

Adult Social Care Fee Proposals and Market Sustainability Report

Financial Year 2026-27

1.0 PROPOSED PROVIDER CARE FEE'S 2026/27

1.1 Introduction

Stoke-on-Trent City Council pays care providers and organisations a set fee for delivering the care and support. These fee rates are reviewed annually to take into account changes such as the national minimum wage rate and local market factors. The City Council's Cabinet takes the final decision on what increases should be applied at the start of each financial year.

Council Officers have been engaging with care providers during the year to understand the pressures facing the local care market. The City Council also committed to undertaking a Cost of Care exercise during 2025/26 to support the fee setting process for 2026/27. An external organisation, CIPFA C. Co were awarded the contract to undertake this exercise.

The last cost of care exercise undertaken by the City Council for Care Homes and Homecare support for people over 65 years of age was undertaken in 2021/22. This was mandated by central government as part of the white paper, People at the Heart of Care [People at the Heart of Care: adult social care reform white paper - GOV.UK](#) The outcome of the exercises and the City Council's Market Sustainability Plan, which was also a requirement of the cost of care exercise can be found here: [Market Sustainability and Fair Cost of Care Fund | Market Sustainability and Fair Cost of Care Fund | Stoke-on-Trent](#)

1.2 Stoke-on-Trent City Council Financial Position

The provisional settlement from Central Government for the City Council will see an increase in core spending power of 5.43% for 2026/27. After local council tax increases of 4.99%, increases in specific grants and other adjustments are taken into account, this equates to an increase in Government funding of £8.9m for 2026/27.

The City Council is proposing a Net Adult Social Care budget of £92.3m in 2026/27, with a proposed Gross Care budget for the period of £149m that includes an additional £7.1m investment in adult social care fees for 2026/27.

In setting adult social care fees for care homes, the Council must operate within the overriding requirement to set and maintain a balanced budget, in accordance with its statutory duties under the Local Government Finance Act 1992 and its fiduciary responsibility

to residents and taxpayers. While the Council recognises the significant cost pressures facing care providers, it is not legally or financially permissible for the authority to agree fee levels that it cannot afford on a recurrent basis. To do so would risk creating an unlawful budget position, undermine the Council's ability to demonstrate sound financial management, and expose it to significant financial and governance risk. The Council must therefore ensure that fee decisions are sustainable, evidence-based, and consistent with the resources available to it as part of an overall balanced financial strategy.

Failure to set a balanced budget would have profound consequences, not only for adult social care but across the full range of Council services. An unbalanced budget would necessitate in-year corrective action, including reductions to other essential services, many of which support vulnerable residents and deliver statutory functions. Moreover, the inability to demonstrate a balanced and sustainable budget would place the Council at risk of breaching its statutory financial duties, potentially leading to formal intervention, restrictions on local decision-making, and further destabilisation of services. Such outcomes would ultimately be detrimental to residents, providers, and partners alike, including the care market the Council is seeking to support.

The Council's proposed fee levels must also be considered in the context of the wider and unprecedented pressures facing local government. The authority is required to balance competing demands across adult and children's social care, homelessness, public health, and other statutory and discretionary services, all within a constrained and uncertain funding environment. Setting a balanced budget is therefore an increasingly complex and challenging exercise, requiring difficult but necessary decisions to ensure long-term financial resilience. In this context, while the Council has sought to be as responsive as possible to the legitimate pressures on care providers, this consultation is taking place alongside the budget setting process for 2026/27. Any increase in fees beyond the levels proposed risks jeopardising the council's ability to meet its legal obligations, maintain essential services and act responsibly on behalf of the wider community".

The cost of care exercise does not commit the City Council to any particular longer-term fee levels, but alongside local market intelligence and evidence of increased spend in adult social care over recent years, indicating that the City Council is committed to moving towards the cost of care.

The City Council has carefully considered local market intelligence about how the care market is operating in Stoke, the Cost of Care report, response rate, benchmarking data from comparator Councils, the West Midlands Councils, alongside the overall affordability to the City Council and its statutory duty to achieve a balanced budget.

The implementation of the CIPFA C.Co recommendations for cost of care rates equates to £23.5m; however the City Council has decided not to implement the recommendation for the following reasons:

- Low response rates across some service types, casting doubt on the reliability of the data provided: particularly for care homes and supported living providers
- Affordability: the suggested rates are not affordable within the MTFS; the authority must balance market sustainability with wider statutory duties and budget constraints.
- To implement the suggested rates would cost the City Council £23.5m, against an increase of £8.9m in the overall Council's budget settlement for 2026/27.
- Target Market Support: The City Council needs to target those services where current rates are not sustainable

The City Council's proposed fees for 2026/27, our methodology and local market intelligence and detailed below. The consultation aims to seek views on the proposed rates.

1.3 Cost of Care Exercise.

The Cost of Care exercise was undertaken between 1st – 31st October 2025. A questionnaire was distributed directly to Providers to complete regarding their actual care costs. The use of questionnaires for undertaking cost of care exercises is standard practice. A series of Microsoft Teams meetings were also held to allow providers the opportunity to ask questions about the process, provide additional feedback and seek clarity on the questionnaire. Providers were also able to request 1:1 meetings with CIPFA C.Co.

Cost of Care Timeline

Date	Activity
1 October 2025	Cost of Care exercise launched
w/c 13 October 2025	All Providers contacted by phone, by Commissioners, reminded of exercise and encouraged to engage in the process.
16 October 2025	Deadline extended to 31 Oct 2025
27 October 2025	Q + A Session with providers (over 40 attendees)
28 October 2025	Further chaser email sent to providers
31 October 2025	Cost of Care Exercise Ends
1 November 2025 – 3 December 2025	Analysis of submissions

w/c 24 November 2025	5 meetings with care providers to allow further feedback and thoughts to be captured.
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Overall, 57 providers returned completed questionnaires, this equates to 25% of commissioned care providers, although the return rates varied by provider type. Despite extending the timescales to enable further responses to be submitted and offering further guidance and support. Therefore, this return rate does not provide adequate confidence that the cost of care exercise is fully representative of the whole market locally. It should also be noted that given the low response rate the fee rates stated in the CIPFA C.Co report are based on the individual provider responses and not a true reflection of the cost of care within Stoke on Trent.

