|  |  |
| --- | --- |
| Report to: | NWADCS |
| Date: | December 2022 |
| Author: | Amy Lythgoe |
| Title: | NW Approach to uplifts: Response to consultation |

## Key points

Themes arising from the consultation were as follows:

* Providers welcome the move to allow requests annually.
* Providers felt the removal of the 10% discounts on fostering placements over three years was welcomed although some providers wanted the other long-term discounts removed.
* Providers felt the proposals do not go far enough to address concerns about existing placements, some of which are running at a loss.
* Some providers felt that the process for developing proposals had not been transparent and the consultation had not been long enough or allowed enough discussion.
* Providers wanted us to share a list of the authorities who would be including the annual uplifts in placements made after April 2023.

## Consultation

Providers were given eight working days to review the documents and provide feedback via an online form. 31 providers submitted responses via this route and 2 via email.

Providers were invited to a consultation session held via Teams. 114 provider representatives attended this session along with colleagues from the National Association of Fostering Providers and the Children’s Home Association.

## Request to NWADCS

We are suggesting the following amendments that would respond to provider comments:

1. Introduce annual uplifts to placements made after 1 April 2023 in line with the regional process. This will include a contract variation and an update to the template IPAs to document this. Local authorities will have the option to opt out of this.
2. Adjust the National Living Wage element to include the 2023 increase (9.7%) rather than the 2022 increase (6.6%). To respond to provider comments on rising costs this will also include a higher weighting to CPIH and the use of the September CPIH figure (8.8%). This would bring the final percentage to 9.1% rather than 7.3%.

**Please can NWADCS advise as to whether they support these adjustments?**

## Appendix A: Responses to points raised

Themes arising from the consultation were as follows:

1. Providers felt the calculation of the annual uplift was unfair and did not adequately meet their requirements.

We have listened to the feedback from providers on the financial pressures they are facing. We would like to reiterate that local authorities are also in a difficult financial position and being asked to cut placement budgets. However, we have reassessed the proposed calculation based on provider’s comments and now propose a split as follows:

70% CPIH taken from the September rate[[1]](#footnote-2) of 8.8% = 6.2%

30% National Living Wage increase using the April 2023 figure of 9.7% = 2.9%

**Total proposed increase = 9.1%**

1. Providers felt there were other measures of inflation that would better suit this process.

We recognise that there are many factors here including RPI, CPI and NJC increases, Teacher salary and pension increases, and costs related to the changing operating context. We are looking to establish a long-term solution that will allow for improved planning for providers and authorities. We feel that the use of CPIH and National Living Wage are the most relevant.

* CPIH has been selected as it reflects property costs, a key concern raised by many providers.
* National Living Wage has been selected as it forms the basis for wages to increase across pay scales and increases to this were cited by many providers in previous rounds of uplifts.

1. Providers felt the removal of the 10% discounts on fostering placements over three years was welcomed although some providers wanted the other long-term discounts removed.

We are not in a position to remove these discounts and remain of the view that there are some initial costs around supporting new placements and in particular new carers that warrant costs decreasing over this period.

1. Providers felt the proposals do not go far enough to address concerns about existing placements, some of which are running at a loss.

As previously stated, existing placements are contractually between the placing authority and the provider and we are not in a position to make regional decisions on this. However, we understand that this is a key issue for providers and want to reduce the impact of this in the future. As such we will include provision in the contracts for there to be an annual uplift to placements made through the purchasing systems after 1 April 2023 and any authority not wanting to offer this will need to opt out.

1. Providers wanted us to share a list of the authorities who would be including the annual uplifts in placements made after April 2023.

We cannot share which authorities will be opting out of the annual uplifts to placements they make in advance. To do so would be binding authorities to decisions on future contracting. We recognise that this is frustrating, but providers will, over the course of time, be able to understand the practice across the region.

1. Some providers felt that the process for developing proposals had not been transparent and the consultation had not been long enough or allowed enough discussion.

We understand that the timeline on this is not ideal but want to respond to provider’s requests for action to be taken as quickly as possible.

