

# Fee Review Provider Strategic Themes

Norfolk Care Association – Dec 2025

## Fair fees are fundamental to the delivery of high quality care and current fee rates do not reflect a fair cost of care

### Fundamental and most significant issue across all providers sub-groups

There are variations in fee increases according to the provider specialism.

Home care where an hourly rate must cover wider delivery and overheads costs, impacted rates, commissioned hours, rounding and invoice practices.

Changes in Learning Disability services to reduce residential care reduced predictability of income.

Maintenance, upgrade and transformation costs for both physical and digital infrastructure varies but is not accounted for in fee modelling.

### Common themes

- Commissioning models that result in providers carrying greater risk on demand should be priced into rates.
- Cumulative effect of multiple years of uplifts that have not kept in-line with increased costs.

# Rate rises of 13-36% needed to meet current fair cost of care estimates and ensure high quality sustainable care



	2022/23	2023/24	2024/25	2025/26	2026/27	Staffing cost (1)	Current underfunding rate	Notes
NCC Home Care Rate	£22.08		£25.60	£27.13				
Fair Cost of Care - Home Care (median)	£23.09	£25.28	£27.40	£29.40	<b>£30.73</b>	79%	<b>8%</b>	
Fair Cost of Care - Home Care market sustainable rate	£25.68	£28.11	£30.47	£32.70	<b>£34.18</b>	79%	<b>17%</b>	2
Home Care Association Reccomended Rate	£23.50	£25.95	£28.53	£31.10	<b>£32.14</b>		<b>13%</b>	
ONS Average weekly wage Index	100%	108%	114%	120%				
National Living Wage (23+)	£9.50	£10.42	£11.44	£12.21	£12.71			
National Living Wage (23+) Index	100%	110%	120%	129%	134%			
CPI (April annual rate)	9.0%	8.7%	2.3%	3.5%	2.5% OBR est			4
Fair Cost of Care - Residential (median)	£914.59	£999.20	£1,066.52	£1,143.97	<b>£1,201.16</b>	56%	<b>27%</b>	
Fair Cost of Care - Residential Enhanced (median)	£960.97	£1,050.06	£1,122.35	£1,204.24	<b>£1,264.12</b>	58%	<b>23%</b>	
Fair Cost of Care - Nursing (median)	£1,328.38	£1,453.10	£1,565.71	£1,681.28	<b>£1,761.06</b>	70%	<b>34%</b>	
Fair Cost of Care - Nursing Enhanced (median)	£1,474.16	£1,613.00	£1,741.42	£1,869.76	<b>£1,957.21</b>	73%	<b>36%</b>	
NCC - Residential	£691.57	£753.81	£798.51	£840.59				3
NCC - Residential Enhanced	£762.02	£830.60	£879.85	£926.22				
NCC - Nursing (inc FNC)	£908.36	£981.81	£1,043.17	£1,103.89				
NCC - Nursing Enhanced (inc FNC)	£990.55	£1,071.39	£1,138.06	£1,203.78				

# A number of high-profile closures and average 12% increase in providers considering leaving the market there is a sense care supply is at a tipping point

