

# Appendix D



Community Services  
County Hall  
Martineau Lane  
NORWICH  
NR1 2SQ

Date: 20 June 2016

Dear Care Provider,

## Cost of Care 2016/17 Consultation – Third Party Top Up Agreements

The Council has been asked to clarify its position in relation to the treatment of third party top up agreements as part of its current consultation regarding proposed prices for 2016/17 for residential and nursing care. The following explanation sets out the Council's proposed approach to prices where a third party top up agreement is in place.

The table below sets out the current consultation proposals. The consultation itself is open until midnight 21 June.

	A	B	C	D	E	F
Single Room Only Band	2015/16 Usual Price	Cost of Care % uplift	2016/17 Pre-inflation Usual Price	2016/17 Inflation % uplift	2016/17 Usual Price	% Total price increase
Residential - Standard	£425.00	2.31%	£434.82	2.22%	£444.46	4.58%
Residential - Enhanced	£473.00	2.50%	£484.84	2.29%	£495.93	4.85%
Nursing - Standard	£442.57 + FNC of £112 = £554.57	2.43%	£453.33 + FNC of £112 = £565.33	2.17%	£463.17 + FNC of £112 = £575.17	4.65%
Nursing - Enhanced	£489.78 + FNC of £112 = £601.78	0.58%	£492.60 + FNC of £112 = £604.60	2.20%	£503.45 + FNC of £112 = £615.45	2.79%

Without prejudice to the outcome of the current consultation and for the purposes of the illustration set out below only, we assume that the settled prices for 2016/17 are as set out in the table above.

The new usual prices and the inflationary uplift would apply as set out in the table above from 11 April 2016. These rates would apply to any contracts involving third party top up agreements entered into prior to the 11 April 2016 remaining active from that date and for any contracts entered into between 11 April 2016 and the date on which the cost of care exercise for 2016/17 is completed with payments backdated to 11 April.

## Appendix D

Using the new enhanced rate as an example:


**Contract entered into before 11 April 2016 (or after 11 April but before the conclusion of the cost of care exercise for 2016/17) with a £70 top up in place.**

- We will apply the full cost of care uplift to the usual price element which will be assumed to be the revised usual price for 2015/16 which is £473.
- The cost of care increase uplift is 2.5% to which a further inflation uplift of 2.29% is applied giving an overall increase of 4.85%. This makes the usual price element of the agreement increase to £495.93.
- We will also apply the inflationary element of 2.29% to the third party contribution making it £71.60.
- We will pass on the whole sum of £495.93 and £71.60 namely £567.53 to the provider. The effective total increase is 4.52%.

This is consistent with the current contractual arrangements that require the Council to review its usual prices in the case of third party agreements the value of the top up in such agreements each year. The relevant clauses from the 2012 contract are contained in Schedule 4. For usual prices the reference is clause 4.4.1. For third party top ups the reference is clause 4.8.2

The proposal will not only preserve the value of the top up agreed at the beginning of the contract but also increase it in line with inflation as determined by the Council. We intend to continue with this approach with effect from 2016/17.

Yours faithfully,



Steve Holland

**Head of Quality Assurance & Market Development**