North Yorkshire Council
Health and Adult Services - Executive Member & Corporate Director Meeting

Wednesday, 12 March 2025 / 1.00 pm

A G E N D A

1 **Declarations of Interest**

Items for Corporate Director decision

Items for Director Public Health decision

6 Date of next meeting: 11 April 2025, 1:30pm

Circulation:

Executive Members
Michael Harrison

Officer attendees
Richard Webb

Presenting Officers
Abi Barron
Anton Hodge
Karen Gullon
Angela Hall

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NORTH YORKSHIRE COUNCIL

Health and Adult Services Executive Member Meeting

REPORT TO Corporate Director of Health and Adult Services (HAS) in consultation with the Executive Member for Health and Adult Services

Fee uplifts for Residential, Nursing, Home Based Support, Supported Living and Community-Based Services 2025/26

12 March 2025

1.0 PURPOSE OF THE REPORT

1.1 This report informs the Executive member of proposed fees for Residential, Nursing, Home Based Support, Supported Living and Community Based Services in 2025/26 as part of the consultation process to enable the Corporate Director – Health and Adult Services to agree those fees.

2.0 BACKGROUND

2.1 Contractually the Council has a commitment to review fee levels on an annual basis. The Council has always had an obligation to take account of the market pressures and to seek views from providers on fee levels, but from April 2015 new statutory responsibilities under the Care Act 2014 require the Council to shape and sustain its markets.

2.2 In setting fees, the following objectives have been set:

- Meet the duty to pay due regard to the costs of providing care
- Consult with the market (through the Independent Care Group) and consider any alternative proposals
- Ensure no contract is paid below the Actual Cost of Care (ACOC) rate (where applicable)
- Work within the requirements of the Approved Provider List (APL)
- Prioritise the funding to lower-paid contracts to ensure market sustainability
- Work within the budget agreed by Council.

2.3 In April 2022, the Council implemented its Actual Cost of Care (ACOC) exercise for over 65 residential and nursing packages of care. It was agreed that all new packages would receive at least the relevant ACOC rate and that existing/legacy rates would be increased to ensure that they met that rate within three years.

2.4 In calculating expected costs covered by these proposals for 2025/26, we have listened to representations made by the ICG and also asked providers to complete a financial return. Although the number of returns was disappointingly low, we have still been able to use this as part of our evidence base, and have also looked at information we have received from other local authorities. We have also considered

representations made directly to us by some providers and from national organisations (such as the Home Care Association). Finally we have also looked at numbers and data we have and fed in work completed on the Actual Cost of Care and the Fair Cost of Care exercises undertaken in recent years, as well as the provisions in our Approved Provider (APL) contract.

2.5 In the past and after discussions with the ICG, the allocation of funding has been tailored to ensure that those receiving the lowest fee amounts has once again been prioritised.

2.6 The proposal outlined below works within the figure available in the budget where extra funding has been allocated to cover ASC costs which far exceed government funding. This has been achieved by prioritising this service area within the Council, raising Council Tax to the maximum level allowed and using Council reserves – although this last source is of course unsustainable in the long term.

2.7 The principles of this offer are set out below:

- With full implementation of the Residential and Nursing Actual Cost of Care exercise from April 2024, no packages will be paid below this rate – including those at APL rates.
- In general two rates of inflation apply for each type of care. The first (generally around 8% - 8.6%) takes account of all expected cost increases, including National Living Wage (6.73%) and National Insurance Contributions (NIC) increases and will apply to contracts which have not yet transferred to the (generally higher) APL rates. The second (up to 2.4%) will support the NIC increases and will apply to APL rates. This is a change since last year where there was no inflation for APL rates, but we will treat this increase as an exceptional issue within the contract and one which could not have been predicted when providers submitted their APL rates covering the length of the contract.
- While we have read in detail the proposal by the Home Care Association for a minimum rate for home care of £32.14, we have taken the view that the implementation of this – and increase of 34% on the current national average – would be unaffordable. In the past North Yorkshire has been one of the few councils that has paid above the Association's average, but this can no longer be the case.
- Any increase for legacy rates will be capped at the current APL (2022-27) rate
- All future payments will continue to be made four weeks in advance with retrospective reconciliation to support cash flow
- Fees will be rounded to the nearest number divisible by 7 for care homes and divisible by 4 for home care and services charged on an hourly basis.
- When the inflationary uplift brings a legacy rate in line with the current APL rate, the placement or package of care will be transferred to the 2022-2027 APL contract.
- Thresholds and caps have been set by reference to average costs and other exercises such as Actual Cost of Care

2.8 The rates below, if agreed, are within the funding agreed in the Council's 2025/26 budget, although inflation is of course allocated on budget and not on any overspend.

2.9 North Yorkshire Council and its predecessor, North Yorkshire County Council, has invested heavily in local provision. This has included:

- A new Approved Provider List (APL) which allowed providers to submit sustainable rates for the period 2022-27.
- Actual Cost of Care (ACOC) for over 65 residential and nursing packages of care – implemented in April 2022 with the agreement that all new packages would receive at least the relevant ACOC rate and existing/legacy rates would be increased to ensure that they met that rate within three years.
- An exceptional inflation award for 2023/24 which acknowledged the very high rates of inflation in the UK economy.
- Various one-off grants.
- Reviewing our sustainability processes to enable the Council to offer a range of financial and non-financial interventions to mitigate risk to provider organisations.
- Expanding the Quality Team to provide hands-on, practical support to care providers who are experiencing quality or other sustainability challenges
- Wrap-around COVID-19 support, including passporting through national monies
- Support with recruitment and training

2.10 The Council has a duty to promote the efficient and effective operation of the adult care market, while also ensuring value for money in all areas of social care expenditure. We have reviewed our sustainability processes to enable the Council to offer a range of financial and non-financial interventions to mitigate risk to provider organisations.

3.0 PROPOSED FEE LEVELS

Care Homes 65+ (ACOC)

3.1 In April 2022, the Council implemented its Actual Cost of Care (ACOC) exercise for over-65 residential and nursing care. It was agreed that all new contracts would receive at least the relevant ACOC rate and that existing/legacy rates would be increased to ensure that they met that rate within three years. Legacy rates refers to rates that were agreed on contracts that pre-date the current 2022-2027 APL.

3.2 For care home services with 1:1, work will take place to establish a new base/1:1 split on the principals of the original contract and subsequent inflationary awards. Each base rate will be uplifted for 2025/26 under the principal of the type of service it is (e.g. Res/Res Dementia/LD etc), and 1:1 will receive 0% uplift. However, there may be small increases made to the base and/or 1:1 to ensure they correctly divide by 7 and 4 respectively. No contract values will reduce as a result of this exercise.

3.3 The proposal for 2025/26 is that all rates will be uplifted to the 2025/26 ACOC rate from 7 April – both legacy and APL packages. Taking account of expected rates of inflation over the next financial year, the new ACOC rates are as set out below:

	Legacy & ACOC contracts	APL contracts (above 25/26 ACOC, which includes an increase for NIC as well as other inflation)
Residential	£945 (8.0%)	0%
Residential/dementia	£994 (8.4%)	0%
Nursing	£1,050 (7.9%)	0%
Nursing/dementia	£1,057 (7.9%)	0%
Cap 1: Legacy contracts between 25/26 ACOC and Threshold – 2.1% increase. The Threshold levels are £1,204 (Residential), £1,260 (Residential Dementia and Nursing), £1,400 (Nursing Dementia) Cap 2: Legacy contracts above Threshold - 0%		

3.4 Contracts on the 2022-2027 APL that are at ACOC will be uplifted to the 25/26 ACOC rate. This represents an increase of up to 8.4%.

3.5 All uplifts will be capped at the provider's equivalent APL rate.

3.6 For those contracts on the current APL with rates above the new ACOC, no inflation will be applied.

Care Homes under 65 and non-ACOC services over 65

3.7 ACOC rates only apply to contracts for people aged 65+. Therefore for legacy contracts (those that pre-date the 2022-2027 APL) supporting adults under the age of 65 and non-ACOC over 65 residential services, the inflation rate will be 8.4% for those below £1,800 per week and 2.1% for those above (this threshold has increased from £1,500 in last year's award).