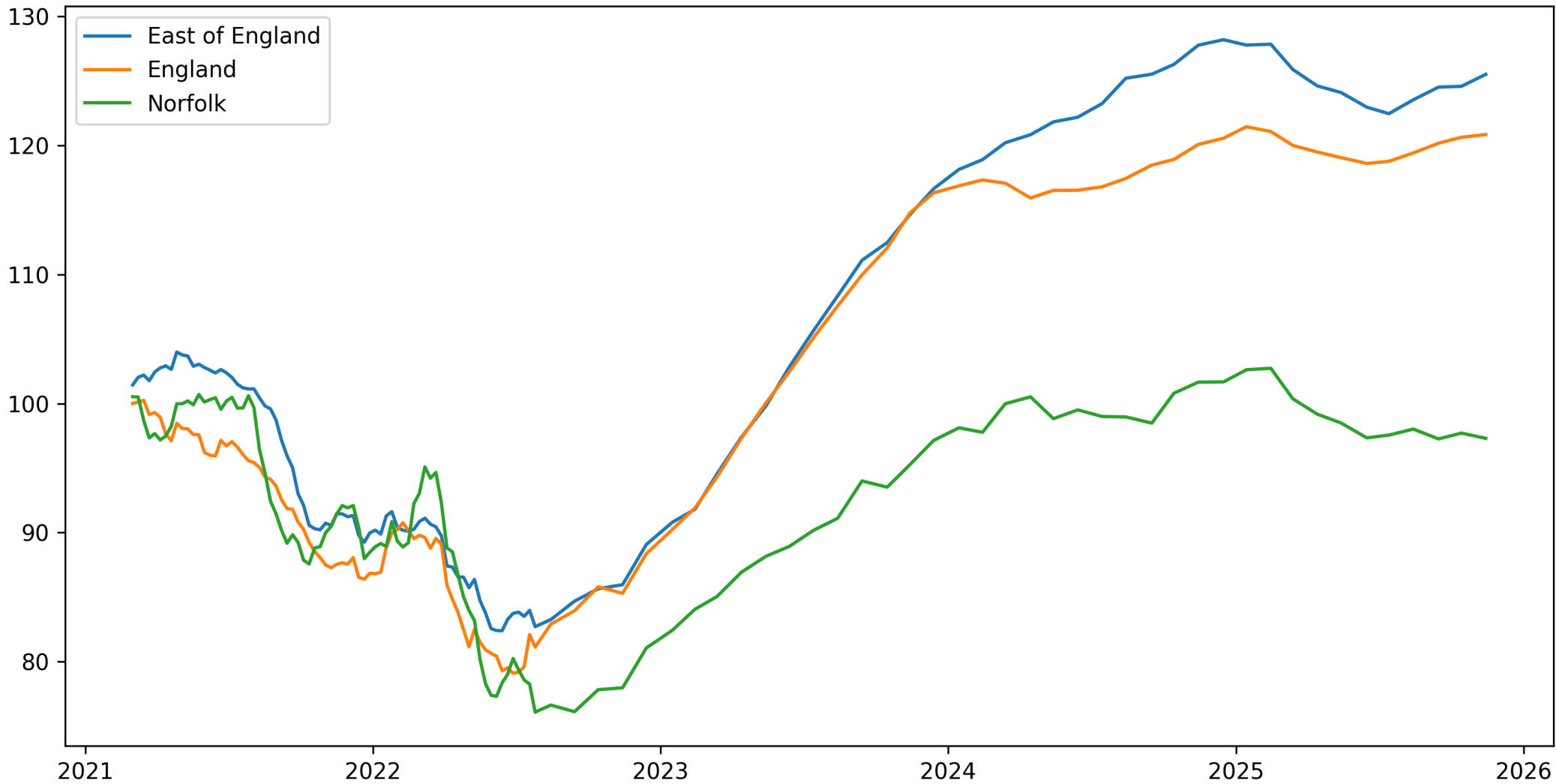
Early indications from Q4 sector insights work 60% less optimistic than they were 6 months ago. When asked actions likely to take in the next 12 months; 5% exit the market, 23% exit a public sector contract.

Cumulative financial impacts and increased provider sentiment of desperation is suggestive of care supply of at a tipping point.