CIPFA C.Co have produced a report on the cost of care exercise, and it should be read alongside this report before completing the consultation survey. The costs of implementing the CIPFA C.Co suggested cost of care rates would cost the City Council £23.5m.

The information submitted by Providers for the cost of care exercise was confidential, and Council Officers could not access the detail of the returns received to understand which providers the returns and data relate to. The cost of care methodology was based on data returns submitted by Providers, rather than full open book analysis of accounts. This is made it impossible to assess the consistency of the figures supplied with other information known to the Council, or to check with individual providers implausible figures included in the data.

1.4 Cost of Care and Sector Specific Analysis

Proposed Methodology:

- The 4.428% NLW and NI increase has been applied across all sectors.
- The 3.98% CPI (ONS October 25) has been applied across all sectors apart from Personal Assistants which is 100% staffing costs.
- A 70:30 (70% Staffing) and (30% other costs) has been applied to Care Homes. Other costs include accommodation-based costs such as utilities. This means that 70% of NLW and NI (70% of 4.428% = 3.1%) and 30% of CPI (30% of 3.98% = 1.194%) so $3.1\% + 1.194\% = 4.429\%$ (weighted average)
- An 80:20 (80% Staffing) and (20% other costs) has been applied to Home Care, Extra Care and Supported Living which have a higher staffing cost ratio. This means that 80% NLW and NI (80% of 4.428% = 3.54%) and 20% of CPI (20% of 3.98% = 0.80%) so $3.54\% + 0.80\% = 4.34\%$

In addition to the cost pressure ratio, proposed market factors (local market intelligence) have also been applied. See the 'Market intelligence section of the table below and the 'Current Market Conditions' section of the report below. Examples of local market knowledge (market factors) include:

- Supply levels, capacity and the ability to source care at current contract / banded / usual rates.
- Increased demand, increases occupancy levels and financial stability.
- Larger providers with higher rates may not be increasing salaries at the same level as smaller providers as they may already be employed above NLW.
- Property/accommodation costs are lower in the City of Stoke-on-Trent, in comparison to other Local Authority areas.
- Benchmarking for fees and quality of care.
- No care providers have exited the market in the last 12 months due to financial viability.
- Main cost pressures facing care providers are increase in NWM, CQC charges and general inflationary pressures.

	Care Homes		Supported Living, Home Care, Extra Care, Social Ops & Non-PA related Direct Payments		PA Rates and Shared Lives
	Staffing	Other	Staffing	Other	Staffing
% of Total Costs	70%	30%	80%	20%	100%
	70% of 4.428% NLW & NI	30% of 3.98% CPI	80% of 4.428% NLW & NI	20% of 3.98% CPI	4.428% NLW & NI
	3.1%	1.194%	3.52%	0.80%	4.428%
	4.429%		4.34%		
Market intelligence	Older People (OP) Care Homes		Significant investment in Home Care has been made over the past 3 years,		The direct impact of NLW and NI increases

<p>OP Band 1 – Adequate capacity across the City. Commissioning intentions are to support people to remain in their own homes and to grow ECH capacity. - <i>No market factor applied</i></p> <p>OP Band 2 – fewer placements at band rate than other bands. Due partially to increasing demand following changes in discharge practices and more clients requiring residential care rather than nursing. Benchmark median is in line with CIPFA Statistical neighbours - <i>Market factor applied (+8.05%)</i></p> <p>OP Band 3 –No difficulty in placing unless service user needs are unusually complex. Benchmark high in line with CIPFA Statistical neighbours - <i>No market factor applied</i></p> <p>OP Band 4 – Capacity within this sector of the market is improving due to the changes in discharge practice explained under Band 2. Benchmark high in line with CIPFA Statistical neighbours. - <i>No market factor applied.</i></p> <p>OP Above Band – It is proposed that the above banded element of the rate is set at the minimum sum permitted by the contract (1.4%).</p> <p>The banded element of the rate will be uplifted by 4.34%</p>	<p>including above inflation uplifts in order to ensure market sustainability.</p> <p>Benchmarking indicates that hourly rates currently being paid are above average compared with regional authorities.</p> <p>There is an oversupply of Home Care, and care is available at usual rates and providers are reporting excess capacity. There are no waits or delays in hospital discharge for Home Care - <i>No Market factor applied</i></p> <p>Extra care provision is in line with Home Care in terms of the capacity and demand, and benchmarking, and also the model minus overheads such as travel time. - <i>No market factor applied</i></p> <p>Supported Living The market is stable with available care capacity this includes an additional 60 providers awarded contracts onto the new framework in April 2025. There are some challenges finding suitable and affordable properties.</p> <p>Benchmarking data however shows that the City Council's fees benchmarks low</p>	<p>(100%) need to be passed on to ensure rates paid are maintained and comply with NLW legislation. <i>No market factor applied</i></p>
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	<p>Additional 1:1 Hours Any additional 1:1 hours will be uplifted by 4.428%</p> <p>Working Age Adults (WAA) – Benchmark median and high in line with CIPFA Statistical neighbours, and a lower impact of NLW taken into consideration. Commissioning intentions are to support younger adults to live independently in their own home. - <i>No Market factor applied</i></p>	<p>across the West Midlands region, however providers agreed to the current hourly rate when recently tendering for the framework.</p> <p>- <i>No market factor applied</i></p>	
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1.5 Proposed Care Fees 2026/27

Older Peoples Care Homes:

15 Older People's Care Home Providers returned completed questionnaires as part of the Cost of Care Exercise; this equates to 37% of the Older People's care homes in the City.

Rationale for proposed rate

National Living Wage and National Insurance = 4.428%
Consumer Price Index = 3.98%

70% of NLW & NI = 3.1%
30% of CPI = 1.194%

Overall increase = 4.294

For existing placements, any placements below the proposed 'band' rate will be increased to the proposed rate. For any existing placements above the new proposed band rate, it is proposed these will receive 4.294% on the 'banded element and 1.4% will be applied to the 'above' banded element of the weekly rate. 1.4% is the minimum uplift to be applied as per the current contractual arrangement.