1. SEND Providers have had prices frozen for two years so are disadvantaged.

The prices were not frozen, it is included in the SEND FPS contract that there would be no increase for two years. This proposal allows providers to request an uplift annually rather than in two-year increments.

1. Providers who pay more than National Living Wage or in line with NJC pay scales are disadvantaged.

We are using National Living Wage as an indicator of the increase we would expect to see staff working in North West provision receiving. We understand that some groups may receive more or less depending on measures used.

1. Some existing placements are not at a fee level that covers their costs and are untenable or becoming untenable.

*We understand that this is a key issue for providers. It is important to note that as a region we cannot make decisions around existing placements and any uplifts for these need to be agreed by the placing authority.*

*By putting in place a guide approach we want to support local authorities to be able to manage these requests differently bringing them in line with the process for indicative contract price. In response to provider feedback we are proposing:*

1. *Introducing the uplifts to existing placements on all template IPAs as an opt out rather than opt in option.*
2. *Providing confirmation of which authorities are not planning to follow this approach and updating this information.*
3. Why use CPIH rather than CPI?

*CPIH is the most comprehensive measure of inflation. It extends CPI to include a measure of the costs associated with owning, maintaining and living in one's own home, known as owner occupiers' housing costs (OOH), along with council tax. We recognise that costs of property impact on all sectors to differing extents. Whilst CPIH is lower now it would potentially become higher than CPI if there are changes in the property market, particularly around rent increases.*

1. Why is the consultation being rushed now? Will this go ahead regardless of the comments made today?

*We appreciate that it has taken some time to develop these proposals. As a region there is a complex decision-making process. We wanted to put forward a proposal that had already been agreed by NWADCS to avoid raising providers’ expectations. The timeline responds to providers requests for uplifts to be agreed sooner and we want to ensure that we are able to put something in place from April 2023.*

*Some form of this proposal will go ahead. Whilst we recognised there are always improvements to be made to consultation processes, we need to respond to the financial pressures providers are facing. We will share provider comments with NWADCS and provide a briefing note to them following this session.*

*We note that the delays in developing these proposals are not due to providers and appreciate the time providers and other agencies have taken in discussions to develop this approach.*

1. Indicative costs for SaILS are low so how will we benefit from this?

*We recognise that the current pricing arrangements for SaILS do not work, and providers are currently charging well above and well below the price they have listed on the DPS. There will be a full review of the contractual arrangements for SaILS providers post regulation and we can take discussions about the pricing forward within this. For the time being there will be no uplift process for the SaILS DPS but we reiterate that prices are indicative only.*

1. SaILS providers have been very patient in waiting for uplifts and so far received nothing.

*We understand that SaILS providers have had no uplift in the first two years of the DPS, this is primarily because there is no provision in this contract for prices to be increased and an attempt in 2021 was met with legal challenge to the lead authority. Subsequently the lead authority will no longer support a process being delivered outside of the contract terms and conditions.*

1. Is the [THE AGREED PERCENTAGE] to be awarded now and then an additional increase in April?

*No, this is a single increase from April 2023.*

1. Will there be any reduction of discounts for existing fostering placements?

*No, this will only apply for placements made after 1 April 2023. No current placements will be affected.*

1. Can we request an uplift annually from this point?

*Yes, that is the current proposal.*

1. Is this a significant change that might require an entirely new purchasing system?

*We understand that this can be done through a contract variation as has been done previously. (To note there is no process in the contract documents for fostering or SaILS so these would not require a variation)*

1. Do the NWADCS group decide if individual local authorities will be asked to pay uplifts to current placements? I thought it was the local authorities who decided? I find it confusing as to which areas the ‘North West’ make decisions, and which areas the local authorities make decisions about pricing.

*From my point of view it feels like a process that is designed to be confusing. What I mean by that is it takes a lot of time, effort, and perseverance from our point of view just to understand what we believe are quite straightforward principles. But as the principles in question revolve around us receiving more pay for our service, its hard to extract information.*

*The NWADCS group do not decide whether individual authorities will be asked to pay uplifts on current placements. They can only make decisions about changes to regional contracts and processes.*

1. At the beginning of this year, we wrote to all our LAs who weren't offering automatic 2022/23 price increases on existing placements, and only approx. 25% had the courtesy to reply at all. This is a national figure, not one relating to NWP LAs only. Can you guarantee that all NWP providers will at least give a response to existing placements increase requests?

