

Stoke-on-Trent City Council – Cost of Care Exercise

Final Report

A Proposal by The Chartered Institute of Public Finance and
Accountancy
December 2025

1. Introduction

During October and November CIPFA undertook an independent and collaborative Cost of Care analysis exercise to help the Council to better understand the actual cost to deliver care and provide a robust evidence base, reflecting the local market to inform its fee setting process for 2026/27.

The exercise provided a series of reports by care type that established a clear and evidence-based approach for determining a local cost of care for the services in scope. A series of cost models have been completed using actual local data and informed by provider input, ensuring that the methodology reflected real operating costs. The findings have been benchmarked against available statistical comparators and neighbouring authorities, to help aid decision making.

In addition, the work will provide a series of models that can be used for testing and calculating annual uplifts that support long-term sustainability for the Council. The approach was collaborative, involving providers through structured communication including questionnaires, workshops, and meetings. These sessions explored key cost drivers and pressures.

The outcome of the exercise will provide a view on fee levels that the Council can use as a basis to engage with the local care market as part of its budget-setting process.

From our experience, the level of participation and the number of information returns from providers was high, and indicates a genuine desire to engage and work collaboratively with the Council.

This report summarises the separate reports for each of the Adult Social Care types commissioned by the Council, as well as summarising the benchmarking information and engagement findings. Figures include the impact of the increase in National Minimum Wage to £12.71. As far as possible the same assumptions and principles are used across all care types.

2. Returns

The information has been informed by questionnaires completed and returned by existing providers. We received the following number of returns for each care type.

Care Sector	Number of Responses	Number of Providers	% Response Rate
Extra Care	2	2	100%
Supported Living	14	110	13%
Homecare	14	35	40%
Care Homes Older People	15	41	37%

Care Sector	Number of Responses	Number of Providers	% Response Rate
Care Homes Working Age Adults	10	38	26%

3. General Principles

The key cost for Adult Social Care of any sort is the cost of direct care givers. In this analysis we have made the following assumptions:

- Care workers are paid at National Minimum Wage (£12.71 for 2026-27 incorporated in these figures)
- Full time care staff have 20 days holiday, plus bank holidays (8), 5 days training, and 5 days sickness per year, pro rata for part time employees
- Pay oncosts (National Insurance and pension contributions) are calculated based on staff being full time and participating in the pension scheme.
- There are no premiums for weekend or evening/night working, but bank holidays are paid at time and a half.
- For other care staff types (senior care workers, nursing staff, catering staff, domestic staff, gardeners/handymen, agency) pay premiums are based on the current ratio of such staff pay to the current care workers basic pay, and may vary with the type of care

For other staffing costs:

- Managerial, administrative, supervisory, and assessor staff are included at the average of current rates for the care type, from the returns, upgraded by the 2026-2027 increase in NMW to maintain differentials

Non staffing costs have been included at the average cost per service unit, with this average being the mean figure with significant outliers excluded.

- With the exception of residential/nursing care, other costs have been divided into three categories
 - Staffing: Affected by increases in staff numbers/hours, including recruitment costs, training costs, uniforms and PPE, DBS checks etc
 - Business: Relate to running a business including registration, insurance, professional services, head office recharges etc
 - Office: Relate to office costs such as rent, rates, utilities, stationary, IT costs, consumables etc
- For residential/nursing care the categories are
 - Resident related, comprising three sub groups
 - Food costs
 - Non staff cleaning costs
 - Other costs such as activities and entertainment, medical supplies and equipment, etc
 - Property related, with two sub groups

- Utilities
- Other property costs such as repairs and maintenance, additions, waste disposal etc.
- Overheads where there are three sub groups
 - Insurance and registration
 - Office related
 - Group and head office costs
- Travel costs are considered separately where relevant (particularly home care).
- An allowance for profit is included in all care types at 5% of all other costs.

4. Extra Care

Extra care services are currently commissioned on a **per hour basis** across eight sites. Taking all the above principles into account, the analysis proposes a cost per hour care of £24.09, compared with current prices which range from £20.75 to £22.63.

