

Ref: LCC/Fees-2025/26
Date: 24th February 2025



Dear Provider,

2025/26 – Consultation of proposed increase in fee rates for Residential and Nursing Care

I am writing to you to set out our proposals to review existing fee rates that the Council pays for residential and nursing care provision with a view to apply an incremental increase from April 2025 to those fee rates.

Leicester City Council as a commissioner of services continues to face extremely challenging funding decisions at a local level. As an authority, our medium-term financial outlook is the most severe we have ever known. Like many authorities, we face increasing difficulties in being able to balance our budget.

However, as a minimum, the Council has always looked to apply legislative wage increases to fee rates alongside a CPI inflationary increase to non-staffing business costs. In line with this continued commitment, for the purposes of calculating the proposed uplifts to be applied from April 2025, the calculation has been based on the impact of legislative and inflationary changes on underlying cost assumptions.

Those underlying factors taken into account in calculating the rate of proposed increases are set out in the attached Appendix 1 to this letter.

The Council now wishes to consult with you regarding the proposal to apply inflationary increases to the existing 2024/25 fee rates it pays for both locality and out-of-locality placements. Leicester City Council is proposing:

- 1. Banded Rates** payments to increase by an average of **8.00%**
and
- 2. Additional Needs Allowances (ANA)** payments for additional care needs to increase by **9.54%** in line with the increase to the National Living Wage (NLW) rate payable to persons aged 21 and above and changes to associated employer on-costs.

In accordance with Clause 7.7 of the Core Agreement you now have 4 weeks from the date of this letter (24th February 2025) in which to comment on the proposed fee increases. Comments are sought on the approach for 2025/26 in terms of the calculation of the proposed annual increase (as set out in the attached Appendix). The consultation will close at 4pm on 24th March 2025.

If you wish to submit a comment regarding these proposals you may do so by sending an e-mail with your comments; to Fees.carehomes@leicester.gov.uk. Please add in the subject line; 2025/26 Fee Rate Review

Should the Council not receive any comments that fundamentally change these proposals in terms of the calculation of the incremental increase to be applied to existing fee rates, then the proposed increases will be automatically applied to qualifying existing fees to be effective from Monday 7th April 2025.

Yours sincerely

Kate Galoppi
Director of Adult Social Care and Commissioning
Social Care & Education

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