a wider sense, we're on the cusp of the ageing population accelerating at its fastest rate for a generation for the next 15 years and that we're having discussions about how we can struggle to meet minimum wage standards is both deeply depressing and terrifying for all involved. Still, there are actionable things that we can do to fix this despite the financial pressures but it will take bold action at a strategic level to do this, and quick.
Response 7	Homecare services;	We are in agreement with the National Living Wage.	I am in agreement with the Local Authority to keep the CPI at 3%.	We have to accept that the Local Authority will not be funding this in the fee increase but there is nothing we can do about this at present and will have to bear the extra costs ourselves.	No
Response 8	Supported living;	In order to ensure we recruit and retain committed, skilled staff we have found we need to offer above NLW. The charity has committed again pay staff £0.50 per hour over NLW	No	Any shortfall in funding to cover the additional costs of the increase in NIC liability, will have to be provided out of our reserves, this will obviously have an impact on the charity's finances and ability to continue paying staff a 50p enhancement on NLW	No
Response 9	Care home (specialist);Care home (OP);	No comment	No comment	Any shortfall in covering this additional cost will undoubtedly impact on the rate of pay we pay our carers over and above the NMW, or indeed additional benefits	No comment
Response 10	Homecare services;Supported living;	No comment	No comment	Any shortfall in covering this additional cost will undoubtedly impact on the rate of pay we pay our carers over and above the NMW, or indeed additional benefits	No comment
Response 11	Supported living;Other community service i.e. outreach, enabling;	The cost pressure for NLW this year is 6.7%	budgeted CPI ~2.7% cost pressure	National Insurance rate has increased from 13.8% to 15% and the threshold has reduced from £9.1k to £5k. The cost pressure for this is 40.2%	The support worker pay increase impacts other roles in the services e.g. assistant and service manager - where differentials must be maintained to ensure staff retention. There is also historic underfunding to be considered to ensure we are able to deliver sustainable services.

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Response 12	Supported living;	We always pass on any increases to the staff but as Employee NI is part of this budget, the opportunity to provide further benefits to the employees will be severely restricted.	We realise the need for a formula for this. Conflict can arise because the niche aspect of other roles where costs cam fall out of the normal range.	It is disappointing when Health & Social care is one government department which is being penalised by the extra costs, while the NHS is exempt from increased NI. This increase will put an enormous strain on all providers.	I think that most providers feel let down by the government's disregard towards Social Care and the lack of monetary support. As part of the staff recruitment and retention plan, benefits that we offer such as a higher rate sleep-in, birthday day off, free healthcare and recommending new starters and receiving a £75 bonus when they start employment with us, will all have to be reviewed. This means that recruitment would become more difficult than it is now and retaining staff will also be a problem.
Response 13	Homecare services;	We acknowledge your comments on NMW and respect that you will be passing on the full increase of 6.73%	Again, your approach appears reasonable to this given the information you have. We would say however that whilst CPI is at 3%, the increases in costs that we are receiving are generally much higher than 3%.	It is unclear what increase you intend to provide in relation to the NI increases. We have modelled our cost increases internally and based on an employee on NLW, working 26 hours a week, our employer NI increases will increase by 94.46%. This is a result of both the rate increase but moreover the reduction in threshold. This is clearly not a sustainable position for ourselves or for other providers in the industry and as such, if sufficient compensation is not received, we foresee closures of homecare businesses and packages not being fulfilled.	As a provider, our absolute standstill position is that we need to receive a price increase of 10.25%. Should we receive less than this we will have to look at the viability of the packages we currently service as may not be able to continue to provide care if rates are not sustainable.
Response 14	Homecare services;	The approach being taken by North Tyneside seems fair and reasonable	The approach being taken by North Tyneside seems fair and reasonable	The impact of the changes to Employers NI contributions is considerable. As we set out in our letter of December 2024, a copy of which we have sent to the Commissioning Team Inbox, the cost of the NI changes, including the changes to the threshold are considerable. In fact, they increase the cost of each hour of care by £0.77, the same as the increase in the NLW. Therefore, we would urge you to reconsider your current approach, as this increase in costs, if not mitigated, has a material impact on the sustainability of the services we offer on your behalf.	It is our strong desire to continue to deliver high-quality care to the people of North Tyneside, and we hope that these negotiations result in a positive outcome. As stated above, the decisions announced on the National Living Wage, the reductions in the NI Threshold, and increases to Employers NI contributions, have immediate and direct consequences for providers and Commissioners of adult social care. The overall impact is to increase the cost of an hour of care from in North Tyneside £20.95 to £23.65. To be clear, CCH fully support the uplift to the NLW, and we recognise the positive effect this has on the incomes of our valued frontline colleagues. However, this increase, and the changes to NI contributions, makes this year substantively different to previous years. As you know, CCH is accountable to CQC for the quality of the care we provide. We are proud of the ratings we get from CQC. However, we are also required to demonstrate to CQC that our business model is sustainable. We have a strong financial track-record and are confident in our abilities to manage all aspects of what we do. Nonetheless, the current situation requires us to be clear on what the financial year 25-26 looks like, as soon as possible.