22 CQC location closures in 12 months to June 2025.

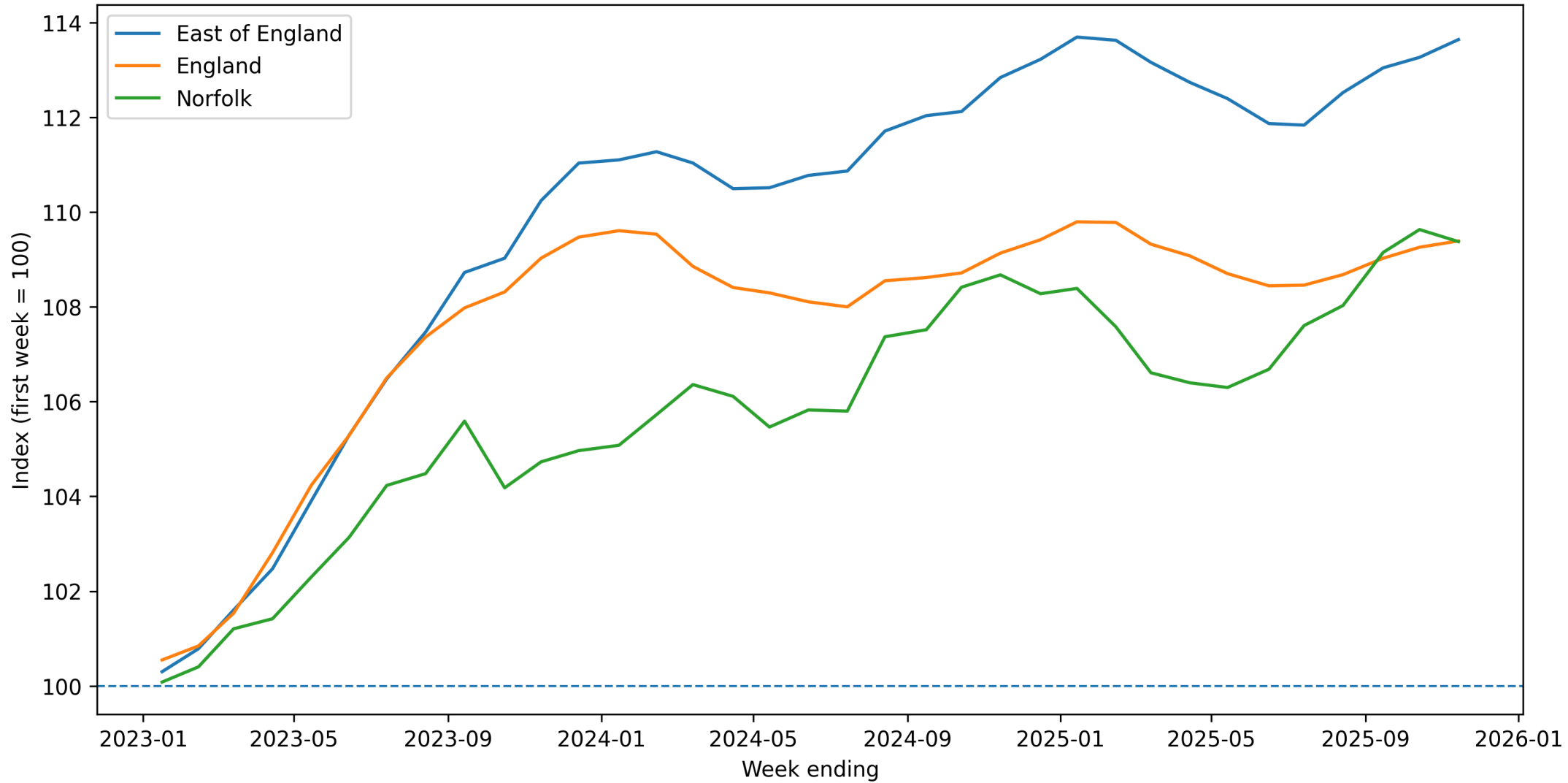
Norfolk County Council needs to make public its sufficiency estimates and establish a clear, equitable package of pro-active support to enable provider stabilisation.