Type of Care	2025/26 Rate	2026/27 Proposed Rate	Percentage Increase
Residential (Band 1)	£647.16	£674.95	4.294%
Enhanced Residential (Band 2)	£711.56	£800.00	12.4% (on existing placements at band rate only)*
Nursing (Band 3)	£885.31	£923.33	4.294%
Enhanced Nursing (Band 4)	£1005.20	£1048.36	4.294%

*Existing Band 2 placements above the current rate (£711.56) will receive 4.294% on the banded element and 1.4% on the above banded element.

Younger Adults Care Homes

10 Younger Adults Care Home Providers returned completed questionnaires as part of the Cost of Care Exercise, this equates to 26% of younger adults care homes in the City.

Rationale for proposed rate

National Living Wage and National Insurance	= 4.428%
Consumer Price Index	= 3.98%

70% of NLW & NI	= 3.1%
30% of CPI	= 1.194%
Overall increase	= 4.294

Additional 1:1 Hours in Care Homes

Where the City Council has commissioned additional 1:1 hours of care for an individual based on their needs over and above the weekly fee, it is proposed to increase this hourly rate by **4.428%**, in line with the increase to National Living Wage and National insurance.

Homecare:

16 homecare providers returned completed questionnaires as part of the Cost of Care Exercise; This equates to 46% of commissioned homecare providers.

2025/26 Rate	2026/27 Proposed Rate	Percentage Increase *
£24.45 (average)	£25.01 - £25.45	4.34% (average)

*Actual uplift will vary depending on individual contract arrangements

Rationale for proposed rate

National Living Wage and National Insurance = **4.428%.**

Consumer Price Index = **3.98%**

80% of NLW & NI = 3.54%

20% of CPI = 0.80%

Overall increase = 4.34%

Extra Care Housing (care and support)

2 Extra Care Housing providers returned completed questionnaires as part of the Cost of Care Exercise; this equates to 100% of commissioned Extra Care Housing Providers in the City.

2025/26 Rate	2026/27 Proposed Rate	Percentage Increase*
£21.00(average)	£21.95 (average) Range £21.65 - £23.66	4.34%*

*Actual uplift will vary depending on individual contract arrangements

Rationale for proposed rate

National Living Wage and National Insurance = **4.428%**

Consumer Price Index = **3.98%**

80% of NLW & NI = 3.54%

20% of CPI = 0.80%

Overall increase = 4.34%

Supported Living

14 Supported Living Providers returned questionnaires as part of the Cost of Care Exercise, one questionnaire contained no usable data. This equates to 13% of commissioned supported living providers in the City.

Service Type	2025/26 Rate	2026/27 Proposed Rate	Percentage Increase
Hourly Rate	£19.68	£20.53	4.34%
Sleep-in Rate	£63.10	£66.00	4.34%

Rationale for proposed rate

National Living Wage and National Insurance = **4.428%.**

Consumer Price Index = **3.98%**

80% of NLW & NI = 3.54%

20% of CPI = 0.888%

Overall increase = 4.34%

Day Care / Social Opportunities

Care Type	2025/26 Rate	2026/27 Proposed Rate	Percentage Increase
Standard	£20.61	£21.50	4.34%
Enhanced	£24.92	£26.00	4.34%

Rationale for proposed rate

National Living Wage and National Insurance = **4.428%**

Consumer Price Index = **3.98%**

80% of NLW & NI = 3.54%

20% of CPI = 0.80%

Overall increase = 4.34%

Direct Payments – Personal Assistant

2025/26 Rate	2026/27 Proposed Rate	Percentage Increase
£15.30	£15.93	4.428%

Rational for proposed rate

National Living Wage and National Insurance = **4.428%**

It is proposed that where an individual is using their Direct Payment to employ a personal assistant that this rate is increased by **4.428%** to meet the increase in National Minimum Wage and National Insurance.

1.6 Spend on Adult Social Care Commissioned Services

Spending on Younger Adults

The City Council's average fee paid for each working age adult that is supported in a residential or nursing setting is around the average for the region. The graphs below show that the average cost of care per younger adult (18-64) in receipt of care per year paid by the City Council is £36,390.91. This is slightly below the West Midlands (ADASS Region) which is an average of £38,335.22.

Looking at spend specifically on short- and long-term support for younger adults, Stoke-on-Trent spent £296.75 per week, per younger adult in the population (whether in receipt of care or not) in 2024/25. This was less than the overall spend per younger adult for England of £332.50: a difference of -10.8% from the national level. Compared to other councils, Stoke-on-Trent is ranked 105th (1 is the highest spend per younger adult).