Extra Care Cost Per Hour Care	National Minimum Wage
Carer Cost Per Hour	17.31
Managerial/Admin Cost Per Hour	2.69
Other Costs Per Hour	2.95
Profit/Surplus Per Hour	1.14
	24.09

An alternative approach is being considered, where care across the eight schemes would be delivered by three providers, with each lot covering three schemes (and one lot covering two schemes). Each contract would include a set block of hours for day and night care at an agreed rate, with a lower rate applied for any additional hours beyond the block. However, where there is evidence of demand across schemes, the Council intends to build in flexibility to increase and decrease block hours based on changing needs, ensuring the model can respond effectively to increases in demand. The council would also expect economies of scale in managerial, administrative, and non-staff costs. The block rate would be intended to cover staffing costs, overheads, and a profit element whilst the additional rate would cover just the additional staffing costs, plus a profit element. The actual figures would depend upon the size of the contract and the number of block hours.

5. Supported Living

Supported living is currently provided on a per hour basis, with a published price of £19.68 per hour, and a sleep-in rate of £63.10. Taking the above principles into account, the analysis proposes a cost per hour care of £23.19 compared with current provider prices which range from £18.75 to £24.95, and up to £41.22 for bank holidays.

Supported Living Cost Per Hour Care	National Minimum Wage
Carer Cost Per Hour	17.58
Managerial/Admin Cost Per Hour	2.53
Other Costs Per Hour	1.98
Profit/Surplus Per Hour	1.10
	23.19

This rate takes into account different staff grades and agency staff (with 88% of care provided by care workers, 9% by senior care workers, and 3% by agency staff). It also allows for providers to pay time and a half for bank holidays, without having to have differential pricing.

For sleep-ins our proposed rate includes paying for eight hours at half national minimum wage (ie a rate of c£50 per sleep in paid to carer), with a reduced element of overheads to give a rate of £74.80 per sleep in compared with the current rate of £63.10 and current provider prices of £73-£93 per sleep in.

Supported Living Sleep In Cost	National Minimum Wage
Basic Hourly Rate (1 hour)	6.36
On costs	1.97
Managerial/Admin Cost Per Hour	0.32
Other Costs Per Hour	0.25
Profit/Surplus Per Hour	0.45
Hourly Rate	9.35
Per 8 Hour Sleep In	74.80

For shared care, the key cost is still the cost of the carer. Our proposal is that the basic hourly rate for shared care remains at £23.19 per hour, with the addition of £4.51 per hour for additional clients. The rate for shared care for two clients sharing care would therefore be £27.70 for 1 hour care or £13.85 per hour per client. The rate for four clients sharing care would be £36.72 or £9.18 per client per hour.

6. Home Care

Home Care is currently commissioned in 15 minute blocks and paid by the hour at either £24.39 (guaranteed minimum hours and framework) or £23.97 (spot). The majority of calls are 30 minutes long, with only 8% of calls being over one hour. The majority of calls (86%) are for general day time care, with a further 12% for medication only.

Taking all the above principles into account, the analysis proposes a cost per hour care of £27.15. Indications are that providers charge self funded clients up to £10 more per hour than the council rates.

Home Care Cost Per Hour Care	National Minimum Wage
Carer Cost Per Hour Pay	17.45
Carer Cost Per Hour Travel	2.48
Managerial/Admin Cost Per Hour	3.71
Other Costs Per Hour	2.22
Profit/Surplus Per Hour	1.29
	27.15

This rate takes into account different staff grades and agency staff (with 92% of care provided by care workers, 6% by senior care workers, and 2% by agency staff). It also allows for providers to pay time and a half for bank holidays, without having to have differential pricing. It also allows for just under 7 minutes travel per care hour, with time paid, and a mileage allowance of £0.35.

Alternative approaches are being considered, in particular, the removal of 15 minute calls, with the focus on 30 minute calls to reflect actual practice.

7. Residential and Nursing Care Older People

There are currently a total of 41 older peoples care homes (24 residential homes and 17 nursing homes). Current rates are set across four bands and range from £647.16 to £1,005.20. Providers' current prices range from £750 to £1,800 per bed per week.