Indexed trend (smoothed 5-week rolling average) number of domiciliary care staff with face-to-face contact employed



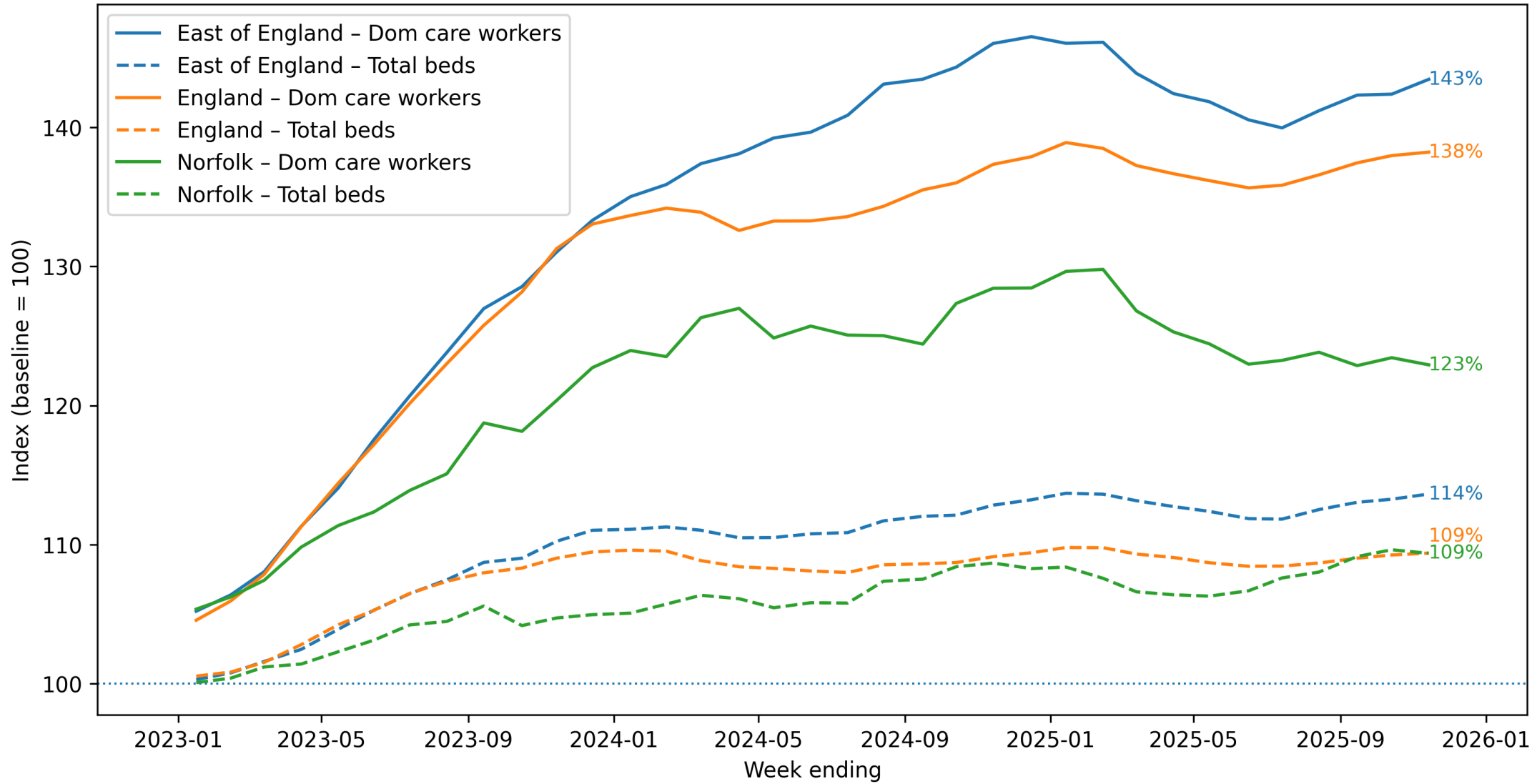
Norfolk Care  
society

Total beds - indexed to first week (5-week rolling average)



Norfolk Care  
Association

Beds & dom care workers (indexed to common baseline, 5-week rolling average)



Norfolk Care  
society

# Norfolk County Council has underestimated the workforce percentage of total care costs. This needs to be revised with full transparency on the rates used.