3.8 Contracts supporting adults under the age of 65 and non-ACOC over 65 residential services which are on the current APL will receive 2.1% below £1,800 and 0% above that.

Supported Living

3.9 For supported living legacy contracts that pre-date the 2022-2027 APL, the inflation rate will be 8.6% up to a cap which is the lesser of £25.65 or the provider's current APL rate. Anything above £25.65 will not receive inflation.

3.10 For supported living legacy contracts on the APL, the inflation rate will be 2.4% up to a cap which is the lesser of £25.65 or the provider's current APL rate. Anything above £25.65 will not receive inflation.

Home-based support

3.11 For legacy home-based support contracts (not on 2022-27 APL), the inflation rate will be as follows:

Home based support legacy contracts – hourly rates		
Urban incl.all practical support, sitting services and live in care	Rates up to £27.80 – 8.6%	Rates above £27.80 – 0%
Rural and Super-Rural	Rates up to £27.80 – 8.6%	Rates £27.80 - £33.00 – 1.8% Rates above £33.00 – 0%

3.12 For APL home-based support contracts, the inflation rate will be as follows:

Home based support APL contracts – hourly rates		
Urban incl.all practical support, sitting services and live in care	Rates up to £27.80 – 2.4%	Rates above £27.80 – 0%
Rural and Super-Rural	Rates up to £27.80 – 2.4%	Rates £27.80 - £33.00 – 1.2% Rates above £33.00 – 0%

3.13 Any increase will be capped at the providers equivalent 2022-2027 APL rates.

Community-Based Support

3.14 For Community-Based Support legacy contracts that pre-date the current 2022-2027 APL), the inflation rate will be 8%.

3.15 Community Based Support Contracts on the current 2022-27 APL will receive inflation of 2.1%.

Direct Payments

3.16 To recognise the impact of the cost of staffing increases and to continue to incentivise the use of Direct Payments, the increase will be 9.5%.

Other Information

3.17 All future payments will continue to be made four weeks in advance with retrospective reconciliation to support cash flow within the market.

3.18 For packages of care for people in care homes outside of North Yorkshire Council we will honour an uplift agreed by the host authority where they have undertaken an Actual Cost of Care exercise and will consider individual business cases where there is no Actual Cost of Care exercise in place.

3.19 The rate for home-based support providers allows for 15 minute payments. Whilst we do not usually commission care for 15 minutes only there are times when support plans require 45 minutes of care and very occasionally for 15 minutes.

4.0 ANALYSIS OF THE PROPOSALS

4.1 The current APL states that any inflationary uplift will be discretionary. However the proposal in this paper recognises the exceptional circumstances of the increase in Employers National Insurance costs effective from April 2025 and which providers will not have foreseen when submitting their fee rates for the period 2022-2027. Therefore this award includes support for National Insurance costs for both legacy and APL contracts.

4.2 The offer also sets thresholds for reduced rates, both for legacy and APL contracts. This is done to ensure that lower-paid providers receive more support while also seeking to ameliorate the financial impact to the social care budget of very high cost packages. One of the Council's stated MTFS targets is to bring the average cost paid by the Council closer to rates paid elsewhere in the country. This past year has seen some success in this for home care, but more needs to be done for residential costs. This is done by seeking to reduce the increase at the higher cost end of the market while continuing to invest in other providers. Ultimately this will be to the advantage of those receiving care in North Yorkshire by freeing up some budget, while also protecting residents who pay for their care.

4.3 There has continued to be much national focus in the last year about the fragility of the care market in England, including the adequacy of funding and reliance on an international workforce. However the Council undertakes quality monitoring of such provision.

4.4 In addition to the fees paid by the Local Authority, Nursing care homes will receive Funded Nursing Care payments for eligible residents from health commissioners. This is set nationally by the NHS and since 1 April 2024 the standard rate has been £235.88 per week an increase of 7.4%. At the time of writing. No rate for 2025-26 has yet been published.

Residential and Nursing care Homes

4.5 In North Yorkshire since April 2024, 3 care homes (and one NYC owned Elderly Persons Home) have closed. This compares with

2023/24: 1
2022/23: 4
2021/22: 6

2020/21: 8
2019/20: 2
2018/19: 2
2017/18: 6

4.6 As of February 2025, the care home market in North Yorkshire is slightly above the national average in terms of quality of care provided by registered care providers, with 80.81% rated Good or better in North Yorkshire against an England average of 80.13%. The Quality Team continues to provide proactive support to providers where quality concerns have been identified or where improvements would be beneficial.

Home-Based Support

4.7 Fees to home care providers are based on hourly rates.

4.8 The average rate paid by the Council has reduced from £26.96 in 2024 to £24.73 as at January 2025, although we remain higher than the national average of £24 (as quoted by central government in October 2024).

4.9 As of February 2025 91.5% of Domiciliary Care Providers in North Yorkshire were rated good or better. CQC data shows that 90.5% of registered community-based adult social care services (i.e. including home-based, Supported Living and Shared Lives)were rated “good” or better, which remains better than the national (84.52%) and Yorkshire and Humber Region (83.32%) averages.”

Community-based services

4.10 For Community Based Services, the majority of legacy services are not priced on an hourly rate structure and so are unable to apply the same approach as home care. The proposed increase is 2.1% uplift for APL rates, and 8% for legacy packages, acknowledging that as with other types of care, legacy services prices have not had the opportunity to be revisited in the same way that APL rates have. However the Council will undertake a case-by-case review of each CBS service to ensure these are still appropriate.

Direct Payments

4.11 As stated above, the uplift recognises the impact of staffing cost increases and also aims to continue to incentivise the use of Direct Payments, the increase will be 9.5%.

4.12 Between Q3 in 2023/24 and Q3 in 2024/25, the number of people in receipt of a Direct Payment increased by 58 from 816 to 874.

5.0 CONSULTATION AND ALTERNATIVE OPTIONS

5.1 Negotiations have been taking place with the ICG since November 2024. The Group has stated that it "broadly supports the principles within the proposal" although requested different thresholds for Supported Living and Home Care. Recognising the additional rural costs for home care, these thresholds have been adopted, although we have not agreed with their proposal to pay higher rates for APL contracts. The proposal regarding Supported Living has not been put forward here as no evidence was presented to support this. As stated above, a data gathering exercise had a disappointing level of returns (13 of which 5 were only partially complete), but officers have considered all information presented to them.

5.2 As part of the work a number of alternative options were considered including paying a flat rate to all providers. However the proposal presented here meets the objectives set out 2.2 above, including prioritising the lowest paid contracts and working within the current contract, while being able to allocate funding to support the additional cost of National Insurance

6.0 IMPLICATIONS

Financial

6.1 Budget plans have already included the cost of the increased fees proposed included in this report. In future years the Council will need to provide for the inflationary increases.

Human Resources

6.2 Human Resources: We require our contracted providers to meet minimum wage levels and have reflected wage costs in our fees.

Legal

6.3 Legal: When setting fee levels, local authorities are not obliged to follow any particular methodology; in particular, there is no obligation to carry out an arithmetical calculation identifying the figures attributed to the constituent elements, R (Members of the Committee of Care North East Northumberland) v. Northumberland CC [2013] EWCA Civ 1740.

6.4 The Care Act 2014 places duties on local authorities to facilitate and shape the care and support market. The Act also requires local authorities to provide choice that delivers intended outcomes and improves wellbeing. Unlike previous case law, the

Care Act strengthens the general duties of councils when setting fees. Relevant features of the Act (s.5) include: (i) An obligation on councils to: ...promote the efficient and effective operation of a market in services for meeting care and support needs with a view to ensuring that any person in its area wishes to access services in the market. …(and) has a variety of providers to choose from who (taken together) provide a variety of services. …(and) has a variety of high-quality services to choose from …(and) has sufficient information to make informed decision about how to meet the needs in question. In performing that duty, the local authority must have regard to the following matters (i) the need to ensure that it is aware of current and likely future demand for such services and to consider how providers might meet that demand (ii) the importance of ensuring the sustainability of the market (iii) the importance of fostering continuous improvement in the quality of such services and the efficiency and effectiveness with which such services are provided.