*Unfortunately, as a region we cannot guarantee any response from individual authorities.*

## Appendix B: Consultation responses

Note that written responses have been included verbatim for transparency.

22 out of the 31 (71%) providers who responded to the survey said the new arrangements were better than the current arrangements.

5 out of the 31 (16%) providers who responded to the survey said the new arrangements were better than the current arrangements.

4 out of the 31 (13%) providers who responded to the survey said the new arrangements were better than the current arrangements.

**Positive feedback**

1. Positive that Year uplifts can now be included
2. Annual uplift based on an agreed formula, removal of 10% Long Term 3 year discount.
3. Independent calculation of increased cost is reasonable albeit not necessarily in line with real time costs to an organisation.
4. placements northwest being proactive
5. Annual uplift process
6. annual new placement review rather than 2 year cycle.
7. The annual review of fees
8. At least some uplift
9. Doesn’t include sails at present so not applicable.
10. Every year and having a formula - although think this could be more weighted to CPI
11. Yearly increase is welcomed
12. There's a lot more clarity about the fee uplift process
13. Annual uplift rather than biennial
14. The initiative to implementing a new approach to implement uplifting and the hard work made by all stakeholders in getting everyone involved. Great progress made and setting the basis for a long-term solution. The 7.3% approach to initiate negotiations although not perfect will give a boost to service providers.
15. We are listed providers on 3 out of the 4 North West Frameworks (Fostering, Residential, SEND). Our response is replicated across all 3 services. We feel these proposals are a really positive step and we appreciate the work that Placements North West are doing to support and advocate on behalf of providers. Positive points regarding the proposals: - Annual process for fee uplifts, rather than biennial - Simplified, streamlined process which will save time and resource for both providers & LAs - We agree with the principles of the calculation being used to generate the uplift percentage that will be applied (albeit we feel that the NLW increase should be based on increases proposed for the coming year, rather than NLW increase that has already occurred). Although we appreciate that the calculation may not suit all providers every year, the approach feels fair and equitable and also gives some guarantee for providers and LAs to plan/budget accordingly - Removal of the 10% Long Term discount category for fostering placements over 36 months - Guide annual process for LAs to use regarding existing placement uplifts
16. Nothing
17. Reliable methodology
18. Its a yearly uplift, however we are told what the uplift is, every provider is different with different costs, this will just encourage people to move away from frameworks.
19. A seemingly better understanding of the financial, logistical and staffing pressures that are on companies currently.
20. We appreciate Proactive measures taken by the frameworks in recognition that legislative increases in costs will have a huge impact on providers and without an increase the placements would not be sustainable.
21. The move from 2-yearly to annual increases is hugely beneficial and automatic increases linked to CPI and NLW
22. An annual review of fee uplifts is a good improvement on a review every two years, we are generally supportive of your proposals.
23. Firstly, we actually have an uplift process for the first time, secondly the proposed structure of the percentage seems progressive.
24. Bringing an offer to uplift prices from April 2023 is appreciated. We understand the work you are undertaking with all PNW LA's and thanks for pushing forwards to try to find a timely resolution. In our 2023 forecasts we have assumed increases of 9% so were were hoping for something a little closer to that figure. We will leave it with you to pursue this with partners.
25. It felt as though there was more engagement between the framework and providers. The annual uplift is most welcome as opposed to every 2 years.
26. That uplifts are becoming yearly
27. We like that you are considering an annual uplift year on year every April
28. That there will be a proposed fee uplift every April.
29. We welcome the longer time frame for the decision making process and the consultation being done
30. Whilst I appreciate the figure may not feel enough for all providers I think its really positive that placements NW have been proactive in addressing uplifts and putting something in place
31. I am in agreement with the proposal from a fostering perspective. Thanks
32. I agree with comments that it's positive that placements NW have been pro-active (even if the figures don't suit all those involved). Many thanks placements NW.
33. I am pleased there is a process proposed. That is at least something to start. The challenge starts from there though
34. Going forward Yearly is welcomed its just the starting point for providers who have been on framework with no previous increases.