Costs are dominated by the cost of care workers, affected by the number of hours care per resident per week provided by each level of care worker, and the pay differentials. In addition to the principles outlined above, we have assumed that senior care workers and gardeners/handy men are paid 9% more than care workers, nurses are paid 60% more, and catering staff 7% more, to reflect local conditions.

Our calculations are based on the following hours per client per week required for each staff category.

Hours of Care Per Staff Grade and Care Type	Residential - Band 1	Residential Enhanced - Band 2	Nursing - Band 3	Nursing Enhanced - Band 4	Complex Care
Care worker	17.0	25.0	20.0	25.0	20.0
Senior Care worker	7.5	7.5	7.5	7.5	7.5
Nurse	0.0	0.0	5.0	6.0	3.0
Catering Staff	2.5	3.0	2.5	3.0	3.0
Cleaning Staff	3.3	3.3	3.3	3.3	3.3
Gardener/Handyman	0.9	0.9	0.9	0.9	0.9
	31.2	39.7	39.2	45.7	37.7

We have allowed for 4% of care worker shifts and 10% of nursing shifts to be covered by agency staff.

For non-care staff, assumptions vary by care type, as they are also influenced by home size. We have allowed for the following:

- One manager per home, paid c£65,000 in nursing homes and c£47,000 in residential homes
- All other admin/non-care staff paid 35% more than care workers, with 3.5 FTE in nursing homes and 2.0 FTE in other homes

We have also allowed for an occupancy rate of 93% in residential homes and 83% in nursing homes. All these figures are based on local conditions as given by providers in our survey.

Other costs also vary by care type. Where appropriate we have allowed for higher costs for some care types and expenditure types, particularly relating to property and equipment, resident activities, and insurance.

The resulting rates are:

	Residential - Band 1	Residential Enhanced - Band 2	Nursing - Band 3	Nursing Enhanced - Band 4	Complex Care
Direct Care Staff	558.83	707.31	757.80	883.43	708.37
Other Staff	70.14	70.14	96.53	96.53	78.59
Other Costs	247.36	242.76	264.79	295.03	303.53
Profit Element	43.82	51.01	55.96	63.75	54.52
	920.15	1,071.22	1,175.07	1,338.74	1,145.01

The complex care rate is intended as a base rate to be adjusted depending on specific care needs.

Where additional care needs are identified for clients, these will generally require additional staff time. The following rates are proposed as hourly rates for additional 1:1 care above the standard levels included. These rates predominantly cover staff time and a profit element, as overheads are covered by the basic weekly rates.

Additional Hourly Care Rates	
Care worker	18.27
Senior Care worker	19.95
Nurse	30.82
Catering Staff	19.48
Cleaning Staff	18.17

We recommend that non-care staff additional care costs are substantiated and negotiated individually.

8. Residential and Nursing Care Working Age Adults

There are 38 care homes in the area which cater for working age adults – 34 residential, and 4 nursing homes. Fees are determined on an individual basis, dependent on need. We recommend that this continues as needs are so individual, and home sizes so varied and predominantly small residential care homes, with larger nursing homes.

However, we have developed a recommended indicative base rate which can then be adjusted for need.

Costs are dominated by the cost of care workers, affected by the number of hours care per resident per week provided by each level of care worker, and the pay differentials. In addition to the principles outlined above, we have assumed that senior care workers and gardeners/handymen are paid 9% more than care workers, and catering staff 7% more, to reflect local conditions.

The average home size is small, with c7 beds, which also affects staff hours given the need to provide 24-hour care. This has been allowed for in our calculations, with the hours per client shown below. We acknowledge that this is significantly affected by home size.

Hours of Care Per Staff Grade	
Care worker	37.0
Senior Care worker	14.5
Catering Staff	0.5
Cleaning Staff	0.5
Gardener/Handyman	0.5
	53.0

For non-care staff we have allowed for the following:

- One manager per home, paid c£40,300
- One other admin/non care staff paid 14% more than care workers

The resulting base rate is as follows:

Working Adult Residential Care	
Direct Care Staff	941.83
Other Staff	269.49
Other Costs	402.42
Profit Element	80.69
Weekly Rate	1,694.43

The rate is intended as a base rate to be adjusted depending on specific care needs.