6.5 The Care and Support Statutory Guidance (CASSG) states that a local authority should have evidence that the fee levels they pay for care and support services enable the delivery of agreed care packages and support a sustainable market. When commissioning services, local authorities should assure themselves and have evidence that contract terms, conditions and fee levels for care and support services are appropriate to provide the delivery of the agreed care packages with agreed quality of care. This should support and promote the wellbeing of people who receive care and support and allow for the service provider to meet statutory obligations to pay at least the national minimum wage and provide effective training and development of staff. It should also allow retention of staff commensurate with delivering services to the agreed quality and encourage innovation and improvement. Local authorities should understand the business environment of providers offering services in their area and seek to work with providers facing challenges and understand their risks. Although the CASSG recognises that individual providers may exit the market from time to time, the local authority is required to “ensure that the overall provision of services remains healthy in terms of the sufficiency of adequate provision of high quality care and support needed to meet expected needs”.

6.6 The CASSG further states that in fulfilling this duty “Local authorities should commission services having regard to the cost effectiveness and value for money that the services offer for public funds”.

6.7 The Judge in the case of *R(Care North East) v Northumberland CC* [2024] summarised the above statutory provisions:

"(i) First, there is the importance of local authorities assuring themselves and having 'evidence' that contractual fee levels are appropriate to provide the delivery of agreed care packages with agreed quality of care (para 4.31).

(ii) Secondly, there is the importance of local authorities understanding that a reasonable fee level allows for a reasonable rate of return by independent providers that is sufficient to allow the overall pool of efficient providers to remain sustainable in the long term (para 4.31).

[Lavender J in *R(Care England)* at [6] called this and s.5(2)(d) CA 'the sustainability factor']

(iii) Thirdly, there is the point that local authorities must not undertake any actions which may threaten the sustainability of the market as a whole - the pool of providers able to deliver services of an appropriate quality - by setting fee levels below an amount which is not sustainable for providers in the long term (para 4.35)."

Equalities

6.8 Equality Act 2010: The council is required by law to pay due regard to the Equality Act 2010 and in particular the general and specific duties of the Public Sector Equality Duty. The evidence that the council has met its duties is contained in the previously published equality impact assessments (EIAs). Due regard has been paid to the actual cost of care in formulating the proposals, and it is anticipated that there will be a positive impact on both the provider market and people who receive services, by offering fee levels which support good care provision. An updated EIA has been undertaken to look at the specific contents of the 2025/26 offer.

Climate Change

6.9 There are no specific climate change implications identified with these proposals.

7.0 REASONS FOR RECOMMENDATIONS

7.1 The detailed reasons for the recommendations are set out in details in the report above. The proposal ensures that, where appropriate, rates paid to providers will take account of cost of living increases

8.0 RECOMMENDATIONS

8.1 The Executive Member is asked to consider the contents of this report, including the analysis of the proposals in section 3 and the implications in section 6 and to agree

Residential and Nursing

(i) The four ACOC rates for 2025/26 will be:

Residential	945
Residential/Dementia	994
Nursing	1,050
Nursing/Dementia	1,057

(ii) All relevant rates will be uplifted to the 2025/26 ACOC rate from 7 April – both legacy and APL packages.

(iii) Legacy Residential contracts between the £845 and £1,204 will receive 2.1%.

(iv) Legacy Residential Dementia contracts between £994 and £1,260 will receive 2.1%.

(v) Legacy Nursing contracts between the £1,050 and £1,260 will receive 2.1%.

(vi) Legacy Nursing Dementia contracts between the 1,057 and £1,400 will receive 2.1%.

(vii) There will be no inflationary uplift above these rates for Legacy contracts.

(viii) There will be no inflationary uplift for APL contracts above the relevant ACOC levels

(ix) For legacy contracts (those that pre-date the 2022-2027 APL) supporting adults under the age of 65 and non-ACOC over 65 residential services, the inflation rate will be 8.4% for those below £1,800 per week and 2.1% for those above (this threshold has increased from £1,500 in last year's award).

(x) Contracts supporting adults under the age of 65 and non-ACOC over 65 residential services which are on the current APL will receive 2.1% below £1,800 and 0% above that.

Supported Living

(xi) For supported living legacy contracts that pre-date the 2022-2027 APL, the inflation rate will be 8.6% up to a cap which is the lesser of £25.65 or the provider's current APL rate. Anything above £25.65 will not receive inflation.

(xii) For supported living legacy contracts on the APL, the inflation rate will be 2.4% up to a cap which is the lesser of £25.65 or the provider's current APL rate. Anything above £25.65 will not receive inflation.

Home-Based

(xiii) For legacy home-based support contracts (not on 2022-27 APL), the inflation rate will be as follows:

Home based support legacy contracts – hourly rates

Urban incl.all practical support, sitting services and live in care	Rates up to £27.80 – 8.6%	Rates above £27.80 – 0%
Rural and Super-Rural	Rates up to £27.80 – 8.6%	Rates £27.80 - £33.00 – 1.8% Rates above £33.00 – 0%

(xiv) For APL home-based support contracts, the inflation rate will be as follows:

Home based support APL contracts – hourly rates		
Urban incl.all practical support, sitting services and live in care	Rates up to £27.80 – 2.4%	Rates above £27.80 – 0%
Rural and Super-Rural	Rates up to £27.80 – 2.4%	Rates £27.80 - £33.00 – 1.2% Rates above £33.00 – 0%

(xv) Any increase will be capped at the providers equivalent 2022-2027 APL rates.

Community-Based (including Day Services)

(xvi) For Community-Based Support legacy contracts that pre-date the current 2022-2027 APL), the inflation rate will be 8%., while APL rates will receive 2.1%.

(xvii) All Community-Based Support legacy package uplifts will be capped at that provider's APL rate.

Other

(xviii) The uplift for **Direct Payments** will be 9.5%

(xix) For placements of people in care homes outside of North Yorkshire Council we will honour an uplift agreed by the host authority where they have undertaken an Actual Cost of Care exercise and will consider individual business cases where there is no Actual Cost of Care exercise in place.

Authors of report:

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Equality impact assessment (EIA) form: evidencing paying due regard to protected characteristics

(Form updated April 2023)

Inflation Award 25/26

If you would like this information in another language or format such as Braille, large print or audio, please contact the Communications Unit on 01609 53 2013 or email communications@northyorks.gov.uk.

যদি আপনি এই ডকুমেন্ট অন্য ভাষায় বা ফরমেটে চান, তাহলে দয়া করে আমাদেরকে বলুন।

如欲索取以另一語文印製或另一格式製作的資料，請與我們聯絡。

اگر آپ کو معلومات کسی دیگر زبان یا دیگر شکل میں درکار ہوں تو برائے مہربانی ہم سے پوچھئے۔

Equality Impact Assessments (EIAs) are public documents. EIAs accompanying reports going to NYC Councillors for decisions are published with the committee papers on our website and are available in hard copy at the relevant meeting. To help people to find completed EIAs we also publish them in the Equality and Diversity section of our website. This will help people to see for themselves how we have paid due regard in order to meet statutory requirements.

Name of Directorate and Service Area	Health & Adult Services, Service Development
Lead Officer and contact details	Jo Waldmeyer, Head of Service Development, joann.waldmeyer@northyorks.gov.uk
Names and roles of other people involved in carrying out the EIA	Steven Crutchley, Strategic Service Development Manager, steven.crutchley@northyorks.gov.uk
How will you pay due regard? e.g. working group, individual officer	The EIA will be undertaken by lead officers with input from other colleagues and will drawn on ongoing communications with the care market at provider forums and the Market Development Board including the Independent Care Group. Wider engagement with providers was undertaken by an independent body.