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Response 15	Supported living;	There needs to be a recognition that this enables the majority of service providers to still only pay the minimum possible for the skilled work that the frontline staff carry out. Despite the high increases that are alluded to in the earlier part of the letter, the reality is that percentage increases over the last 4 years are either below or close to in line with other local authorities which results in the consistent outcome of North Tyneside offering lowest rate of pay in our portfolio of contracts in the North East. This approach makes it increasingly difficult to recruit and retain the skilled workforce required to deliver the high-quality, person-centred care that both the Authority and providers are committed to. We urge the Authority to consider how additional funding could be allocated to support the creation of a more competitive and attractive pay structure across the sector. Evidence from other regions has demonstrated that higher pay rates not only improve recruitment and retention rates but also contribute to better continuity of care and overall service quality. We would welcome the opportunity to share data and case studies illustrating these positive impacts to inform future fee uplift considerations.	If this results in a transparent and consistent process where discussions and engagement around uplifts also therefore starts in September also then this would be welcomed as it provides greater predictability for future planning. However, we would welcome further discussion on the rationale for shifting to the lower September CPI rate in subsequent years. Less so, if this is setting a precedent for the local authority to pick the lowest figure of two potential CPI points in future periods. We would welcome the establishment of a formal consultation mechanism or joint working group to facilitate ongoing dialogue and ensure that the selected CPI index reflects the actual cost pressures facing providers.	The section in the letter regarding NI contributions appears to be deliberately confusing and gone through great lengths to avoid giving the simple message of saying "we aren't giving financial consideration and support towards this" – I understand this is a sensitive issue across the board, but given the seriousness of the matter and it's potential impact on providers I would encourage communication to be as clear and concise as possible. The Market Sustainability that you are offering as a response to cost challenges appears to be pointed towards delivery models and creating efficiencies. However, if a person needs supporting for 8 hours a day then there is no efficiencies in delivery that are going to change the financial liability it creates for us to deliver. Noting the contents of the Market and Sustainability report we would welcome the opportunity to engage with the Authority to explore innovative approaches, including the proposed step-up step-down model (which is a model we are advocates of already), to achieve shared outcomes without compromising the financial viability of providers. To strengthen this proposal, we suggest considering a pilot project or feasibility study with clear key performance indicators to demonstrate the model's effectiveness in delivering improved outcomes and cost efficiencies.	Further commentary on the Market Sustainability report from Amin Mazloom who is our Head of Business Development and registered practice manager: While we support the Authority's Market Sustainability Plan and "Home First" strategy, it is important to recognise the additional pressures providers are managing, including workforce shortages, rising energy and transport costs, and the need to invest in assistive technology and quality improvement initiatives. These pressures are not adequately reflected within the proposed uplift methodology and risk undermining the sustainability of the local care market. We believe it would be beneficial for the Authority to undertake a comprehensive impact assessment of external cost pressures on providers, including workforce shortages, energy and transport costs, and regulatory requirements. This would provide a clearer understanding of the challenges faced by the sector and help inform a more balanced fee uplift model. We believe a more holistic approach to fee setting – one that considers the full range of cost pressures facing providers – is essential to delivering long-term sustainability. We remain fully committed to working in partnership with North Tyneside Council to achieve our shared vision of supporting people to live independently, with dignity, and as part of their local communities. To ensure we continue to deliver on this vision, we propose scheduling regular review meetings to jointly assess the impact of fee uplifts and explore future improvements, ensuring that our services adapt to meet the evolving needs of the individuals we support.
Response 16	Day services;	I am in agreement with the approach.	The approach seems reasonable but perhaps averaging the rate over the previous 12 months would provide a fairer picture. and would show a figure of 3.9%.	This is not a situation that local governments can control so while it is a bitter pill to swallow I am sympathetic to the authority's position.	The settlement from NTC has always been reasonable given the wider economic picture.
Response 17	Homecare services;	no comments, the information provided was explained comprehensively	no comments, the information provided was explained comprehensively	The business cannot afford to pay this fully and be financially viable long term, we have had to reduce headcount in our offices in preparation for this cost.	no
Response 18	Homecare services;	No	No	No	No
Response 19	Homecare services;	As a company we would to continue paying our staff the NLW. Therefore, it would be great to take this into account when deciding on the increase.	Since both company and staff are affected by the RPI, factoring this into the increase would be great.	Again, this would have a big impact, especially on small companies like us where the profit margins are very little. This adding an extra burden on us	NO
Response 20	Care home (specialist);Supported living;Day services;Other community service i.e. outreach, enabling;Homecare services;	Neutral	Neutral	Neutral	None