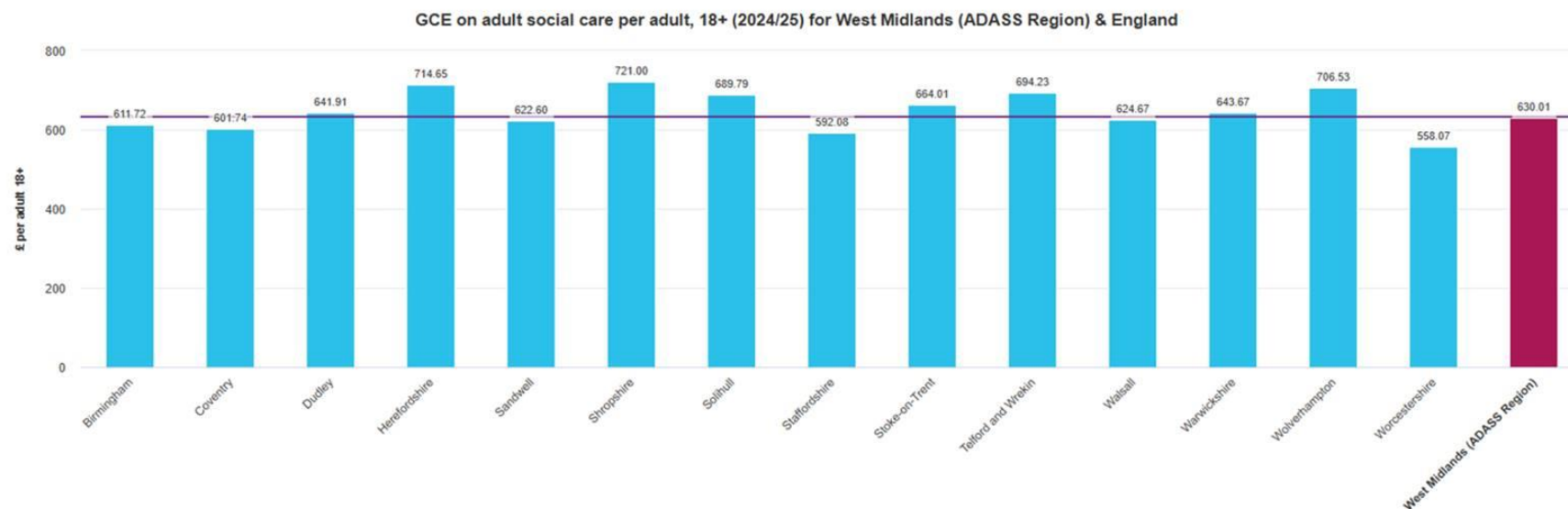
Spending on Older Adults

The City Council also pay an average of £20,765.41 for older adults (65+) which is also in line with and slightly below the West Midlands (ADASS Region) average of £22,589.69 per person aged 65+ that is in receipt of care per year. The West Midlands data shows that the City Council has one of the highest proportions of clients aged 65+ receiving long term support, as a percentage of the population, at 6.9% compared to the regional average of 5.33%.

Compared with 2023/24, the actual number of older adults with long term support in Stoke-on-Trent increased by 14.2% to 3,180 (from its previous level of 2,785). For context, the ONS population estimates for older adults in Stoke-on-Trent increased by 1.1% over the same period.

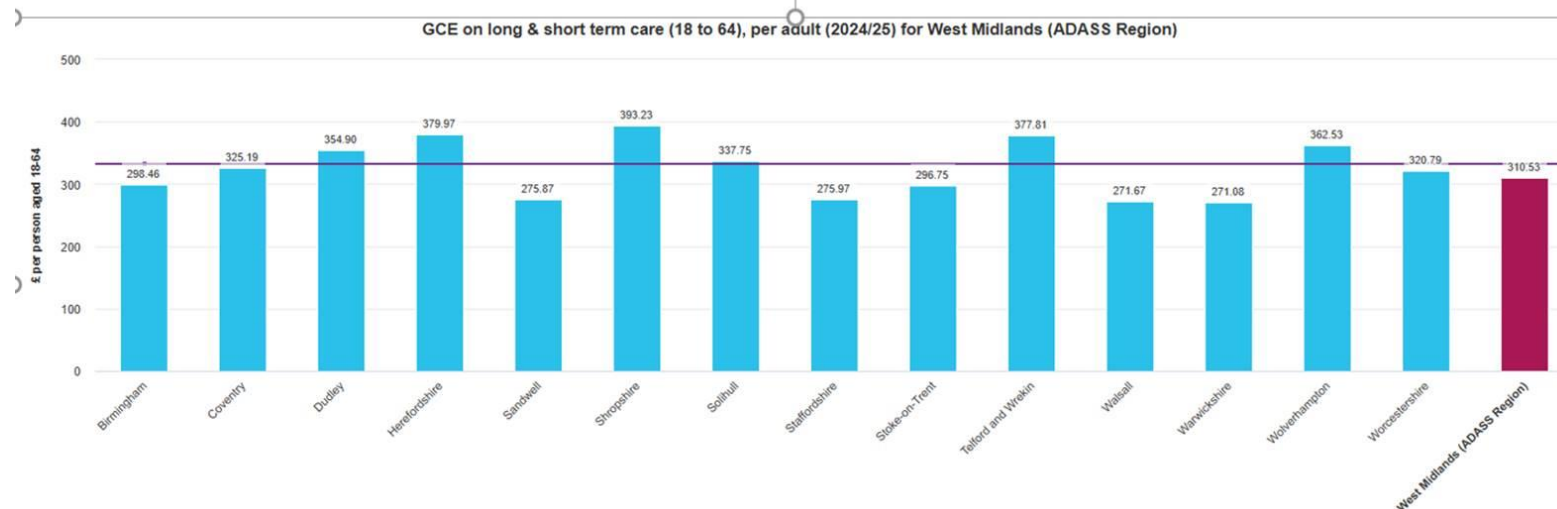
Looking at spend specifically on short- and long-term support for older adults, Stoke-on-Trent spent £1,434.59 per week, per older adult in the population (whether they are in receipt of care or not) in 2024/25. This was greater than the spend per older adult for England of £1,167.50; a difference of 22.9%. Compared to other councils, Stoke-on-Trent is ranked 41st (1 is the highest spend per older adult). Compared with 2023/24 spending per older adult changed by 3.6% from its previous level of £1,385.03. For comparison, across England spending per older adult changed by 6.9% from £1,092.09 in 2023/24.

Overall spending per adult aged 18+, per year



For comparison, the England figure for 2024/25 was £632.97 per adult. This is represented by the solid line in the above chart.

Overall spending per younger adult, per year



2.0 The Current Adult Social Care Market Position in Stoke-on-Trent

2.1 Market Position Statement

The City Council's Market Position Statement (MPS) is the start, not the end point, of market facilitation. The MPS sets out a summary of where we are currently in terms of care and support services, our goals and aspirations for the local care market, areas of growth and development, opportunities and our future commissioning intentions. Key priorities for 2024 – 28 MPS include:

- More preventative services which delay the need for people to rely on long term services.
- Support people to be as independent as possible via information, advice, community involvement and services where appropriate.
- Work with local community groups to offer advice and signpost to a variety of relevant, such as the local Community Lounges (please see the 'useful links' section of the MPS)
- Further develop the market to take an enabling approach, offering more person-centred services

- Increase the use of Direct Payments and Individual Service Funds, giving people greater choice and control over their care and support.
- Support people with more complex needs to be supported in their local community and Extra Housing Schemes
- Support people to have their 'own front door' within care services such as Extra Care Housing and Supported Living, as opposed to 24-hour residential care.

The MPS is in the process of being developed as a joint MPS with health to be underpinned with joint commissioning intentions for Stoke-on-Trent as our local system or 'Place'. The key strategic intention will support the national Neighbourhood Health ambitions from the 10 Year NHS Plan, to take a 'Home First' approach and to facilitate care and support closer to home, shifting resources from acute to community.