	The consultation/engagement by the independent body was completed via an actual cost of care exercise. The Council also consulted with the care market via the procurement of the Approved Provider Lists (2023-2027).
When did the due regard process start?	Actual Cost of Care Exercise = April 2022 Procurement of Approved Provider Lists = November 2022

Section 1. Please describe briefly what this EIA is about. (e.g. are you starting a new service, changing how you do something, stopping doing something?)

Assess the impact of introducing revised fee levels for care providers who are supporting vulnerable people on behalf of North Yorkshire Council for financial year 2025/26

Section 2. Why is this being proposed? What are the aims? What does the authority hope to achieve by it? (e.g. to save money, meet increased demand, do things in a better way.)

The Council has a duty to take "due regard" to the fees it pays care providers. On 16 December 2021 the Department of Health and Social Care (DHSC) announced details of the Market Sustainability and Fair Cost of Care Fund. The primary purpose of the fund was to support local authorities to prepare their care market for reform, and to support local authorities to move towards paying providers a fair cost of care.

The award of an inflationary increase to care providers who are supporting vulnerable people will have a significant effect on those organisations and in turn on the people they support. This effect could be positive or negative dependent on the award and the additional costs being faced by care providers.

Section 3. What will change? What will be different for customers and/or staff?

The inflationary uplift for 2025/26 has been considered for providers of:

- residential and nursing care
- Home based support (e.g. domiciliary care and practical support)
- Community Based Support (e.g. day services)
- Supported Living

The amount that providers are paid varies depending on their rates and can directly impact on the quality, availability and sustainability of care, which in turn impacts on people with care and support needs.

Fees also impact on the social care workforce, many of whom are female and are being paid National Living Wage. The Inflationary uplift award has been informed by feedback from the Independent Care Group (ICG) and care providers about the situation they are operating within.

This is balanced with the need to ensure the uplift is affordable within the Council's limited resources.

As well as considering market pressures, the uplifts have taken into account the commitment made to ensure no contract is paid below the Actual Cost of Care for residential and nursing care for over 65's.

The uplift varies across providers to ensure it is targeted at those being paid the lowest rates. Often the lowest rates are paid for our longest standing contracts – these tend to be for people with functional conditions, such as learning disabilities, autism or mental health conditions, who have been receiving a stable package of care for many years. The uplift will therefore help providers to continue providing care and support for these vulnerable people.

It is important to note that Local Authority fee levels have a financial impact on individuals who pay the full cost or contribute towards their care. For those who contribute towards their care, the increase will only affect those who are not already paying their maximum contribution. Local Authority rates may also indirectly impact on people who fund their own care and support through a private arrangement with the provider. This is because some providers may increase their private fees to help offset financial pressures. However, self-funders benefit where providers are on the Council's Approved Provider List, as they have the assurance that the provider will need to evidence good quality provision through the Council's Quality Pathway.

Section 4. Involvement and consultation (What involvement and consultation has been done regarding the proposal and what are the results? What consultation will be needed and how will it be done?)

The proposed uplift builds on previous work undertaken to calculate the actual cost of care and far cost of care. Given the announcement by the Government in the Autumn Statement, the Council has also attempted to seek further insight into the impact of the National Living Wage (NLW) and employers National Insurance Contributions (NIC) in providers. A survey was shared with the care market, however responses were limited with 13 returns, only 5 of which were fully completed.

The uplift was consulted on via the ICG, who consulted all providers in the Approved Provider List, including their own members.

ICG reported concerns from the care market relating to financial sustainability, particularly in light of NLW and NIC.

To further support provider sustainability, and at the request of the ICG, the Council has committed to:

- Continue paying four weeks in advance with retrospective reconciliation to support cash flow within the market. However, the Council is embarking on a review of this with non-residential providers to understand the benefits and risks associated with reverting to payments in arrears. This is in direct response to feedback from providers about challenges associated with the reconciliation process.

- Take account of the impact of NLW and NIC in the 25/26 uplift, particularly for providers with lower than average fee rates.

Every local authority in England is required to submit fee data which was published via the Market Sustainability and Improvement Fund Fee Reporting:

This report provides vital data on the national and regional fee rates being paid by Local Authorities and is available here Market Sustainability and Improvement Fund 2024 to 2025: care provider fees - GOV.UK

These show that North Yorkshire continues to be one of highest-paying authorities in England as summarised below:

- Home Care hourly rate: 26th highest (of 152), 6% above average
- Supported Living hourly rate: 21st, 10% above average
- Over 65s Residential: 42nd highest, 16% above average
- Over 65s Nursing: 6th highest, 30% above average
- Under 65s Residential: 25th highest, 20% above
- Under 65s Nursing: 25th highest, 20% above

Section 5. What impact will this proposal have on council budgets? Will it be cost neutral, have increased cost or reduce costs?

About the 2025/26 inflationary offer

The inflationary uplift for 2025/26 takes account of general inflation and the increase in National Living Wage and employers National Insurance Contributions. It has been informed by feedback from the ICG about the pressures that providers are facing. This is balanced with the need to ensure the uplift is affordable within the Council's limited resources. The offer is designed to:

- **Increase the Actual Cost of Care rate for placements for people aged 65 and over**
- **Ensuring that all relevant 65+ Care Home placements in North Yorkshire are paid at least the 2025/26 ACOC rate**. This will fulfil the commitment made to the Care Market when ACOC was implemented in 2022/23.
- **Increase the fees paid for lower cost services on contracts that pre-date the 2022-27 APL**. These are sometimes referred to as legacy contracts and are often paid at lower rates than equivalent care on the current APL. This will help to narrow the gap between lower historic rates and the sustainable rates that providers submitted for the current APL.
- **Recognises the exceptional circumstances of the increase in Employers National Insurance costs** effective from April 2025 and which providers will not have foreseen when submitting their fee rates for the period 2022-2027. Therefore this award includes support for National Insurance costs for both legacy and APL contracts.

This means that providers may receive an uplift for some, but not necessarily all contracts they have with North Yorkshire Council.

Residential and Nursing (Legacy Contracts)

		Cap 1	Above Cap 1	Cap 2
Res ACOC	8.0%	**£945**	2.1%	£1,204
Res Non-ACOC	8.4%	£1,800	2.1%	
Res Dem ACOC	8.4%	**£994**	2.1%	£1,260
Res Dem Non-ACOC	8.4%	£1,800	2.1%	
Nurs ACOC	7.9%	**£1,050**	2.1%	£1,260
Nurs Non ACOC	8.4%	£1,800	2.1%	
Nurs Dem ACOC	7.9%	**£1,057**	2.1%	£1,400
Nurs Dem Non-ACOC	8.4%	£1,800	2.1%	

Residential and Nursing (APL Contracts)

		Cap 1	Above Cap 1
Res ACOC	8.0%	**£945**	0%
Res Non-ACOC	2.1%	£1,800	0%
Res Dem ACOC	8.4%	**£994**	0%
Res Dem Non-ACOC	2.1%	£1,800	0%
Nurs ACOC	7.9%	**£1,050**	0%
Nurs Non ACOC	2.1%	£1,800	0%
Nurs Dem ACOC	7.9%	**£1,057**	0%
Nurs Dem Non-ACOC	2.1%	£1,800	0%

Non-Residential (Legacy Contracts)

		Cap 1	Above Cap 1 – Rural and Super-Rural only	Cap 2	Above Cap 2
Home Care	8.6%	£27.80	1.8%	£33.00	0%
Supported Living	8.6%	£25.65	0%		

Non-Residential (APL Contracts)

		Cap 1	Above Cap 1 – Rural and Super-Rural only	Cap 2	Above Cap 2
Home Care	2.4%	£27.80	1.2%	£33.00	0%
Supported Living	2.4%	£25.65	0%		

Section 6. How will this proposal affect people with protected characteristics?	**No impact**	**Make things better**	**Make things worse**	**Why will it have this effect? Provide evidence from engagement, consultation and/or service user data or demographic information etc.**
Age		X		Most people accessing social care are elderly. People access this service through an "assessment" which takes account of needs linked to protected characteristics. There is potential for an improved service to older people via increased quality.