**Negative feedback**

1. I was of the understanding that uplifted on existing placements would also be done via the NW framework and not via individual LA's. If LA's decline fee uplift this means some fee's have had no fee increase for 2+ years and part of the increase includes Teacher Pension contributions from the LA's high needs budget
2. It does not take into account % uplift applied to teachers pay which could be higher than the NLW % Increase
3. Existing placement/Legacy contract placement uplift process still at individual LA discretion.
4. Doesn't include existing placements. I understand why this would be difficult but we are going to have to negotiate with over 20 local authorities over the next few months for existing placements so this is going to be exhausting. We have heard nothing from the LCR so not sure how they fit to this. This may be a question for the LCR.
5. Existing placements, (most of ours), meaning we wont get any uplift
6. lack of link to existing placements and prior consultation of uplift percentage. Looking at year to year budgets our increase in costs (staff pay, utilities etc) has been 9.1%
7. Doesn’t align with true material cost increases - doesnt provide any comfort on historic fees
8. Factors not exhaustive, needs to be higher, particularly as none for so long!
9. SAILS needs sorting asap as no other mechanism
10. Still doesn't address the 'existing placements' issue adequately.
11. 7.3% is to low due to the increase in Energy, food, petrol, clothing and salaries and it's is taking to long
12. The proposal for existing placements is not robust enough. There will be LA's that don't offer any uplift on existing placements and there will be LA's that don't respond to requests, and some LA's offering differing amounts. All of this is going to be a long process and will cause a lot of tension between IFA's and LA's and could have detrimental effects on offers being made. The other significant issue with this is that current long term stable placements are financially penalised by a fairly substantial amount, we should be incentivising everyone to have long term stable placements, not the other way round.
13. Existing placement process not dissimilar to existing time consuming and complex process
14. The fact that SaILS provisions will not benefit for this initial proposal due to the legal challenges in addition to the exclusion of current existing placements for this proposal. Also, the short-term to make any decision and the potential lack of involvement within the framework from local authorities
15. We appreciate the development of a guide annual process for LAs to use regarding existing placements. However, the low fees linked to existing ‘legacy’ placements remains a significant challenge for providers. We note that LAs can opt out of the guide annual process and there is no guarantee of uplifts like there is with new indicative framework prices. This means there will continue to be the need for potentially lengthy negotiations with individual LAs on existing placement fees - NLW percentage increase should be based on future increase, rather than existing - Removal of 10% Long Term discount category for fostering placements over 36 months would make a huge impact to providers if it is applied to existing placements (not just new placements from 1st April 2023). Reducing this discount on existing placements could contribute to less uplift requests from providers to individual LAs
16. I feel each provider should be able to look at their own provision, their needs and resources and set their own uplift. Deciding a set % figure for everyone is not helpful.
17. They just need to influence existing contracts in place with authorities. A recommendation from NW placements for LA's to apply these principles to existing contracts is necessary
18. This uplift should be on all beds existing and new, I don't understand why an existing bed cost is different to a new bed cost. I don't see the rational behind this.
19. The projected or suggested increase is still way below current inflation.
20. Having recognised uplifts are needed for placements from April 1st 2023 - it is totally dumbfounding that no uplift is set for existing placements. How can anyone logically accept an increase is needed for any placment after april 1 2023 and not for any other YP already in the home at the time ?? Surely those that we have been looking after should be a priority not the other way around as we can choose where we accept future placements from and this will be where we get a fair fee for the service we provide. Current placements are being put in jeopardy unless an uplift for them is forthcoming. Secondly he uplift is out of sync with the legislative increase in costs ie 7% versus 9.7% rise in costs . Current placements should automatically be included in any uplifts from April 1st 2023