Norfolk County Council need to be transparent about the exact staff and non-staff cost ratio they use for each sector

Engagement has repeatedly shown higher rate ranging from 67:33 to 80:20  
70:30 staffing and non-staffing costs ratio used by Local Government Association and other council's

Norfolk County Council has not been transparent on exact ratios per sub-sector but says it uses a range between 65:35 and 71:29

Our view is that Norfolk County Council has been underestimating the ratio of staff costs for several years.

## Recruitment concerns are rising with providers

Insights from provider conversations suggest recruitment and retention concern is rising.

Early indications from Q4 sector show 44% of providers highlight recruitment and retention as having a high or significant impact up from 37% in Q4.

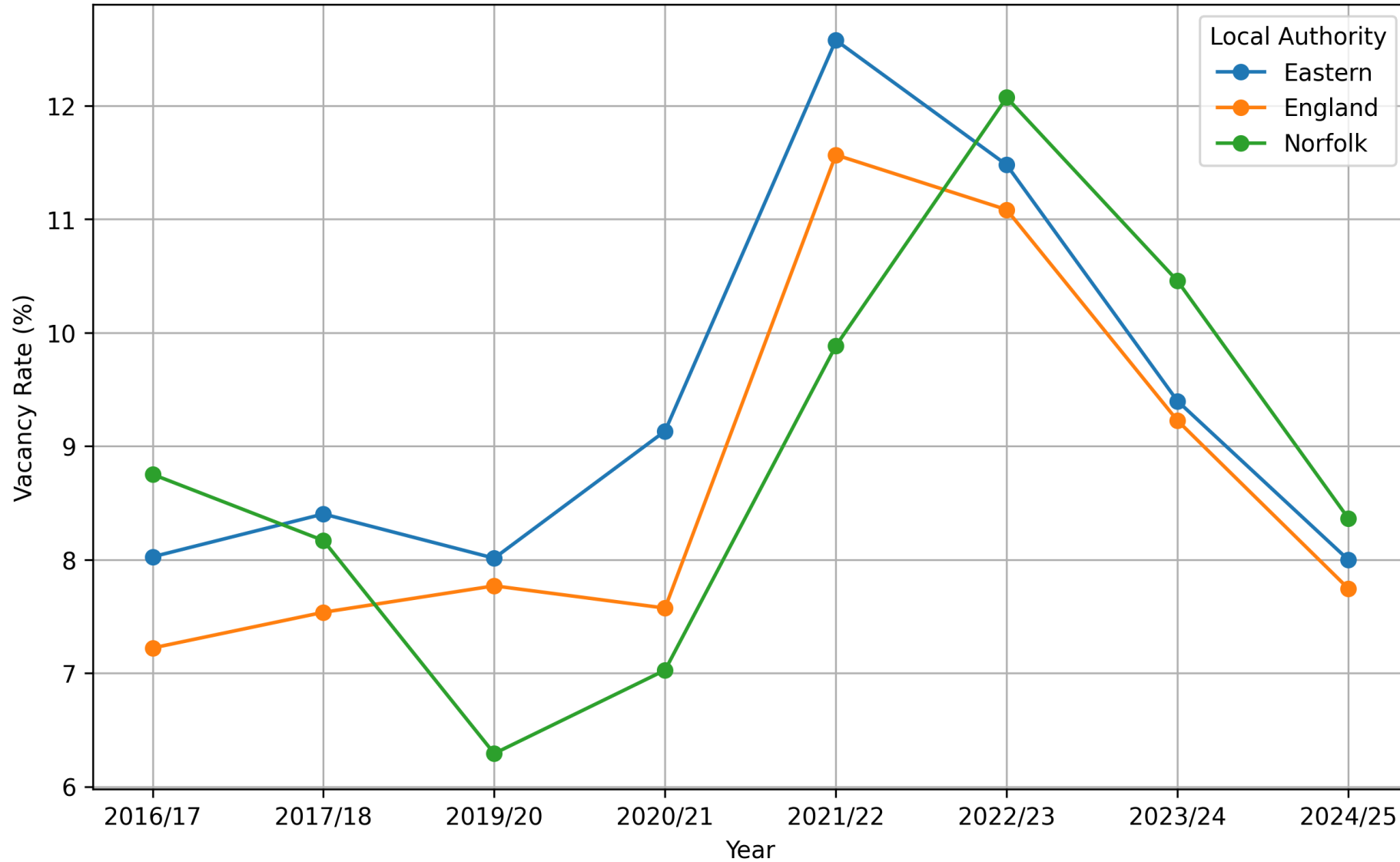
There are some indications that restrictions to international recruitment that directly impact circa 150 sponsorship license holders are also having spill over effects on other providers