Disability		X		Providers of specialist services will be offered an inflationary increase in line with other care providers delivering other types of services.
Sex		X		More women than men access social care. This is likely due to the gender profile of people aged 65+. This means that the positive impact of improved quality standards will affect more women than men.
Race	X			The impact of the proposal should be neutral. However, improved quality standards should positively impact as for other groups.
Gender reassignment	X			The impact of the proposal should be neutral. However, improved quality standards should positively impact as for other groups. The collection of data for this group of people is not routinely collected.
Sexual orientation		X		Research indicates that older LGB people are less likely to have informal support from family and so are more likely to receive social care support. Improved quality standards should positively impact as for other groups. The collection of data for this group of people is not routinely collected.
Religion or belief	X			No evidence for impact. Improved quality standards should positively impact as for other groups.
Pregnancy or maternity	X			No evidence for impact
Marriage or civil partnership	X			No evidence for impact

Section 7. How will this proposal affect people who…	**No impact**	**Make things better**	**Make things worse**	**Why will it have this effect? Provide evidence from engagement, consultation and/or service user data or demographic information etc.**
..live in a rural area?	X			The setting of fee levels has no direct impact on where an individual resides, however, it is acknowledged that for those living in more rural areas, the choice of support may be more limited and that family may encounter travel difficulties when visiting their family members in a care home. The setting of fee levels does not directly affect the location of providers, but it may encourage some market development due to the increased fee levels.

…have a low income?	X			Income plays no factor in assessing for social care support. Maximum client contributions fixed by national regulations.
…are carers (unpaid family or friend)?	X			It is hoped that by improving feel levels and having improved quality standards this should positively impact carers due to the person they support receiving good quality care.

Section 8. Geographic impact – Please detail where the impact will be (please tick all that apply)	
North Yorkshire wide	X
The proposal will have a North Yorkshire wide impact, due to the location and spread of care providers across North Yorkshire.	

Section 9. Will the proposal affect anyone more because of a combination of protected characteristics? (e.g. older women or young gay men) **State what you think the effect may be and why, providing evidence from engagement, consultation and/or service user data or demographic information etc.**

The award of an inflationary increase to care providers who are supporting vulnerable people will have a significant effect on those organisations and in turn on the people they support. This effect could be positive or negative dependent on the award and the additional costs being faced by care providers.

Section 10. Next steps to address the anticipated impact. Select one of the following options and explain why this has been chosen. (**Remember:** we have an anticipatory duty to make reasonable adjustments so that disabled people can access services and work for us)	**Tick option chosen**
1. No adverse impact - no major change needed to the proposal. There is no potential for discrimination or adverse impact identified.	**X**
2. **Adverse impact - adjust the proposal -** The EIA identifies potential problems or missed opportunities. We will change our proposal to reduce or remove these adverse impacts, or we will achieve our aim in another way which will not make things worse for people.	
3. Adverse impact - continue the proposal - The EIA identifies potential problems or missed opportunities. We cannot change our proposal to reduce or remove these adverse impacts, nor can we achieve our aim in another way which will not make things worse for people. (There must be compelling reasons for continuing with proposals which will have the most adverse impacts. Get advice from Legal Services)	
4. Actual or potential unlawful discrimination - stop and remove the proposal – The EIA identifies actual or potential unlawful discrimination. It must be stopped.	
Explanation of why option has been chosen. (Include any advice given by Legal Services.) No negative impact identified with the inflation award for 25/26.	

Section 11. If the proposal is to be implemented how will you find out how it is really affecting people? (How will you monitor and review the changes?)

Cost of Care Exercises are used to ensure the Council takes “due regard” to the fees it pays care providers.

Section 12. Action plan. List any actions you need to take which have been identified in this EIA, including post implementation review to find out how the outcomes have been achieved in practice and what impacts there have actually been on people with protected characteristics.

Action	Lead	By when	Progress	Monitoring arrangements
Review the number of Sustainability Applications submitted during financial year 24/25	Service Development Team	31 March 25		By reviewing the number of sustainability applications and particularly by those providers who accept ACOC rates, we can monitor the effectiveness of ACOC
Review the proportion of legacy contracts	Service Development Team	March 25		Engagement with the wider care market, particularly community based providers
Review of the provision of home care in rural areas and consider alternative commissioning models	Service Development Team	Oct 25		Further engagement with providers, proposals to come to the market development board

Section 13. Summary Summarise the findings of your EIA, including impacts, recommendation in relation to addressing impacts, including any legal advice, and next steps. This summary should be used as part of the report to the decision maker.

No negative impact identified with the inflation award for 25/26.

We will continue to review the number of Sustainability Applications submitted during financial year 25/26. By reviewing the number of sustainability applications and particularly by those providers who accept ACOC rates, we can monitor the effectiveness of ACOC.

The take up rate of ACOC has been low, however, it should be acknowledged that North Yorkshire Council are within the higher percentile for rates paid, as identified within the Market Sustainability and Improvement Fund Fee Reporting 2023-24 and across all services types NYC remains in the top third of placement and hourly costs nationally.

The Council has published its Market Sustainability Plan https://www.northyorks.gov.uk/north-yorkshire-market-sustainability-plan-2023-2024

The Council has refreshed and published its market position statement, this is available on the website.

The MSP identifies how the Council will address sustainability issues, including fee rate issues, where identified within the Care Market.

Provider Sustainability Policy & Procedure. The Council introduced this Policy in response to its duties within The Care Act 2014. With the introduction of the Subsidy Control Act 2022, the current Policy & Procedure is being updated to ensure it meets the Council's objectives but also its responsibilities within the Subsidy Control Act 2022. By having a robust sustainability policy and procedure, will ensure that any providers who are facing financial difficulty have an avenue to discuss these concerns with the Council and the Council can consider what assistance may be provided or brokered to help the provider return to viability.

Section 14. Sign off section

This full EIA was completed by:

Name: Steven Crutchley
Job title: Strategic Service Development Manager
Directorate: Health & Adult Services
Signature:

Completion date: 3/3/25

Authorised by relevant Assistant Director (signature): A Barron

Date: 4/3/25

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NORTH YORKSHIRE COUNCIL

HEALTH AND ADULT SERVICES EXECUTIVE MEMBER MEETING

12 MARCH 2025

REPORT TO Corporate Director of Health and Adult Services (HAS) in consultation with the Executive Member for Health and Adult Services

FEES AND CHARGES FOR IN-HOUSE & COMMUNITY CARE SERVICES 2025/26 REPORT OF THE CORPORATE DIRECTOR, HEALTH AND ADULT SERVICES

1. PURPOSE OF THE REPORT

1.1 This report sets out the proposed changes in fees and charges that individuals pay towards the costs of NYC care services, plus meals, transport and laundry services for 2025/26.

2. BACKGROUND

2.1 Each year the revised maximum charges to users of our in-house services are agreed based on the uprating of existing charges. What people actually pay of course depends on the result of individual financial assessments.

3. CHANGES IN CHARGES FOR 2025/26

3.1 The uplift of charges is an exercise carried out annually and the new charges are implemented in April to coincide with the benefit uplift awarded by DWP (from Monday 7th April 2025 for 2025/26).

3.2 As part of the budget set by the Council on 14 February 2025, a minimum inflationary increase of 3.2% was approved for 2025/26 budget setting and although the charges in this paper are dealt with separately, a similar uplift has been used in places. Other uplifts are linked to the increase in costs which will be paid to providers.

3.3 The proposed new rates for services which are not subject to the means tested financial assessment are outlined in Table 1 and paragraphs 3.4 and 3.5.

TABLE 1: CHARGES FOR SERVICES NOT SUBJECT TO A FINANCIAL ASSESSMENT

Description of Service	Rates 2024/25	Proposed Rate 2025/26	% Increase
Meals:			
Main	**£3.30**	**£3.45**	**4.5%**
Sweet	**£1.30**	**£1.35**	**3.8%**
Full Meal	**£4.60**	**£4.80**	**4.3%**
Laundry	**£6.10**	**£6.30**	**3.3%**

3.4 **Transport** charges are currently £8.70 per journey (with a cap of £45.60 per week). It is proposed that these figures are increased to £9.00 per journey (3.4% increase) with a cap of £47.10 per week (3.3% increase).