21. That it still does not encompass existing placements (unlike other frameworks i.e. LCR) A modification to the contract to encompass this would be should be considered. I am still awaiting approval from 2 authorities to apply the last years increase to existing placements, 12 months after the increase date. This causes cashflow problems. The 22/23 NLW rate is used for the 23/24 calculation. The NLW increase is announced in November each year and provides sufficient time to be used in the calculation. By using the correct NLW rate for the period will allow both providers and Local Authorities to budget more accurately. There does not appear any flexibility to apply exceptional cost increases outside the fixed calculation. We are currently having to apply salary increases above the NLW increases just to retain staff, especially Registered Managers. There are insufficient qualified Registered Managers in the Northwest to fulfil the number of Manager positions. If the framework restricts us from offering competitive salaries, we will lose staff to providers who operate outside of the PNW and LCR framework looking after out of borough placements at significantly higher fee rates. If this were the case, we would have to also consider operating outside frameworks otherwise we risk having to close if we cannot recruit a qualified Manager.
22. No clear timeframe for SaILS providers to have any uplift. Not applicable to existing placements.
23. It seems a little rushed and the % seems to have already been agreed without much opportunity to discuss however we do understand you are dealing with multiple LA's and bringing them all together to agree on the 7.3% offered would have been a challenge!
24. It feels disjointed between the framework and local authorities that we believe to be under to be under the umbrella of the framework. It is disappointing that for any price increases for current placements, we must be negotiate directly with numerous local authorities on an individual basis. We feel as though providers are in effect being punished, not rewarded, for successful long-term placements.
25. NW proposal of 7.3%
26. There is no acknowledgement of the impact of historic fees, as the proposed uplift only impacts new placements, and is a below inflationary uplift.
27. We are yet to complete our own internal budget processes for 23-24, but 7.3% is significantly below inflationary increases this year. The uplift is only for indicative prices i.e. new placements made from April 23, and that this does not address the concerns about historic fees. We will consider our position on the DPS framework once we have completed our 23-24 budget process and the impact of 7.3% across the fostering and residential NW DPS framework for new placements.
28. The meeting itself was very informative, but we feel as though the process has been rushed and we've been left questioning the benefits of being on the framework. We have concerns that this will affect the North West Region's ability to house children from the area, as it'll become financially beneficial for organisations to look after out of county children.
29. We are seeing an increasing “militancy” across IFAs with us having suffered years of no or below inflation fee increases on some frameworks/DPVs/FPSs, particularly on legacy placements. There’s already the prospect on one framework of IFAs serving notice en-mass on their legacy placements next year if substantial fee increases aren’t awarded, having seen no uplifts since the start of its current contract in April 2018, and longer than that on placements established before then. I’m sure that this is last thing NWP and its constituent LAs will want to happen.
30. The current economic climate is inevitably challenging for all. However, it’s particularly challenging for those looking after foster children. Although headline CPI is currently around 11%, it’s forecast to reach 14%-15% by the beginning of April. Moreover, the cost of looking after children and young people has increased by more than headline inflation, driven by food, clothing, energy costs, etc. Also, with the energy price cap being raised again next April by 20%, and the core government support payments given this year of £550 (£150 in April, £400 in October) disappearing, we already know that the average household fuel bill will increase by £1,150 (46%) on what it currently is. By nature, foster carers’ homes tend to be larger than average, and therefore their bills will rise even more.
31. We welcome the work that has been done but for any uplift not to include current placements will be catastrophic for us. Foster carers and staff need to be uplifted and we wont be able to do this with no uplift for existing placements. Very worried!
32. . One of the challenges we as an IFA provider has had in recent years is that we have been in the dark as to what increases we’ll be receiving from many LAs and frameworks when we have to decide what pay increases we can afford to give our carers. We really need clarity from everyone by the end of February at latest.
33. Whilst CPIH is what it is, the core costs of looking after children in terms of food, clothing, energy costs etc. have risen whey more than any measure of official inflation rates
34. It is great progress, however as SaILS providers were punished for challenging a 2.2% increase on new placements in April this year, after having no uplift previously. We support the intentions here, but there is further work to be done and we hope to do that in collaboration.
35. This is far far far too rushed it needs the breaks pumping before providers are again tied in to something similar to what they’re currently tied into that we are on this very meeting raising concerns about. It’s an age old cycle that needs to be broken.