Low care rates perpetuate lower pay which harms recruitment competitiveness, staff wellbeing and career development

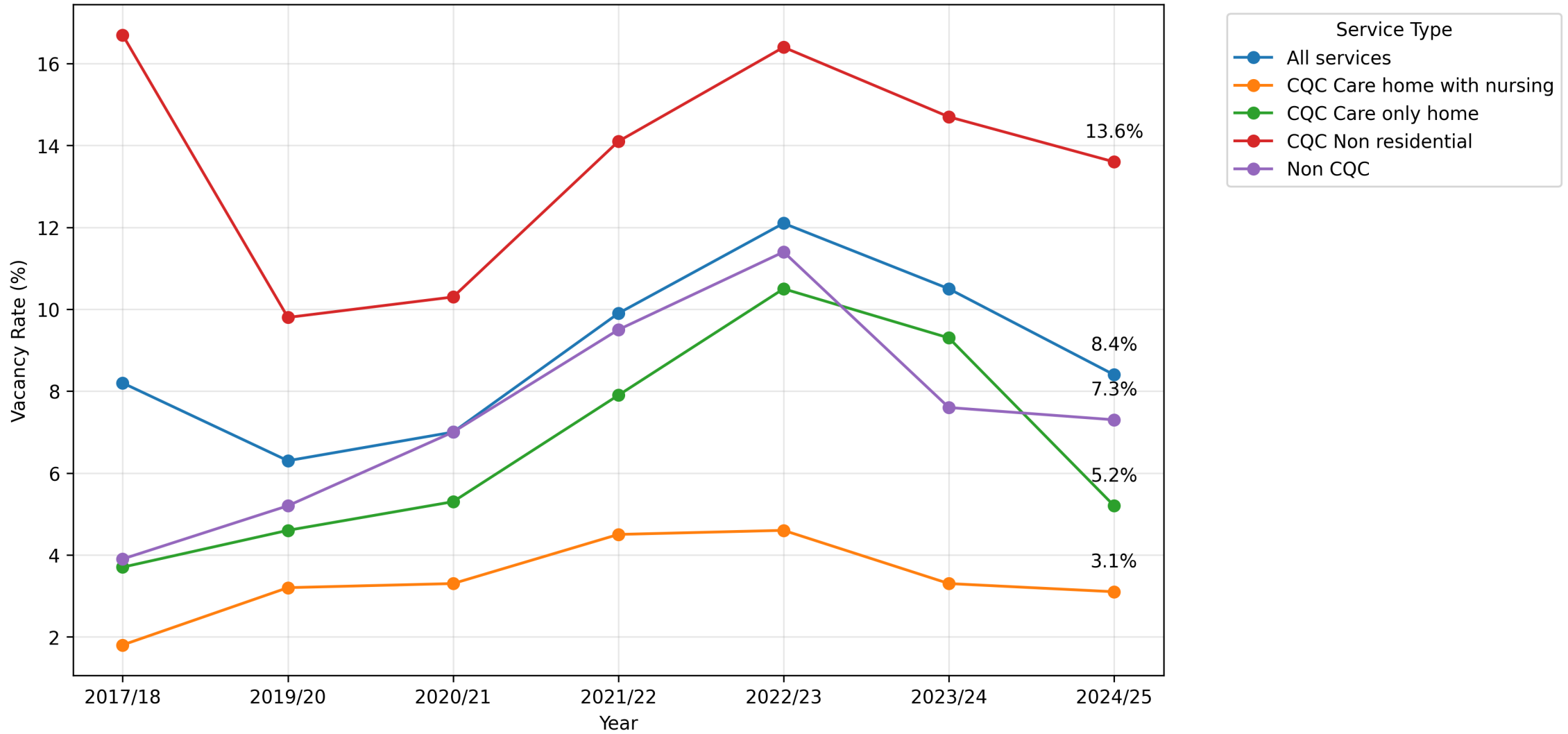
Providers highlight concerns around the increase in NI as well as potential impact of the employment rights bill and fair pay agreement