2.2 Residential and Nursing Homes

At the time of developing the proposed 2026/27 Fee Strategy there are:

- 79 residential and nursing homes contracting with the Council across the City
- 43 of these are Older People's residential homes
- 36 are Working Age Adult homes.
- There is a total of 1,166 residential beds, including 803 Older Peoples residential beds and 363 Working Age Adult beds.
- Of the 803 Older People residential beds, 577 of these beds are occupied by Stoke-on-Trent City Council funded placements
- Of the 363 Working Age Adult residential beds, 247 beds are currently occupied by Stoke-on-Trent City Council funded placements.

2.3 Home Care Providers

- 35 Home Care Providers contracting with the Council across the City.
- 17,420 weekly hours being delivered in the community
- 1256 individuals accessing the provision.

2.4 Extra Care Schemes

- 8 extra care schemes of which the local authority has agreement to offer care services within.
- 2 in house providers.
- A total of 819 flats across all services
- **There are 295 packages of care** reported on the latest performance report of the services.

2.5 Supported Living and Social Opportunities Providers

- 110 Providers on the framework.
- 27 supported living providers contracting with the Council across the City and out of area
- 229 individuals accessing supported living.

3.0 Current Market Conditions

3.1 Cost Pressures

A significant proportion of the cost pressures faced by the care market is in relation to increasing staffing costs. Cost pressures identified by the local Adult Social Care Market Include:

- The Chancellor of the Exchequer announced in the Autumn Budget 2025 that the National Living Wage (NLW) is to increase from £12.21ph to £12.71ph, which is a 4.1% from April 2026.
- The October 2025 ONS Index - Average Weekly Earnings: Private Sector Services (K54J) was 3.32%
- The rate of employer National Insurance Contributions (NICs) will remain the same as 2025/26.
- In terms of non-staff related pressures in January 2025 the UK's Consumer Price Index (CPI) rose by 2.8%.

3.2 Nursing and Residential Care Homes

The Adult Social Care in the UK Scale, Structure, Funding and Financial Performance of the Independent Sector report (2024) prepared by Laing Buisson for Care England and the Home Care Association, shows that Care Homes for older people, and Care Homes for young people remain profitable. There is an average EBITDAR margin of 17% across older people Care Home providers in accounting years ending 2023. With an average EBITDAR margin of 15% across older people Care Home providers in accounting years ending 2023. However, we know that cost pressures impact more on some segments of the Care Home market than others, for example the impact of NLW on providers with lower fees as they are more likely to employ staff impacted by this. We know that staffing costs make up a lower percentage of the cost of care in Care Homes in comparison to Home Care, with Care Homes having additional accommodation-based costs, although this requires a lower level of inflation in comparison to staffing costs. Smaller organisations, in comparison to larger national organisations, including, not for profit organisations, are more likely to have fewer beds, lower rates, and are also more likely to be impacted by cost pressures due to lower profit margins in comparison to larger national

providers with the ability to expand with more beds. This has been considered alongside local market knowledge to support the rational for applying different rates to support areas of need and where it is more difficult to source care at band rates.

In relation to local care staff and pay, the Chancellor of the Exchequer announced in the Autumn Budget 2025 that the National Living Wage (NLW) is to increase from £12.21ph to £12.71ph, which is a 4.1% from April 2026. The most up to date data from Skills for Care hub (April 2024-March 2025 and NLW at £11.44) shows that providers in Stoke-on-Trent paid care staff an average of £11.95ph. The overall average salary paid to various roles within the local carer sector was £12.01ph. Benchmarking data shows that the 2024-2025 average salaries in Stoke-on-Trent for residential care were in line the average for our statistical neighbours, and benchmark as of the highest for nursing care. A review of current average salaries advertised for care assistants across Stoke-on-Trent was £13.00ph, which is already above the increase in NLW from April 2026. Individual Care Requirements (ICRs) which Care Brokers undertake with care providers show that working age adult care homes are able to pay staff £17ph.

Older Peoples Care Homes:

Based on brokerage intelligence, demand data, vacancy data and analysis of current rates paid, there is adequate capacity to meet demand at banded rates for residential, nursing, and enhanced nursing.

The City Council's commissioning intentions are to support people in their own homes for as long as possible, and to grow extra care housing provision in the City rather than to place people into general residential beds. The City Council, therefore, expects to see a reduction in band 1 residential placements.

The City Council recognised when setting the care fees for 2025/26 that demand for band 2 (enhanced residential) had increased. By offering a high percentage uplift in 2025/26, the Council is now able source 60% of band 2 placements at band rate, compared to 47% in the previous year. Demand for band 2 placements has continued throughout 2025/26, this is partially due to changes to FNC and CHC eligibility processes locally. The demand for band 2 (enhanced residential) beds has increased and has resulted in some difficulty obtaining residential beds at the contractual rate.

In contrast, brokerage intelligence, demand data, vacancy data and analysis of band 2 residential placements evidence that this is an area where the City Council struggles to purchase beds at the current rate. We know demand for this type of residential care will continue to grow as people move into care homes later in life and with more complex needs. Local changes in how FNC is allocated will also impact the level of demand. We are therefore proposing to increase the enhanced residential rate by **12.4%**. This will allow the City Council to specifically target the key pressure area in our market and help to close the gap between enhanced residential and general nursing we feel should be closer together.

Younger Adults Care Homes:

The City Council has a high proportion of younger adults placed in care homes, this is due to there being a lack of alternative provision, such as supported living or extra care housing for younger adults in the City. The recent introduction of a supported living framework, commissioning intentions to develop more independent living options for young adults and the City Councils independent Living Strategy, show the City Councils commitment to supporting younger adults to live independently. We therefore expect to see a reduction in the number of new placements in younger adults care homes. Rates for younger adults placements are not being proposed in this report and instead will be determined via a competitive process on a case-by-case basis.