Celebrating arriving at some things that should have always been standard practice for the next 10 years sends the impression that we are very easily pleased.

**Suggested improvements**

1. Include NW agreement fee uplift on existing students also
2. Take into account teachers pay increases for SEND provision
3. Provider further clarity on which placements the proposals relate to, i.e. new placements, existing FPS contract placements, legacy contract placements.
4. I don't expect the impossible but would have been great if all placements sat on the same contract so we have no uncontracted legacy arrangements that take so much time
5. It would be helpful to remove the long term discounts as they are counterproductive I think.
6. We will be forced to consider spot placements only due to demand!
7. Have commitment from member authorities on historic fees
8. More detailed and explanations, please
9. Every single LA really needs to communicate with providers what they will be doing regarding existing placements and make their position a guarantee. It is the uncertainty that providers cannot work with. Those LAs who commit to applying the same formula to new and existing uplifts will undoubtedly see more offers and benefit from better relationships.
10. increase to at least 10% in line with the cost of living and staff pay increase
11. Vary the contract to include a process for existing placements. If this can be done for current existing placements that would be helpful, but if not you could vary it for placements made from 1st April 2023 and at that point all placements (current and future) would have an uplift.
12. Appreciate the removal of the 3 year discount band, however this will still impact on a large number of existing CYP that have been placed since 2018
13. Include existing placements within this proposal and whether possible to slightly increase the 7.3% indicative costs. From a SaILS perspective there is no much room for improvement in the short-term though will be interesting to look for ways to provide a safety net for providers which are going to face serious challenges that could impact in the quality service provided to vulnerable children
14. We feel strongly that the suggested changes should go ahead so they can be implemented in time for uplifts to be applied from 1st April 2023. We acknowledge and appreciate the good work done so far which should not be wasted. However, we propose that consultation with providers and LAs should continue during 2023 to work on any areas of feedback and concern raised, which can then be appropriately addressed for 2024 and future years. For example:- Further work between providers, PNW and individual LAs regarding existing placement fee process and proposals - We feel that forward planning for cost increases is most effective, and although we appreciate that some cost pressures cannot be anticipated, NLW should ideally be based on future increases. From our experiences, the proposed NLW increases are usually published in time for Placements North West to be able to use this in the calculation for December release to providers - Further consideration to be given to the fostering Long Term discounts. For example, applying changes to existing placements and also considering removal of the 7.5% Long Term discount (which is not in line with other frameworks and contracts)
15. Do not set a proposal or uplift process and leave it as it is so that providers can set their own fees. Earlier this year it was suggested supported accommodation could only raise their fees by 2-3% when all forecasts were saying inflation was going to be more like 7/8%. It is currently 11% and could rise further. Everything has gone through the roof. We are going to have to be registered(don’t know the fee), employ a registered manager (£40k annual wage), and undertake extra training and paperwork for the standards. How you can calculate these costs at 7% is beyond me. Besides the new standards and regulation costs, our electric and gas has doubled and wages are far more. Providers will close if they are expected to run at a loss. A 7% increase in weekly fees will mean that in reality, we are being forced to take a large cut in fees.
16. A recommendation from NW placements for LA's to apply these principles to existing contracts is necessary
17. Make the increase on all beds both existing and new placements, also further talks moving forward.
18. More information on average prices charged by other providers, maybe implement a standard cost price for different provisions, ie group living, 1:1 etc, with the option for providers to negotiate these depending on the level of need of the client or the area that the client lives in, similar to Cheshire West and Chester LD, Autism and MH contract.
19. You must address the issue of current placements first as will affect YP lives who have a caring home and are settled and doing well. It cannot make sense for providers to have to terminate placements for commercial reasons so we can have a new placement on the uplifted fees. Leaving all providers to negotiate uplifts with LA on an individual basis is simply going to take a lot of time and effort for all involved and be totally counterproductive to the care of the YP which should be the relevance of our service.
20. This process has felt rushed and suggestions that if the proposal is not accepted the increase will be delayed is unfair. Whilst I feel that this is a step in the right direction a longer period of consultation with providers to address their concerns would give the feeling that the issues we are facing are being listened to and taken into account.
21. Since CPIH is already an average of the previous 12 months why not use the October rate? This would give a slightly higher increase and perhaps bridge the gap between how providers are feeling about the offered percentage increase and what is happening economically now.
22. Include existing placements, make the CPIH more aligned with current forecast, not previous.
23. It would be helpful to be informed which authorities are willing to negotiate any price increases to current placements? If so when will this information be provided or must we chase each individual provider and each individual placement. Will we be provided with the contact details of the local authorities to help with negotiations? It can be difficult to speak to the correct person in respect of funding approval. Is there a deadline to negotiate any increases for current placements or is this separate? We think there needs to be further clarity on a range of issues raised at yesterday's meeting. The meeting itself was very informative, but we feel as though the process has been rushed and we've been left questioning the benefits of being on the framework. We have concerns that this will affect the North West Region's ability to house children from the area, as it'll become more financially beneficial or organisations to look after out of county children.
24. October RPI is currently average 14.2% economic section is calculated much higher, Teachers wage has increased to 5.5% and pay scale increments have increased to 2.8%. NLW is set to be 9.5% from January 2023. . this does not take into account fee increase freeze for 2 years. the NW uplift of 7.3% suggests it would be just over 3.5% per year increase which is not the case. Providers should be able to set their own indicative price and then next year providers would be more open to set % indicative price uplift as it would be closer to the current national %'s. Uplift on existing students should also be viewed as a more fair % to ensure the gap between new indicative price and current on roll student fee's are sustainable given current economic climate. Suggestion of 13.5% is lower than the RPI of 14.2% so providers are still absorbing the inflation costs but this would be manageable on both indicative price and current placed students.
25. We are yet to complete our own internal budget processes for 23-24, but that 7.3% is significantly below inflationary increases this year, that the uplift is only for indicative prices i.e. new placements made from April 23, and that this does not address the concerns about historic fees. We will consider our position on the DPS framework once we have completed our 23-24 budget process taking into account the 7.3% across the fostering and residential NW DPS framework.
26. This proposal should also consider current and longer term historic placements where children remain on old fees with no uplifts available or to be negotiated with every individual local authority.
27. In terms of the proposals put forward:

Permanency discounts – we believe that these are counter-productive. We all want the best outcomes for our children and permanency discounts are a barrier to this. They encourage:

* Placements to be “churned” to avoid discounts to be given; and
* Providers to pre-load their core prices in expectation that a proportion of their fees will be lost once placements reach their relevant milestones.

These issues are now being recognised by many LAs/frameworks/DPVs/FPSs and most are now getting rid of them completely. Whilst we acknowledge that budgets etc. dictate that they can’t be abolished immediately, **we think NWP should consider:**

* **A three year phasing out of permanency discounts;**
* **It should apply to all the permanency discounts, not just the 25 month + period rate; and**
* **It should apply to legacy placements as well.**

Basis of Increase – whilst we understand the reasonings behind the current proposals, we have the following concerns:

* CPIH – in the 2022/23 price review, the reference was to CPI, not CPIH, so why the change? It’s our view that this is merely for cost-cutting purposes. Foster carers are predominantly in well-established properties where they’ve lived for many years. Therefore, housing costs are substantially irrelevant to them. With house prices now falling due to the economic crisis, if anything CPIH is even more irrelevant to them than in other times. Falling house prices means that some could be going towards negative equity, giving them more financial pressure, whereas those in rented accommodation are seeing their rents rise, with landlords having increased mortgage costs, etc.
* NLW – as I said in the meeting, the NLW increase for 2023/24 was announced some weeks ago at 9.7%. Again, in the 2022/23 price increase there was no reference to the NLW and therefore no reason for a 12-month old figure to be used. For some years now the government has published the next year’s NLW in October or November, and therefore we believe that NWP should have been prepared for this increasing at least with inflation – an increase below that level almost certainly would have prompted a political row;