Where additional care needs are identified for clients, these will generally require additional staff time. The following rates are proposed as hourly rates for additional 1:1 care above the standard levels included. These rates predominantly cover staff time and a profit element, as overheads are covered by the basic weekly rates.

Additional Hourly Care Rates	
Care worker	18.16
Senior Care worker	19.83
Catering Staff	19.48
Cleaning Staff	18.17

9. Care Fee Benchmarking of Current Rates

The figures we have been able to access for benchmarking are a guideline only. They are published rates for 2025-26, rather than a reflection of what councils are actually paying (which we have consistently found to be higher than the published rates). In some cases, the latest published figures are for 2024-25. Many councils provide limited information on the rates they pay and others work differently with at least two councils working on individually assessed rates for the majority of services. We have provided as much comparable data as available by care types, including other statistical 'nearest neighbours', as well as a West Midlands average where information is available. To give a comparison with rates for Stoke-on-Trent, we have upgraded the figures by the increase in national minimum wage.

Supported Living

There is very little data available for supported living benchmarking as many authorities have council specific fee structures which do not compare easily. The table and graph below show Stoke's position, based on its published fee rates for 2025-26.

Supported Living	Rate	Upgraded by NMW
Stoke	19.68	20.49
West Midlands Average	20.60	21.44
Oldham	21.84	22.74
CIPFA Comparator Average	22.54	23.46
Doncaster	23.23	24.18

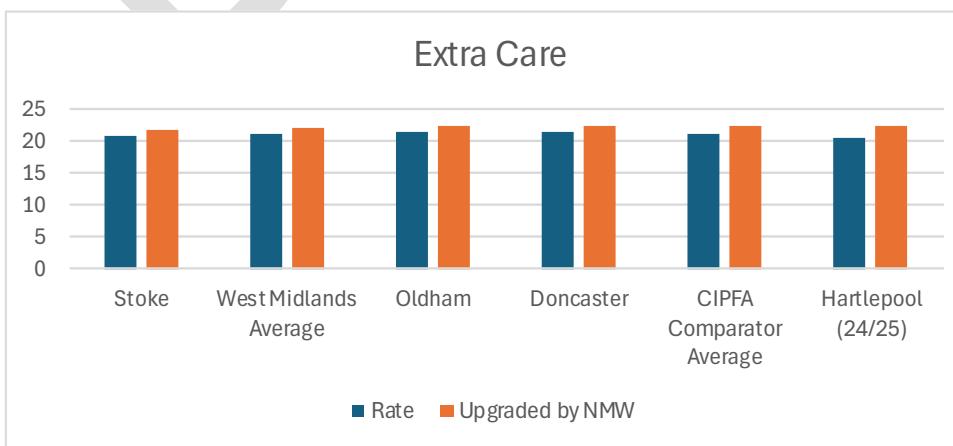


Stoke's existing published rates are at the bottom of the group. Only one council has published rates available for Sleep Ins - £16.95 per hour for 2025-26 rates, which would equate to £135 per eight hour sleep in.

Extra Care

Again there is very little data available due to different ways of structuring and publishing this information. The table and graph below show Stoke's position, based on both its published fee rates for 2025-26 and the recalculated figures for 2026-27.

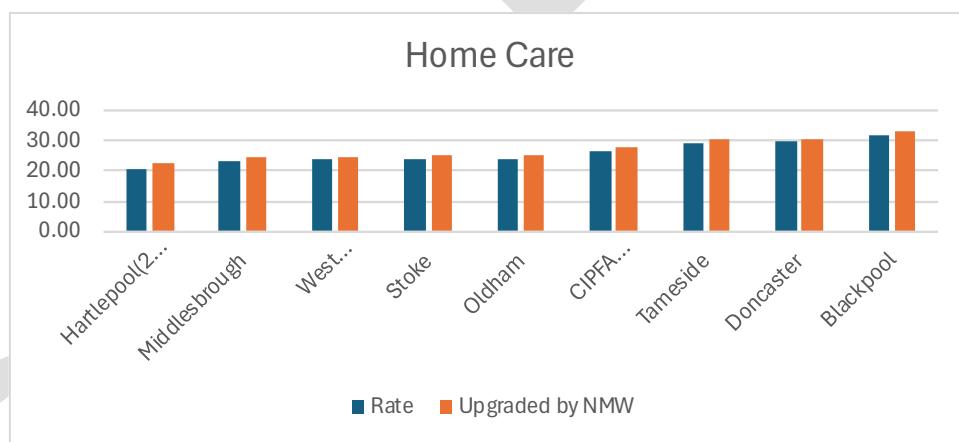
Extra Care	Rate	Upgraded by NMW
Stoke	20.75	21.60
West Midlands Average	21.24	22.11
Oldham	21.48	22.36
Doncaster	21.48	22.36
CIPFA Comparator Average	21.12	22.41
Hartlepool (24/25)	20.39	22.50