Commissioners are currently undertaking a public consultation on potential amendments to the Council's Care Home contract and Residential Care Charging Policy This includes:

1. **Payment of gross** (rather than net of client contributions).
2. The current Residential Care Charging Policy states that Providers can only increase **third party contributions** by the price review provisions in the Individual Placement Agreement. The Individual Placement Agreement states that if a third-party contribution is being paid by a Sponsor it will be adjusted by inflation each year from April each year and this inflation adjustment will be calculated based on the actual changes in the cost of providing the resident's care. It is therefore proposed that that the Residential Care Charging Policy is reviewed and amended to remove this restriction and allow Providers to increase third party contributions, once a year, in line with their own budget setting and business model. This will be subject to public consultation.
3. The current practice is that where a resident is placed under a '**deferred payment arrangement**', the placement is made at the City Council's contracted rates. This is not consistent with other Local Authorities practice and is financially restricting the market. Residents placed under this type of arrangement are essentially self-funders, and it is therefore proposed that the contract allows these residents to be placed at the Providers' self-funding rate (with the caveat that when the resident's finances drop below the self-funder threshold the placement will then be paid for by the Council capped at the appropriate contractual banded rate in accordance with the level of need. These proposals are subject to market engagement and consultation with residents and their families.

3.3 Home Care

The Adult Social Care in the UK Scale, Structure, Funding and Financial Performance of the Independent Sector report (2024) prepared by Laing Buisson for Care England and the Home Care Association, shows that Home Care remains profitable with the average EBITDA margin of 7.6% for Home Care in most recent accounting years.

We know that there is a higher impact on Home Care in terms of staffing cost pressures in comparison to accommodation-based care provision such as Care Home provision. This is why we are proposing the 80(staffing):20(other) ratio for Home Care as opposed to the 70:30 split for Care Home provision. This has been considered alongside local market knowledge which shows that there has been significant investment in Home Care locally over the past 3 years. The City Council's fees benchmark above the national average (see the figure below – average hourly home care rates). This investment in Home Care has resulted in there being capacity to meet demand in the home care market, with extremely low numbers (or no individuals) waiting for care during 2025/26, as well as no delays in hospital discharge in relation to Home Care. This is despite the projected demand for 2025/26 being higher than the previous year.

Brokerage intelligence shows that the City Council has a thriving homecare market with 35 providers operating in the City. There are very few delays when sourcing home care. Brokerage intelligence suggests that 15-minute calls can be harder to source than other lengths of call and some providers feel that some packages of care are not financially viable due to travel time. The City Council is due to commence a re-tendering exercise in early 2026 which will look into the removal of 15 minutes calls and propose to move to a locality-based model to reduce the amount of travel time.

table 1 – Number of homecare hours agreed at the end of each month

Financial Year	2023-24	2024-25	2025-26
Month	Units in the Month	Units in the Month	Units in the Month
Apr	129,772.9	192,305.1	235,049
May	137,632.3	201,183.7	245,202.6
Jun	137,409.4	199,440.1	238,417.6
Jul	147,929.1	210,691.7	247,159.1
Aug	150,762.4	212,733.4	252,329.2
Sep	146,444.8	205,346.4	247,969.2
Oct	152,362.5	218,243.1	257,620.1
Nov	168,907.3	215,837.2	249,525.9

Financial Year	2023-24	2024-25	2025-26
Month	Units in the Month	Units in the Month	Units in the Month
Dec	181,905.5	225,899.9	260,437.7
Jan	181,707.2	228,035.4	258,032.2
Feb	171,267.8	210,438.9	
Mar	188,554.9	239,883.5	
Total	1,894,656	2,560,038	2,491,743

There are currently three separate contract arrangements across the City. Commissioners have completed market engagement to inform the re-commissioning of the Home Care and Extra Care models of care. This engagement has provided valuable insight to innovative approaches to the new Home Care and Extra Care recommission. As part of future commissioning intentions, the Council plans to move away from 15-minute calls and implement a minimum visit duration of 30 minutes to improve quality of care and outcomes for individuals and improved workforce stability for providers and the Council is piloting a night time support service to enable a step up/step down approach, helping to prevent hospital admissions and support timely discharge from hospital.

3.4 Extra Care

As community-based provision, a consistent approach has been followed for Home Care, Extra Care and Supported Living, in terms of the proposed 80:20 ratio. Extra Care demand has slightly increased compared to previous years. This is partly due to changes in allocation processes, which now ensure that the on-site provider picks up all care packages within the scheme. While the current model in the City primarily meets low to medium levels of need, the City Council recognises Extra Care as an area of growth. The intention is to develop the existing model to support higher and more complex levels of need. The Council remains committed to expanding Extra Care capacity and ensuring the right model is in place both by enhancing current provision and through the development of new accommodation across the City. The cost pressures are similar to those in Home Care in terms of the staffing and inflation split, although there are other cost pressures in Home Care in comparison to Extra Care, with the most significant one being travel costs. Therefore, the proposed Extra Care rate, despite the same level of uplift for Extra Care, will remain lower than Home Care. Extra Care fees also benchmark high (second highest) in comparison to our CIPFA statistical neighbours.

The City Council currently has 8 extra care schemes, with each scheme having an on-site care provider. Brokerage intelligence shows that there is adequate care capacity across the schemes to meet the needs of current and future residents at the current contract rates. There are no delays in accessing care within the schemes. Any delays tend to be as a result of compliance with housing regulations, i.e. the ability for residents to be able to self-evacuate in the event of a fire. A re-tendering exercise is due to commence in

early 2026 which will look at the current model of care delivered in extra housing and how this needs to differ to support people with more complex needs and those who require care during the night.

3.5 Supported Living

As community-based provision, a consistent approach has been followed for Home Care, Extra Care and Supported Living, in terms of the 80:20 ratio. Whilst there is adequate care available within the City, including an additional 60 care providers who have now entered the market locally via the development of a new Supported Living Framework (April 2025). The challenge locally is sourcing accommodation that is both appropriate and affordable. A number of care providers have indicated an interest in working with the City Council and housing partners to deliver solutions but need a firm commitment from the City Council to be able to proceed. The City Council acknowledge that the process for becoming a Registered Social Landlord (RSL) is time consuming and costly, Commissioners are therefore working to partner existing RSLs with care providers to increase the number of available properties. The Laing Buisson report suggests that the profitability for supported living is in line with Home Care at 7.6% and additional cost pressures have been recognised with an increase with both the hourly rate as well as the sleep-in rate. Benchmarking also shows that Supported Living rates benchmark in line with regional averages. Supported Living has recently been tendered indicating the cost of care.

The supported living framework was procured in 2024 and went live in April 2025. 110 providers were appointed onto the framework. The current hourly rate was published as part of the tender exercise and providers were required to confirm their acceptance of the rate. There are 110 providers on the framework. Brokerage intelligence evidence that there is adequate capacity to meet demand at the current hourly rate. There are challenges however with finding accommodation with social registered landlords.