Provider ability to support staff remuneration through the fee uplift will be critical in ensuring staffing needs and therefore care needs can be met.

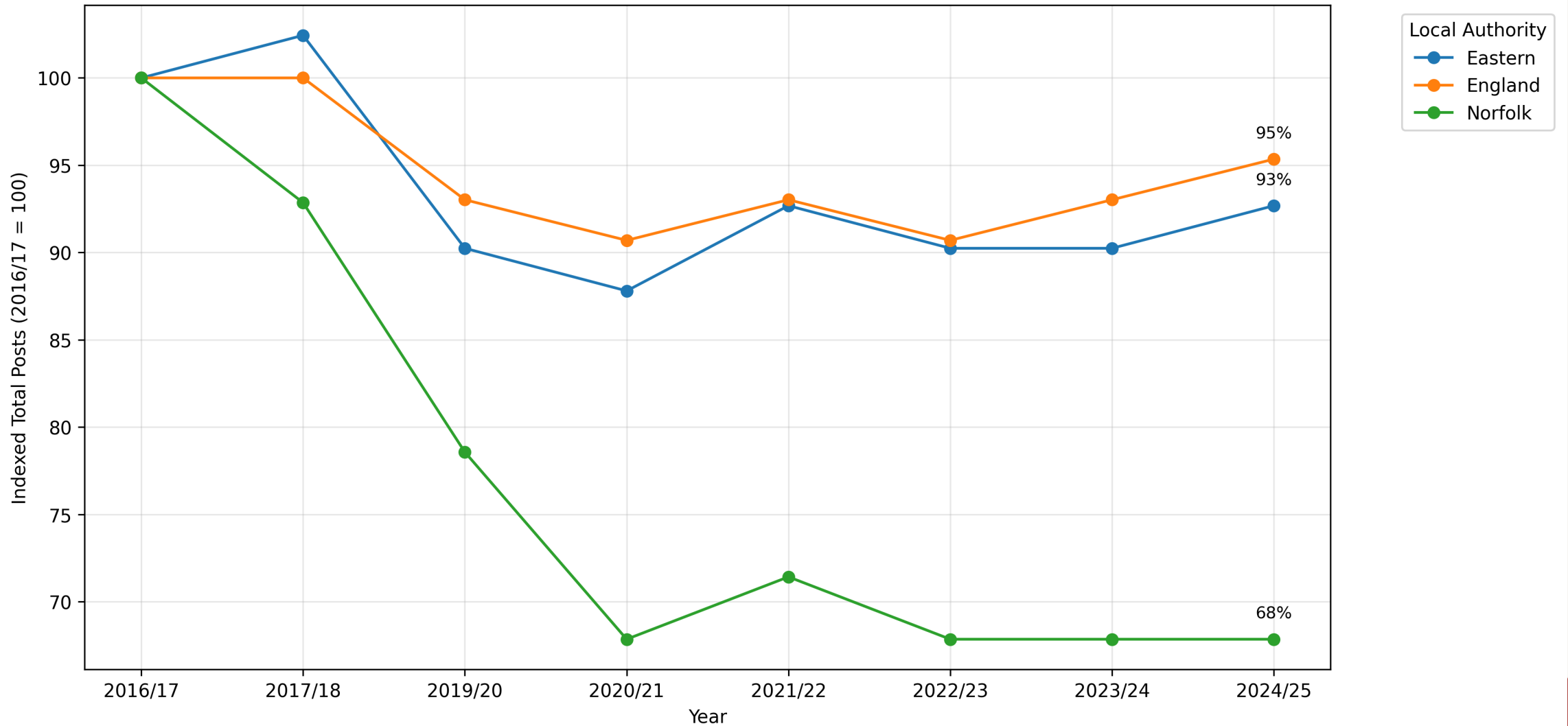
Vacancy rate for direct care staff in the independent sector