3.5 In June 2024, the Council introduced charges to ensure that the **administration and management costs of arranging, paying for and invoicing care** for those who do not qualify for financial support from the Council, are fully covered. This means that the 4-weekly invoices to those individuals included a £10 charge for this, and there is a one-off fee of £25. It is proposed that these rates are increased to £11 and £26.

3.6 Table 2 below details the proposed charges for those services being directly provided by NYC and which are subject to a financial assessment. Charges for residential support will be in line with the Council's approved Actual Cost of Care rates, although this will only apply to new packages. Existing packages will be increased in line with inflation.

TABLE 2: FEE SCHEDULES FOR NYC-MANAGED SERVICES 2025/26

		2024-25	2025-26	% change
Elderly Persons Home				
Day Care	**Per place per day**	**£41.50**	**£44.50**	**7.2%**
Existing Packages	**Weekly rate**	**£690.00**	**£750.00**	**8.7%**
New Packages (ACOC)	**Weekly rate**	**£875.00**	**£945.00**	
Learning Disability Services				
Day Centre	**Per place per day**	**£81.00**	**£87.50**	**8.0%**
Respite	**Per 24 hour period**	**£295.00**	**£320.00**	**8.5%**
	Weekly rate	**£2,065.00**	**£2,240.00**	**8.5%**
Personal Care at Home				
Per contact visit		**2024-25**	**2025-26**	**% change**
Days	**15 min**	**£10.70**	**£11.60**	**8.4%**
	30 min	**£15.70**	**£17.00**	**8.3%**
	45 min	**£20.70**	**£22.50**	**8.7%**
	60 min	**£26.00**	**£28.20**	**8.5%**
Nights	**15 min**	**£13.25**	**£14.40**	**8.7%**
	30 min	**£19.80**	**£21.50**	**8.6%**
	45 min	**£26.30**	**£28.60**	**8.7%**
	60 min	**£32.90**	**£35.70**	**8.5%**

3.7 Table 3 below details the proposed charges related to the deferred payments process. The valuation fees are set by Align Property Partners.

TABLE 3: FEE SCHEDULES FOR DEFERRED PAYMENT COSTS 2025/26

fee	2024-25 rate	2025-26 rate	% increase
Legal costs	**199.00**	**206.00**	**3.5%**
Land registry search	**54.00**	**56.00**	**3.7%**
Valuations	**400.00**	**400.00**	**0.0%**
	600.00	**600.00**	**0.0%**
Admin fee (set up)	**157.00**	**162.00**	**3.2%**
Annual fee	**450.00**	**465.00**	**3.3%**

4 ALTERNATIVE OPTIONS

The option of not increasing charges has been discounted as this would be inconsistent with the cost increases paid to providers and would mean that the council incurred more of that cost. No increase would also be inconsistent with the Council's Fees and Charges Strategy.

5 CONSULTATION

Consultation originally took place as part of the introduction of the Fairer Contribution policy via the Area Committees through a questionnaire to user representative groups as well as being considered by Care and Independence Overview and Scrutiny Committee. No further consultation has been undertaken for this annual uplift process.

6 FINANCIAL IMPLICATIONS

The budget for income from in-house service provision is approximately £5.4m in 2025/26 and the planning assumption currently incorporated into the Medium Term Financial Strategy assumes 'inflation' will be charged. The actual levels of income generated arise from a combination of the level of charges, the number of people who pay and, critically, the assessed levels of contribution from those people.

7 LEGAL IMPLICATIONS

Legal advice has been provided for these proposals.

8 EQUALITIES IMPLICATIONS

An Equalities Impact Assessment was undertaken as part of the introduction of the Fairer Contribution policy and it is therefore not considered necessary to undertake

another assessment for routine uplift. However we do continue to monitor the impact of the change of policy regularly and this is reported to the Care and Independence Overview and Scrutiny Committee on a periodic basis.

9 CLIMATE CHANGE IMPLICATIONS

There are no climate change implications arising from these proposals.

10 REASONS FOR RECOMMENDATIONS

The recommendation will help the council to recover inflationary cost rises in adult social care where appropriate.

11 RECOMMENDATIONS

The Corporate Director Health & Adult Services in consultation with the executive member for Health and Adult Services is asked to:-

(a) Approve the new charging rates as outlined in section 3, particularly Tables 1, 2 and 3 and paragraphs 3.4 and 3.5 of this report, to be effective from 7 April 2025.

Report prepared by Anton Hodge, Assistant Director – Resources

North Yorkshire Council

Health and Adult Services

Executive Member Meeting

12th March 2025

REPORT TO Corporate Director of Health and Adult Services (HAS) in consultation with the Executive Member for Health and Adult Services

EXTENSION OF THE S75 PARTNERSHIP AGREEMENT FOR THE INTEGRATED SERVICE DELIVERY OF COMMUNITY HEALTH AND ADULT SOCIAL CARE SERVICES IN THE HARROGATE, RIPON, KNARESBOROUGH, BOROUGHBRIDGE AND NIDDERDALE AREAS (HARROGATE AND RURAL ALLIANCE)

1.0 Purpose of Report

To consider a proposal for the extension of the existing Section 75 agreements and Alliance Agreement for the Harrogate and Rural Alliance for a period of twelve (12) months plus an additional twelve (12) months if required.

The partnership has been governed by two Section 75 agreements, one between the Humber and North Yorkshire Integrated Care Board and North Yorkshire Council and the other between Harrogate and District NHS Foundation Trust and North Yorkshire Council and other partners.

In addition, there is an Alliance Agreement which includes the parties to both section 75 agreements and also Tees Esk and Wear Valleys NHS Trust and Yorkshire Health Network (the local general practice federation).

It is proposed that the Section 75 agreements and the Alliance Agreement is extended until 31 March 2026 and that further consideration is given during this time period for any future commissioner and alliance arrangements, as well as to service provider partnerships. The rationale for this proposal is that all of NYC's legal agreements with the NHS need to be re-visited during 2025/26 as a result of the decision taken by the Executive and the ICB Board in December 2024 to establish a North Yorkshire Health Collaborative.

2.0 Executive Summary

The Harrogate and Rural Alliance (HARA) has been operating since 30 September 2019. It is providing community health and social care to the people, over 18 years of age, who live in the Harrogate and Rural area. It is an alliance of five partners governed by two Section 75 Agreements and an Alliance Agreement. These Agreements have been extended twice previously and we now need to put in place new agreements that will facilitate the next phase of HARA's development.

The partners had three aims when the Section 75 was launched: -

- Improving the Health and Wellbeing of people in Harrogate and Rural District (Better Health, Good Quality of Life, Reduced Inequalities)

- Maintaining the high quality of care, with people at the heart of everything we do

- Making the Health & Social Care System affordable and sustainable

The COVID pandemic fostered closer co-ordination between health and social care partners in the HARA area but delayed some of the more ambitious plans for integration. The section 75 was extended to cover the period of 2024/25 to enable a baseline of key performance indicators to be agreed and the development of the Intermediate Care Model to commence. This report proposes a further extension of section 75 legal arrangements so that integration can be tested further during 25/26 now that measures of its impact are in place and can supported more informed decision about any potential longer term arrangements.

3.0 Background

The HARA service comprises:

- HDFT community health services (including some sub-acute fast response and rehabilitation services that prevent unnecessary hospital admission and/or support people to be discharged home)
- NYC adult social care community teams (social work, occupational therapy, reablement)

The Section 75 Partnership Agreement commenced on 03 October 2019 for three years, with the option to extend thereafter on a year to year basis at the Parties' discretion for a maximum period of ten years.

The parties entered into an extension agreement for 12 months from 1 April 2022 to 31 March 2023.

The parties entered into an extension agreement which extended the term for 12 months from 1 April 2023 to 31 March 2024. This was then further extended for another 12 months from 1 April 2024 to 31 March 2025.