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Response 21	Homecare services;Extra care services;Day services;	The proposed uplift for the National Living Wage will impact on our ambition to continue as a Real Living Wage Employer, to achieve we would need an uplift in excess of 7%	Supports our current financial modelling and has worked historically for us in previous years.	We produced a financial projections based on current service provision and staffing needs and this identified increased costs for Employers National Insurance in excess of £117k which places an increased financial risk and the potential need for restructure. We have produced Budgets for 2025-2026 which would require an uplift of 8% to continue as a Real Living Wage Employer and meet the National Insurance Liabilities.	No
Response 22	Day services;	Happy with your approach and commitment.	A difficult one to balance as not everything we use/buy sits at 3%.Fuel is up 11% gas / electric is going up a further 7%. Tea, coffee and milk is 5% dearer than last year	There were lots of noise around additional funding being made available for adult social care from the government. From April this enforced change will increase private sector costs that will be passed onto service providers like ourselves. Like all business leaders we have to increase charges or cut staff. As you are our customers, you are 100%of our income. We have a staff ratio of 1 to 8 so if we cut staff we will (as will all other service providers), have to reduce places for service users. Ironically i believe this NIC change is not being applied to your good selves. Turning the tables a little, how do you think we should cover the increase passed onto us?	I completed the last survey as requested.
Response 23	Care home (specialist);Care home (OP);Homecare services;Extra care services;Supported living;Other community service i.e. outreach, enabling;	The Uplift we are applying for allow us to keep up with the national living wage increase without any financial deficit to the organization.	N/A	We appreciate your approach and are willing to talk through anything to clear it up.	Ive shared a letter to the Commissioning team explaining why we are applying for a uplift.
Response 24	Supported living;	We are pleased the NLW increase will be acknowledged in the rates, however, we have always tried to pay staff above the National Living wage to support the motivation and retention of staff. We are already seeing an increase in staff training and support costs including staff wellbeing support. Good quality training is essential for staff teams to be able to provide the highest quality support. For some time, we have been unable to reclaim SSP resulting in additional costs and due to proposed employment law changes coming in, day one rights for SSP will see a further significant cost increase to the business. We have staff asking already about pay rises in April expressing their concerns.	This would appear to be a fair approach, however, this will still not meet the full costs we will be taking on board.	We are extremely concerned that these additional costs will not be fully covered and are concerned about the impact and affordability of these additional costs which will be detrimental to the business. Due to the change in threshold for NI contributions more of our staff will be paying NI contributions therefore more employers NI and also an increase in pension contributions. These costs are significant; we are unable to reduce staffing as people only have specifically what they need in terms of support. We fear there will be a significant shortfall which we are concerned may not be sustainable for the business.	No

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Response 25	Represents OP care homes	It is reassuring to hear that the Council remains committed to ensuring the increase from April 2025 takes full account of the 6.73%. Sadly, there isn't a choice for a provider to remain committed or not.	It should be noted that the basket of indicators or straight CPI used in previous years did not actually cover the cost increases faced by providers. As we pointed out last year, interest rates far outweighed CPI by some considerable amount and no funding was provided by the Council. We would not wish to accept a September date for CPI increases as it would not be reflective of the actual cost increases faced by providers. It would be six months out of date by the time the new fee is introduced. I believe this is a decision simply based around Council budgets.	The comments surrounding the 0.7% are what appears to be the Councils attempt to try and suggest that providers have benefitted for the last three years. This is rather insulting, and we can only assume it is an attempt by the Council to somewhat reduce the NI Budget increases funding. Since 2022, there has been a FCoC and three fee reviews. Again, we point out that the Council are not paying the actual costs of care, which includes this 0.7%. Further, it would now be relevant for the providers to mention its other increases in taxation, which the Council have conveniently forgotten. In the last three years, the Council have never mentioned this 0.7% benefit to providers, why is that? Employers National insurance increases are a real and quantifiable cost. We await the Council decision on the funding, along with its reasoning, and we will respond accordingly.	It is welcome that the Council acknowledges the dependency within cares homes is increasing through its "Home First" approach. What inflation models do not pick up is the increased dependency faced by providers. We would therefore request that a dependency review is undertaken by the Council to establish the correct amount of care hours needed for the residents within care homes. We look forward to hearing from you on this subject before any new contract is established. I am finding it difficult to understand how the Council arrived at the conclusion that it has "sufficiency of supply to meet current and **future** demand". The council MSP has the following data: [Extract of table from MSP document]. The current occupancy stands at 91%. If the population is to increase "moreso over the next 10 years", it seems incredibly difficult to arrive at such a statement. Although not part of the Council letter, it is important to note that the Council are yet to finalise the new contract that was started some time ago. Providers need to be clear that any agreed fee rate now is on current service provision rather than on any enhanced proposed service within the new contract.

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