One of the problems of applying a % increase is that it benefits more those providers who are currently on higher fee rates. We’ve seen several pay settlements recently (BT being one) where employers and staff have agreed a fixed monetary increase. **We feel it may be beneficial for NWP to take that approach.** It would possibly be easier to administer for providers and LAs than a % increase, and would benefit more those on lower fees at present than others. A flat-rate fee increase would also indirectly offset some of the benefit gained by those IFAs who pre-loaded their original fee rates in anticipation of suffering future permanency discounts. It also takes away any arguments about what CPI/NLW figures should be used. **An example of what could be proposed is**:

* “Standard” placements – increase of £80/week;
* “Solo” and “Parent and Child” – increase of £120/week;
* Maybe this could apply to all age-bands, or the figures be slightly different for the different age-bands?

One of the problems for all in the sector is that the government doesn’t publish its minimum fostering allowances figures ([https://www.gov.uk/support-for-foster-parents/help-with-the-cost-of-fostering](https://eur01.safelinks.protection.outlook.com/?url=https%3A%2F%2Fwww.gov.uk%2Fsupport-for-foster-parents%2Fhelp-with-the-cost-of-fostering&data=05%7C01%7Camy.lythgoe%40stockport.gov.uk%7C17dcbfd51c80485692c408dadde679d1%7Ca05ef69e61494fbaa40cdf338810f644%7C0%7C0%7C638066279220289681%7CUnknown%7CTWFpbGZsb3d8eyJWIjoiMC4wLjAwMDAiLCJQIjoiV2luMzIiLCJBTiI6Ik1haWwiLCJXVCI6Mn0%3D%7C3000%7C%7C%7C&sdata=anktxQk2zHGVzyoONzBPGMblfk6xIZc6UmVDiC0ADpk%3D&reserved=0)) until April. What happens if these prove to be more than the increases granted by NWP? **Could there be a provision for an enhanced increase if this happens?**

Legacy placements – as we’re a relatively new provider for NWP, this doesn’t affect [us] that much at present. However, it does on other frameworks/DPVs/FPSs, particularly where we’ve had placements for many years and we have been making these points with them as well:

* It’s our believe that frameworks/DPVs/FPSs should require providers to transfer any existing placements with IFAs onto the terms of the new contract. Therefore, those existing placements will then automatically be encompassed within the latest price review mechanisms;
* It was made clear in Monday’s meeting the new provisions in relation permanency discounts would only apply to placements after 1st April 2023. Given that it’s clear that price increases will be well below inflation, we believe that any reductions to permanency discounts should apply to all placements. Otherwise, the stability of those placements could be put under threat as they become financially unviable for IFAs;
* Requesting price increases from numerous LAs on placements of different ages, length of occupancy etc. is likely to prove a lengthy process for all concerned. Given that these requests are likely to come on virtually all placements (we’ll certainly be looking for increases), whilst there’s nothing written into the FPS we think that **NWP should recommend to its constituent LAs that all legacy placements be transferred onto 2023/24 terms from 1st April 2023**. That would remove a whole raft of costly bureaucracy for all concerned if adopted, not just for this year, but the whole of the FPS’ remaining term.

1. I would prefer we go with this proposal for this year and have a fuller discussion for next year
2. Whilst I understand this is indicative price % should providers not been given the option to renew their own indictive price for the LA to update the list to ensure its a closer fee that we would then quote to LA's for placement? Just thinking the list would be inaccurate for LA's otherwise
3. Thank you for work on this. I appreciate the recognition that agencies offering long term placements are penalised financially. Could this not be reflected by removing long term discounts entirely rather than just the 3 year discount, given that for those children in placement 1 or 2 years we will also miss out on the financial uplift placing new children would have brought as opposed to maintaining existing placements. Thanks
4. I agree with X- a lot of frameworks are recognising that permanency discounts are counter-productive and not compatible with the best out comes for young people, and are now abolishing them altogether.
5. On the long term discounts, to get rid in one go might be a big ask but we could start a process of phasing out starting in April 23 for existing and new placements

1. This is the date used to calculate the National Living Wage increase [↑](#footnote-ref-2)