There is growing demand for supported living for younger adults with lower-level care needs and the City Council's recently launched Independent Living Strategy details our strategic intentions to support everyone to live in their community, with their own front door. Therefore, moving away from the traditional supported living model of shared properties.

3.6 Social Opportunities / Day Care

The Social Opportunities (day care) framework was commissioned during 2024 and launched in April 2025. The service is an innovative approach for the City Council as previously individuals have either been supported by the City Council's internal day service provision or have been required to commission their day care themselves via a Direct Payment. The framework has been introduced to provide increased choice, alternatives to centre-based provision and to address the VAT issues being experienced by some providers following a change in Day Care Services being exempt from paying VAT.

As this service is still relatively new the City Council is still accessing the ability of providers to meet demand and can re-open the framework in 2026 if needed.

3.7 Direct Payments

We are proposing to pass on the direct impact of NLW to ensure rates paid are maintained and comply with NLW legislation. All other (non-PA provision) direct payment uplifts will be in line with Home Care uplifts. The development of Direct Payment options is also an area of growth in line with the Council's Independent Living Strategy and Market Position Statement.

Direct Payments is a key growth area for the City Council, whether it be for people to employ a personal assistant or to support individuals to commission care and support for a Micro Provider. We have seen the number of personal assistants and in particular Micro providers increase during 2025, a trend we want to see continue into 2026.

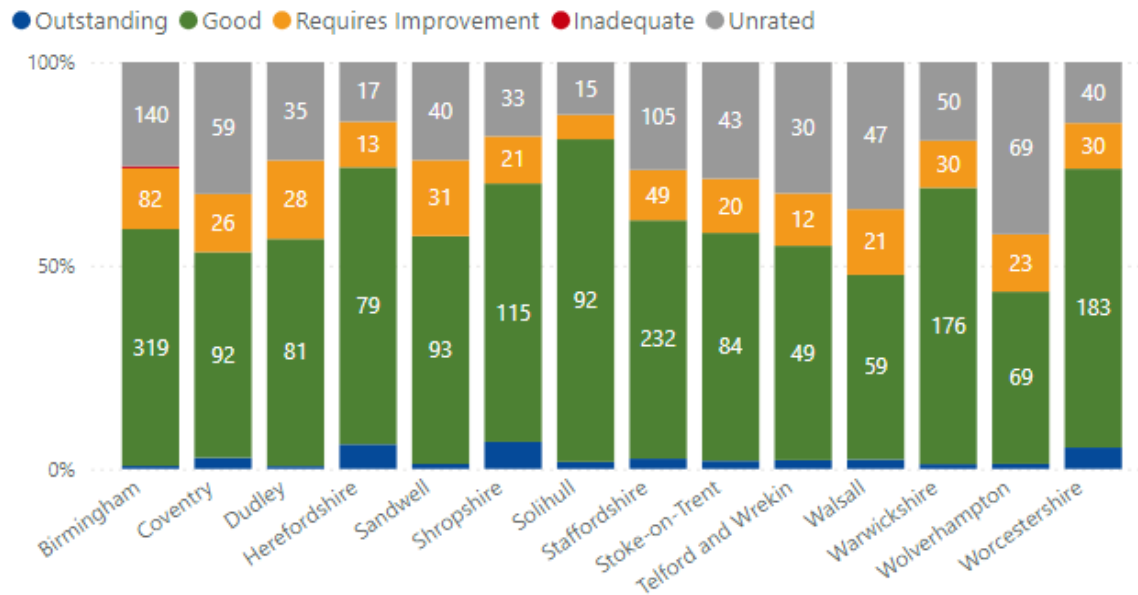
4.0 Benchmarking Data

Benchmarking Data can be viewed at section 9 of the CIPFA C.Co Cost of Care Report.

5.0 Quality of Care

5.1 CQC Ratings

Quality of care provision using CQC data, and ADASS Regional data analysis tools were considered when developing the Council's 2026/27 Fee Strategy. The data shows that most care providers in the City are rated as good or above. There are a number of providers who are waiting for CQC inspections.



5.2 Quality of Care Home Provision (Local Authority Insight)

The City Council operates a Market Oversight Group (MOG) across adult social care commissioning, operational and safeguarding teams. The role of MOG is to have the strategic overview of standards in terms of the quality assurance processes in place for the safety of CQC regulated adult social care commissioned services, ensuring significant risks are mitigated, reduced and monitored and any high-level action required is expedited. Current insight from the MOG includes:

5.2.1 Care Homes

There is currently one Nursing Home under full suspension due to an ongoing Large Scale Investigation. LSI meetings are ongoing and updates shared via the Market Oversight Group. Intelligence and data is also shared as part of the monthly Quality and Safeguarding Information Sharon Meeting (QSISM).

5.2.2 Home Care:

There is currently one home care provider under enhanced monitoring and being reported to MOG due to concerns around internal auditing, accuracy of recording, and training.

5.2.3 Extra Care Housing

There are currently no extra care providers under enhanced monitoring.

5.2.4 Supported Living

There is current one supported living provider under enhanced monitoring and being reported to the MOG due concerns around staffing and staff training.

5.3 Provider Failure

In the event of a provider failure, regardless of the reason for the failure, the City Council will work to its Provider Failure Policy. The first steps are to identify the reasons for the failure and if the failure can be prevented. Where it is determined that the service does need to close or cease delivering services to the City Council, Commissioners will work closely with the Provider, Operational colleagues, other funding authorities alongside residents and families to ensure a smooth transition to a new provider. In the event of the provider failure being Home Care, supported living or extra care Commissioners will approach existing contracted providers and run a mini competition to transfer the existing contract over to a new provider. In the majority of cases care staff will move to the new provider under TUPE arrangements, therefore ensuring continuity of care for the individuals and ensuring key social care staff are not lost from the workforce. In the event of a Care Home closure, it is not usually possible to move all residents to the same Care Home, however individual and family choice will form part of the process and where there are existing friendship groups, Commissioners will aim to keep these individuals together wherever possible. As part of the provider failure policy all individuals will have their needs reviewed to ensure the new care sourced is appropriate to meet their current needs.