Home Care Rates

The hourly rates published relate to 2025-26, or in some cases 2024-25. These are published fees and not necessarily a reflection of what the council actually pays. The table and graph below show Stoke's position, based on both its published fee rates for 2025-26 and the recalculated figures for NMW. Stoke is in the lower part of the table, but with a rate broadly comparable to the West Midland available average figure based on published rates.

Home Care Hourly Rates	Rate	Upgraded by NMW
Hartlepool(24/25)	20.34	22.44
Middlesbrough	23.50	24.46
West Midlands Average	23.73	24.70
Stoke	23.97	24.95
Oldham	24.04	25.03
CIPFA Comparator Average	26.31	27.60
Tameside	29.00	30.19
Doncaster	29.48	30.69
Blackpool	31.50	32.79

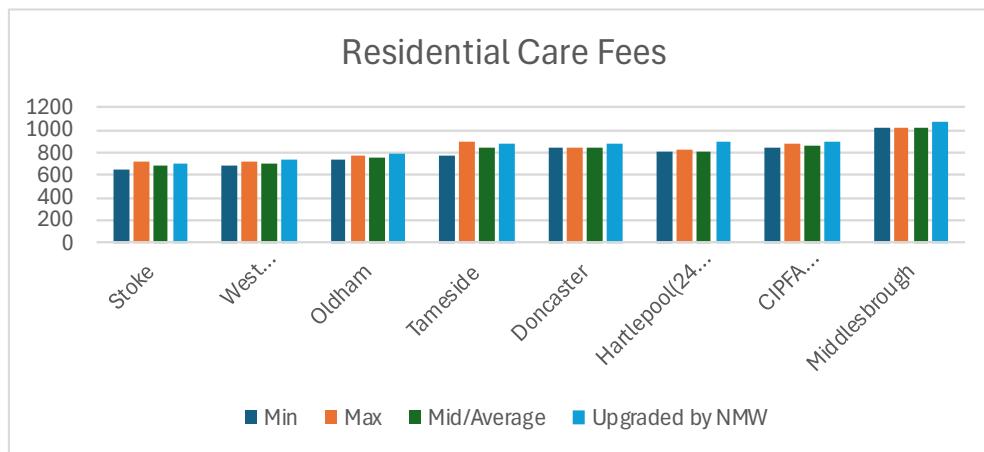


Residential Care Homes

The published figures do not necessarily directly correspond with the bands that Stoke use. At best, they give a range of fees, in which we assume that the lowest corresponds to Band 1 and the highest to Band 2. In many cases all that is available is an average fee. The table and graph below show Stoke's position, based on both its published fee rates for 2025-26 and the recalculated figures for 2026-27. Based on published figures, which are the truest comparator, Stoke is currently at the lower end of the group.

Residential Care	Min	Max	Mid/Average	Upgraded by NMW
Stoke	647	712	679	707
West Midlands Average	681	721	701	730
Oldham	735	780	758	789
Tameside	774	899	837	871