The alliance has been governed by two Section 75 Agreements: a commissioner S75 Agreement between the Humber and North Yorkshire Integrated Care Board (ICB) and North Yorkshire Council and a provider S75 Agreement between Harrogate and District NHS Foundation Trust (HDFT) and North Yorkshire Council (NYC).

In addition, there is an Alliance Agreement which includes the parties to both section 75 agreements and also Tees Esk and Wear Valleys NHS Trust and Yorkshire Health Network (the local general practice federation).

The original aim and ambition of these agreements was to deliver an integrated operating model that brought together community health and social care services for adults in Harrogate.

4.0 Issues

The COVID pandemic and the introduction of a national pathway for hospital discharge made it very difficult to baseline and evidence progress against the original objectives set out to test the benefits of the HARA service. The consequences of the pandemic have included high levels of hospital, hospital discharge and community activity – for example, for some time now, average daily discharges rates have been 50-100% higher than pre-COVID; community activity has been returning and, in some cases,

exceeding, pre-COVID levels; there has been much greater demand for people to convalesce in short-stay care beds, pending longer-term decisions about future care; waiting lists have increased; and costs have escalated due to labour market pressures. These symptoms of COVID's impact have been as true in the HARA area as they have in the rest of the UK.

The Section 75 agreements and the Alliance agreement were extended by 12 months up until 31 March 2025, to enable the HARA service to focus on:

- Key social care objectives (reducing waiting lists and times, increasing care reviews and carers' assessments, increasing direct payments, etc)
- Key NHS community health objectives
- Shared objectives (for example, around reducing the number of people moving into short stay beds/permanent 24 hour care admissions; further prevention of hospital admissions; further steps to keep pace with hospital discharge requirements) known as "Intermediate Care"
- Containment of/reduction of cost pressures in both the Council and the NHS
- Recruitment and retention of health and social care workers
- Evidence of improved satisfaction/outcomes for people who use HARA services

The baseline of this work has now been set and the request is to now further extend the current s75 and Alliance Agreement for a further 12 months, with the option of an additional 12 months to enable the impact on these measures to be realised and next steps for the HARA model to be identified.

The Chief Executive of HDFT, the Corporate Director at NYC and their respective teams, alongside ICB representatives, have met periodically during 24/25 to review progress against objectives/metrics and their recommendation is for the further extension of the s75 and Alliance Agreement for a further year (2025/26) plus the option of an additional year if required (2026/27).

The future of these arrangements will need to be reviewed during 2025/26 as result of the decision taken by the Executive and the ICB Board in December 2024 to establish a North Yorkshire Health Collborative.**Performance Implications**

NHS and Council partners have agreed a set of metrics and objectives and are measuring against these to test out HARA's performance. The key areas focused on are:

- Key social care objectives (reducing waiting lists and times, increasing care reviews and carers' assessments, increasing direct payments, etc)
- Key NHS community health objectives
- Shared objectives (for example, around reducing the number of people moving into short stay beds/permanent 24 hour care admissions; further prevention of hospital admissions; further steps to keep pace with hospital discharge requirements) known as "Intermediate Care"
- Containment of/reduction of cost pressures in both the Council and the NHS
- Recruitment and retention of health and social care workers
- Evidence of improved satisfaction/outcomes for people who use HARA services

5.0 Financial Implications

This Section 75 arrangement currently works under a general principal of a "pooled fund" which defines budgets for each party and an aligned budget (currently £67m across HDFT and NYC) for the delivery of the HARA service. The pooled fund covers the costs of a small number of joint appointments within the service. This Section 75 supports shared budgets, but the principal of shared budgets has **not** been implemented. There are no plans to implement a shared budget in this extension. Therefore, the estimated whole life cost is the Adult Social Care Budget for the Harrogate locality only.

In the context of this Agreement, any underspends or overspends will be the responsibility of the relevant party and not shared.

As a result of this there are no new financial implications to North Yorkshire Council in respect of the extension to this Section 75 agreement or the Alliance Agreement.

6.0 Legal Implications

The proposed extensions is within the scope of the two original S75 Agreements and the Alliance Agreement.

7.0 Consultation undertaken and responses

North Yorkshire Council has consulted with HDFT and the ICB and all partners are in agreement with the proposed extension of the Section 75 agreement.

8.0 Contribution to Council priorities

This model would support the wider work currently being undertaken between the NHS and NYC around the development of a countywide intermediate care model. It will also reinforce the focus on adult social care improvement priorities (including reducing waiting lists, increasing care reviews and carers' assessments and direct payments) and managing/containing cost pressures.

9.0 Reasons for recommendation

The benefits of extending the Section 75 Agreements and the Alliance Agreement is that the legal framework is already in place; the extension has been agreed by partners; and it allows the work to be undertaken to develop the intermediate care model and review the wider HARA model in terms of the vision for this moving forward.

The proposal is to focus on the core responsibilities of HDFT and NYC, including the development of the intermediate care model; with the latter focus including, potentially:

- Community Discharge Hub
- Supported Discharge Beds
- Reablement
- Occupational Therapy Team
- Urgent Community Response
- Intermediate Care beds (managed by NYC care provider services)

14.0 Recommendation

It is recommended that the Section 75 Agreements and the Alliance agreement for the Harrogate and Rural Alliance is extended, within the scope of the original contract, for a term of 12 months, plus an additional 12 months if required, from 01/04/2025 to 31/03/2026 and that a further report will be brought forward for consideration during either 2025/26 or 2026/27 on any longer term arrangements proposed for April 2027 onwards.

Karen Gullon Assistant Director Adult Social Care

North Yorkshire Council

Health and Adult Services

Executive Member Meeting

12 March 2025

REPORT TO Director of Public Health

Purpose Of Report: The Director of Public Health is asked to approve the substance use services operating model that will be implemented from 1 April 2026, including associated procurements.

1.0 Background

1.1 North Yorkshire Substance Use Strategy 2024-2028:

"We will reduce harms associated with substance use across North Yorkshire – putting people, health and communities at the centre"

The Substance Use Strategy 2024-2028 has been approved by the North Yorkshire Drug and Alcohol Partnership Board and adopted by the council.

The strategy represents North Yorkshire's local partnership response to the national drug strategy, 'From Harm to Hope', which was published in December 2021, and the national alcohol strategy, which was published in 2012 – based on an assessment of local needs.

The strategy balances respect for everyone in North Yorkshire; individuals who use alcohol and other drugs, and people who experience harms as a result of alcohol and other drugs, whether or not they use them personally.

The strategy reflects an evidence-based approach to substance use, based on the following principles:

- Prevention – we will ensure that people can avoid the use of substances, including alcohol
- Harm reduction – we will reduce harms and deaths
- Recovery – we will support people to achieve their goals and live lives free from harmful substance use.

It includes three key priorities, supported by partnership action across six cross-cutting and enabling chapters:

- Priority 1: Drug supply and responsible retailing of alcohol
- **Priority 2: Deliver effective support for all people who experience harmful substance use**
- Priority 3: Achieve a generational shift and reduce demand for substances

- Harm Reduction
- Communications and engagement
- Workforce development

- Research and development
- Homes and jobs (protective factors)
- Targeted local action

1.2 Priority 2: Deliver effective support for all people who experience harmful substance use

The council is expected to ensure compliance with the following in using the Public Health Grant:

- "have regard to the need to improve the take up of, and outcomes from, its drug and alcohol misuse treatment services, based on an assessment of local need and a plan which has been developed with local health and criminal justice partners"

1.3 Current commissioning arrangements:

The council currently commissions the following services which deliver a full range of evidence based open access and structured interventions in line with national guidance:

- North Yorkshire Horizons – specialist integrated adult drug and alcohol service. The service was implemented following a system transformation programme and competitive tender procurement in 2014, and last re-procured via a competitive tender procurement in 2019.
- North Yorkshire RISE – specialist young people's drug and alcohol service. The service was implemented in 2021 following a competitive tender procurement.

North Yorkshire Horizons and North Yorkshire RISE perform well against local expectations and national comparators – such as wait times. North Yorkshire Horizons has been rated 'outstanding' during two inspections by the Care Quality Commission.