Whilst providers serving notice on individual residents or packages of care is common place and part of business as usual for commissioners and care brokers, these are usually due to the provider no longer being able to meet need under their current registration.

5.2.1 Providers Exiting the Local Market

Over the last 12 months 0 Care Homes, 3 supported living settings and 0 home care agency have served notice to the City Council.

Of the 3 supported living settings, 1 setting closed due to the buildings not being fit for purpose, the landlord chose to serve notice on another property, and the 3rd setting was taken over by a new care provider.

5.2.2 New Providers to the Local Market

The City Council has not commissioned any new Home Care providers in the current financial year, this is due to adequate capacity in the current market. A new recommissioning exercise for both Home Care and Extra Care is due to commence in early 2026/27 creating an opportunity for new providers to enter the market.

A new supported living framework went live in April 2025, with 90 care providers being appointed to the new framework following a competitive exercise, this is an increase of 60 providers on the current arrangements.

5.3 Conclusion

Based on all the above market intelligence, demand data, market capacity and commissioning intentions the City Council is confident that the proposed fees are sustainable to meet both its Care Act Duties and legal requirement to have a balanced budget.

6.0 Relevant Factors

6.1 Third Party and Client Contributions

Under the Care Act 2014, the City Council have a duty to arrange care and support for those with eligible needs. Where the City Council decides to charge it must follow the Care and Support (Charging and Assessment of Resources). The aim of the City Council is to make all decisions under the Care Act 2014 in a manner that complies with the additional duties and responsibilities arising under the Equality Act 2010 and the European Convention on Human Rights.

The City Council must not charge more than the cost it incurs in meeting the assessed needs of the client. Prior to charging an individual, the City Council must first carry out a financial assessment of what the individual can afford to pay. It must explain how the assessment is carried out, what the charge will be and how often it will be made. It must be communicated to the client in a way that can easily be understood. If after the financial assessment a client has to contribute to the cost of their care, they must not be asked to pay more than the assessment says they can afford to pay.

If the City Council has determined that the individual's needs are best met in a Care Home, it must provide for the individual's preferred choice of accommodation, subject to certain conditions including the financial assessment of what the individual can afford.

Determining the appropriate type of accommodation will be made with the client as part of the care and support planning process. The City Council must ensure that the individual has a genuine choice and that accommodation is:

- Suitable and available;
- Will not cost more than the amount specified in the individual's personal budget for accommodation of that type; and
- The provider is willing to enter into a contract with the City Council to provide the care at the rate specified in the personal budget on the Council's terms and conditions.

However, a client must also be able to choose alternative options, including a more expensive setting where a third party is willing and able to pay the additional cost. This is known as a Third-Party Contribution. A Third-Party Contribution cannot be paid for by the Care Home resident, it should be a family member or friend who pays the contribution. This additional payment must always be optional and never as the result of market inadequacies or commissioning failures leading to a lack of choice. A Third-Party Contribution must only cover costs or services over and above the standard care and accommodation needs of the individual as identified in their care plan.

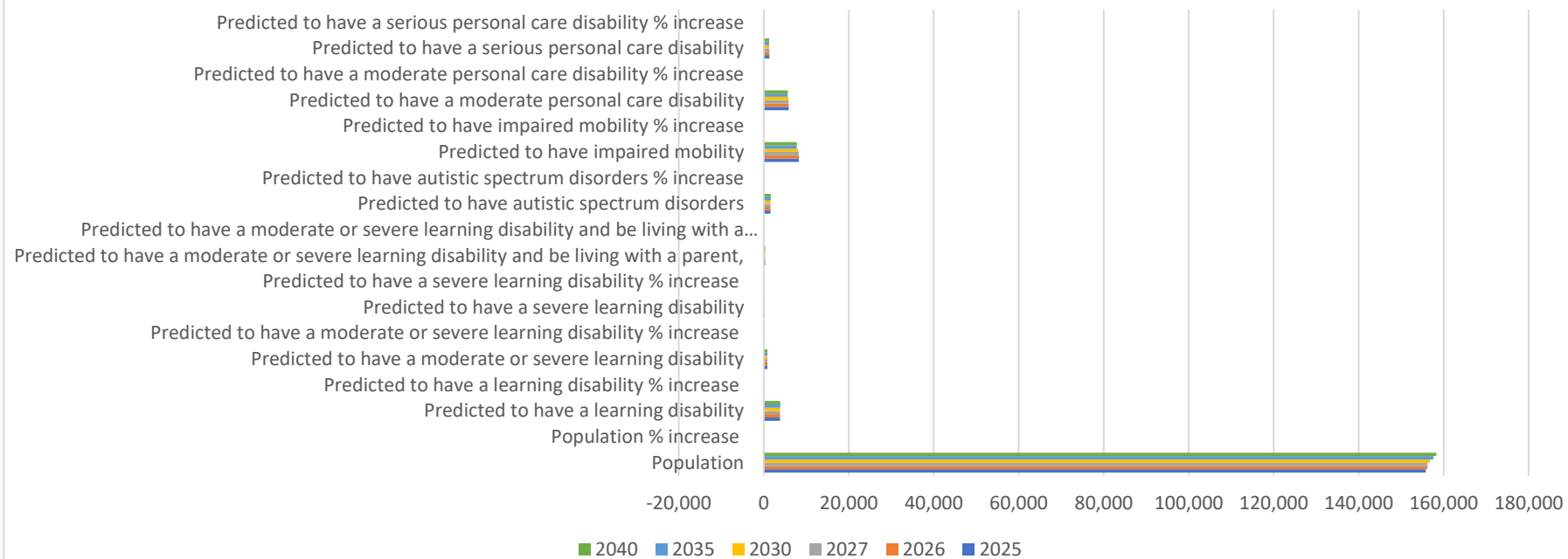
6.2 Above Band Rate Placements

The City Council will always use the banding rates as a starting point for older people Care Home placements but given the increasingly complex needs of the people we support, particularly older people with dementia and younger adults with complex learning disabilities and mental health needs, Commissioners often need to negotiate bespoke packages and costs. The City Council will use the Care Cubed tool to support any negotiations with providers.

7.0 Projected Demand

Data shows from POPPI and PANSI the population will increase, showing a potential demand for services this ranges from older people and working age adults covering increased demand for complex needs physical and cognitive and dementia.

Population aged 18-64



Population 65 and over