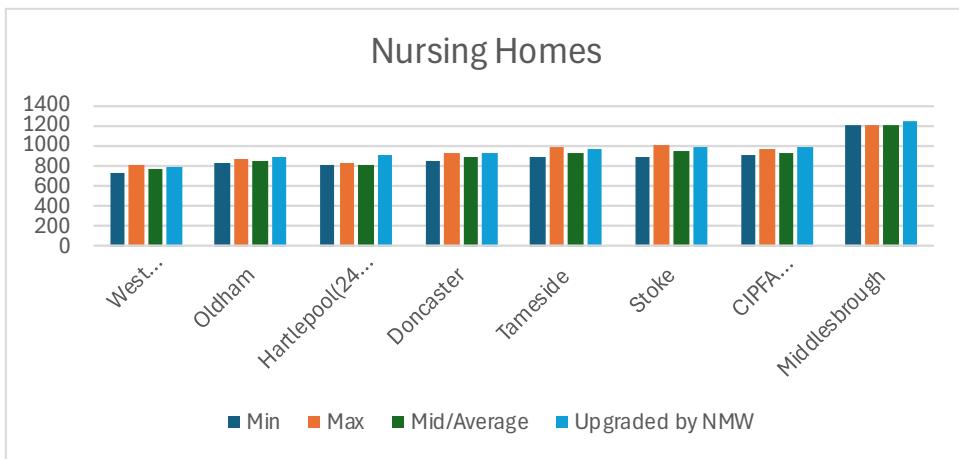
Residential Care	Min	Max	Mid/Average	Upgraded by NMW
Doncaster	841	841	841	875
Hartlepool(24/25)	802	830	816	900
CIPFA Comparator				
Average	835	875	855	900
Middlesbrough	1025	1025	1025	1067



Nursing Homes

Again, the published figures do not necessarily directly correspond with the bands that Stoke use. The table and graph below show Stoke's position, based on its published fee rates for 2025-26 and the recalculated figures for 2026-27 for NMW, which appears to be reasonably favourable.

Nursing Care	Min	Max	Mid/Average	Upgraded by NMW
West Midlands Average	732	805	768	799
Oldham	830	865	848	882
Hartlepool(24/25)	802	830	816	900
Doncaster	845	933	889	925
Tameside	888	980	934	972
Stoke	885	1005	945	984
CIPFA Comparator				
Average	913	962	937	986
Middlesbrough	1200	1200	1200	1249



Benchmarking Conclusion

The benchmarking information available is variable as it is based on limited published rates, and sometimes shown in different ways, rather than an assessment of what a council is actually paying for a service. Available data is also limited, and in some cases not truly comparable. However, it does provide a useful snapshot of how Stoke compares to other authorities.

Our past experience shows that published fee rates are invariably below what a council actually has to pay to purchase a service. However, across the board, Stoke's current pricing appears to be at the lower end of the comparators.

10. Provider Engagement

The data gathering exercise allowed for providers to give feedback and many comments were received and have been captured. In addition, five 90 minute provider engagement sessions were held with Supported Living Providers, Adult Residential and Nursing Care Providers, and Home Care Providers. More than 20 providers attended these sessions, which were constructive and well-received, with participants appreciating the opportunity to share their perspectives.

The discussions highlighted several common themes across all provider types. Financial pressures were a key concern, with providers noting that costs have risen significantly in recent years. While council funding uplifts have helped to some extent, providers felt that further adjustments will be needed to keep pace with inflation, the impact of NMW and regional pay variations. These financial challenges were linked to rising wage and employment costs, compliance requirements, and utility and property maintenance costs, which providers believe could affect their ability to invest in service improvements over time or at worst drive them out of the market altogether.

Workforce sustainability was another important theme. Providers described difficulties in recruiting and retaining staff, particularly given sector-wide competition and pay

constraints, with a serious concern over the impact in the rise the NMW. Council operational issues were also raised, including payment processes and scheduling requirements, which providers felt could be streamlined to improve efficiency and reduce administrative burden.

Providers also discussed market structure and quality assurance. Some expressed concerns about the impact of an increasingly diverse provider market and suggested that clearer oversight and consistent quality monitoring would help maintain standards and build trust. Despite these challenges, providers acknowledged that communication and engagement with the council have improved compared to previous years, and they welcomed the progress made in fostering dialogue.

Overall, the sessions reflected a shared commitment to delivering high-quality care and a recognition of the pressures facing the sector. Providers agreed that continued close collaboration and strategic planning with the Council will be essential to address funding, workforce, and operational challenges while safeguarding service quality and compliance.