### Vacancy Rate by Service Type – Norfolk



### Indexed Total Posts (2016/17 = 100) – All Services, Independent Sector Regulated Professions



# We need a comprehensive, co-owned and sector-wide true cost of care model to accurately reflect provider costs

Provider cost changes may differ significantly from a general inflation rate and existing 'cost of care' exercises are not sector wide and significantly out of date

Providers highlight that they face very specific cost pressures as well as how increases in regulatory or other requirements on their cost base. Particularly:

- Impact of increases in mandatory training as well the specific costs of training (as a heavily staff related activity)

- Regulatory cost increases (such as fire regulation 'requirements')

- High energy usage effecting residential providers

- Costs of adopting digital technology and on-going licenses

- Financing costs for physical infrastructure

- Insurance costs and CQC fees

This underlines the need for a comprehensive, co-owned and sector wide true costs of care exercise.

# Investment and innovation requirements need to be considered as part of the fee review process. Consideration should be given grants and low-cost finance options

- Providers are reporting curbing investment as an increasingly key method of addressing cost pressures
- A number of closures appear to be driven by an inability to invest in upgrading infrastructure
- A period of higher interest rates has made investment more costly
- Investment is critical in both maintaining care quality and supporting innovation
- Previous lower than required fee increases will have reduced providers ability to invest
- The fee review process does not adequately assess provider's investment needs, the impact of depreciation, increases in standards, innovation needs and maintenance
- Norfolk County Council must explore option to ensure appropriate investment is available to providers
- Grant funding & soft loans for capital investment, IT and innovation
- Stronger provider inclusion in funding initiatives such as the Better Care Fund

# Norfolk County Council policy ambiguity as well as specific policy choices negatively impact care providers sustainability

Providers highlight that a lack of clarity on Norfolk County Council's strategy is harming providers ability to plan and invest. This was particularly raised by learning disability and mental health providers.

Providers express sentiment that they have a lack of trust in Norfolk County Council as a strategic partner.

There is significant feedback that Norfolk County Council's policy choices, particularly in home care are driving smaller providers out of business.

Norfolk County Council needs to improve it strategic clarity and communication.

Norfolk County Council needs to be clear about the economic impact of its policy decisions and openly assess provider impact.

# Payment and assessment delays harm provider cashflows and increase costs adding to financial and quality pressures

Providers repeatedly and strongly highlight concerns around delays in payments, assessments being reviewed and, in the ability to get timely responses from Norfolk County Council.

We believe that payment delays are largely the result in agreed care packages not being processed effectively by Norfolk County Council. Cashflow is the most critical factor for many small businesses, and this ineffective processing is having a direct negative impact of provider sustainability.

Providers ask for named contacts that they can build relationships with.

Norfolk County Council has highlighted that a relationship approach is key to its strategic ambitions. **You can't expect a positive relationship when you don't get back to providers and pay in an efficient manner.**

# Fee Review Provider Strategic Themes

Questions?