Current contracts end on 31 March 2026. Refer to Key Decision: http://pa-mgov/ieDecisionDetails.aspx?ID=5743

The council also commissions the following lived experience and recovery organisation (LERO):

- North Yorkshire Connected Spaces

New arrangements need to be implemented from 1 April 2026, when existing contracts are due to end.

The council also commissions GP and Pharmacy based services. A full review (including requirements and tariffs) has already concluded. New contracts will be established from 1 April 2025 following a procurement in line with The Health Care Services (Provider Selection Regime) Regulations 2023. These services, which will be commissioned by the council from GP's and Pharmacies, will form part of the future operating model.

- GP based drug treatment shared care.
- Pharmacy based needle, syringe programme and harm reduction service.
- Pharmacy based opiate supervised consumption service.

1.4 Substance use services transformation programme:

Development of the local strategy has enabled the council and partners to reflect on the range of opportunities to review and reflect on the substance use services operating model for North Yorkshire, to ensure that investment and arrangements can collectively deliver 'effective support for all people who experience harmful substance use'. The partnership embarked on a transformation programme in 2023, which has been informed by the following:

- building on our local journey over the last 10 years with a particular focus on supporting people who experience multiple disadvantage/ complex life circumstances;
- Needs assessments;
- Maximising the opportunities associated with the new council and partners' transformation programmes – e.g.
    - Housing Strategy;
    - Community Mental Health transformation;
    - Health and Adult Services Complex Life Circumstances transformation;
- Applying learning from the 2022-25 drug strategy grant investment programme (SSMTRG, IPS and IPD - https://www.gov.uk/government/publications/extra-funding-for-drug-and-alcohol-treatment-2023-to-2025/additional-drug-and-alcohol-treatment-funding-allocations-2023-to-2024-and-2024-to-2025);
- Applying learning from death reviews and serious incidents;

1.5 Substance use services operating model – from April 2026:

1.5.1 What we will deliver – for people:

Our transformation principles are:

- No exclusion
- Local
- Based on my goals
- Tell story once
- One plan
- One team

1.5.2 What we will deliver – for workforce:

Our transformation principles are:

- Caseloads in line with Dame Carol Black recommendation – e.g. 40 or less
- Caseloads of maximum 10-15 within multiple disadvantage offer
- Relational
- Trauma responsive
- Peer led and peer delivered
- Co-learning and co-working

1.5.3 Operating model and associated financial allocations:

The substance use services operating model will include:

1. Substantive core strategic roles – the following roles will continue to hold system leadership responsibilities:
    - Public Health Manager - Substance Use
    - Service Development Manager
    - Strategic Harm Reduction Lead
    - Specialist Training Facilitator/ Drink Drug Hub and workforce development lead.
2. A dedicated multiple disadvantage offer that is designed and delivered in partnership with partners including people with lived and living experience.
3. Procurement of a Lived Experience and Recovery Organisation.
4. Procurement of a specialist adult and young people's substance use service(s).

5. GP and Pharmacy based services commissioned by the council.

The following financial allocations are based on core public health grant funding only. They do not include potential other investment from other council directorates or partners, and they do not include potential future drug strategy grant funding from 26-27 onwards. Potential co-commissioning opportunities are being explored. The below financial allocations do not represent the financial envelope of procurements.

Future substance use services operating model – from April 2026

Financial allocations based on **core** public health grant investment only. Excludes other NYC investment, potential partner contributions and potential future grant funding allocations

NYC + partners to deliver c.£233k p/a	NYC to commission out – c.£2.8m p/a			NYC to commission out Up to £100k p/a	Dedicated roles c.£196k p/a	NYC to commission out £174k p/a
Multiple Disadvantage Offer (outreach) - NYC led	**Specialist drug and alcohol service – adults**	**Specialist drug and alcohol service adults – clinical offer**	**Specialist drug and alcohol service – young people**	**LERO**	**Service development capacity**	**via GP/ Pharmacy Services**
Included: Specialist multi-agency, multi-disciplinary team: - based on national evidence base -Homelessness/housing; substance use; health needs; offending - Co-ordinator role -Skill mix -Small caseloads -Assertive outreach model -Flexible - Naloxone -Potential access to dedicated inpatient and resi £ budget/ resource	**Included:** -Adults who use illicit drugs -Harmful and dependent drinkers -Assessment, risk assessment, individual plan -Talking therapies/psychosocial interventions – motivational interviewing, CBT etc -Needle and syringe exchange and Pharmacy stock, support and waste contract -Criminal justice interventions + co-location -Harm reduction interventions -Naloxone co-ordination and supply to people in service -Web presence	**Included:** - Multiple Disadvantage Team Nurses (x2) co-located in NYC multiple disadvantage offer -Health & Wellbeing assessments -Opiate substitute prescribing, alcohol stabilisation and community detox -Inpatient detox and residential rehab -Drug testing -Vaccinations -GP shared care + co-location -Clinical interventions for under 18's	**Included:** -YP who have a structured treatment need -Assessment, risk assessment, individual plan -Talking therapies/psychosocial interventions – motivational interviewing, CBT etc -Criminal justice interventions -Harm reduction interventions - Co-location - Wider prevention offer	**Included:** -Peer led and delivered recovery movement that supports people who experience harmful substance use and their significant others -Facilitates voice into decision making and service design	**Included:** **Service Development Manager Strategic** **Strategic Harm Reduction Lead** **Specialist Training Facilitator** -Lead: Service and practice development -Lead: Harm reduction -Lead: DARD -Lead: Drink Drug Hub -Lead: Training -Lead: Comms -Lead: LDIS/ Drug Alerts	**Included:** • GP drug treatment shared care service • Pharmacy opiate supervised consumption service • Pharmacy needle, syringe programme and harm reduction service

2.0 Issues

These arrangements need to be implemented from 1 April 2026, as existing contracts end on 31 March 2026.

Homes and jobs (or education or volunteering opportunities) are important factors in our ability to deliver effective support for *all* people who experience harmful substance use. The Substance Use Strategy includes a commitment to champion and advocate on substance use and for people who experience harmful substance use across other local strategies and transformation programmes. This substance use service(s) transformation programme is aligned with and influencing the supported housing transformation programme and vice versa; the Rough Sleeping Initiative bid and vice versa; as well as the complex life circumstances transformation programme and vice versa.

3.0 Alternative options considered

All options have been robustly explored and tested against the transformation principles and wider transformation opportunities.

4.0 Financial Implications

The proposed financial allocations are based on core public health grant funding only. They do not include potential other investment from other council directorates or partners, and they do not include potential future drug strategy grant funding from 26-27 onwards. Potential co-commissioning opportunities are being explored.

5.0 Legal Implications

All procurement requirements will be completed in line with either The Health Care Services (Provider Selection Regime) Regulations 2023 or the Procurement Act 2024 depending on the service required. This will be managed by the council's procurement and contract management team and follow all internal governance.

6.0 Equalities Implications

The overarching Substance Use Strategy 2024-2028 was subject to an equalities impact assessment. Any further considerations will be addressed through procurement and contract processes.

7.0 Climate change implications

Any climate change considerations will be addressed through procurement and contract processes.

8.0 Reasons for recommendation/s

The substance use transformation programme has involved a wide range of council directorates, partners, and people with lived and living experience between 2023 - 2025. Transformation principles opportunities, benefits and risks have been thoroughly tested. The proposed model delivers an opportunity to build on the learning from the last decade, as well as learning associated with the additional grant funding, development and delivery of the local strategy and mobilisation of associated governance.

Recommendation/s
It recommended that the Director of Public Health approves the substance use services operating model that will be implemented from 1 April 2026, including associated procurements.

Name and title of report author:

Angela Hall
Public Health Manager

References:

Must Know: Must Know: Treatment and recovery for people with drug or alcohol problems | Local Government Association

Why Invest: https://app.box.com/s/p52mrjh78yryshd9smogm350s7ougg1l

Public Health Grant: https://www.gov.uk/government/publications/public-health-grants-to-local-authorities-2025-to-2026/public-health-ring-fenced-grant-financial-year-2025-to-2026-local-authority-circular

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