

# Summary of responses to the annual discretionary fee review for 2026/2027

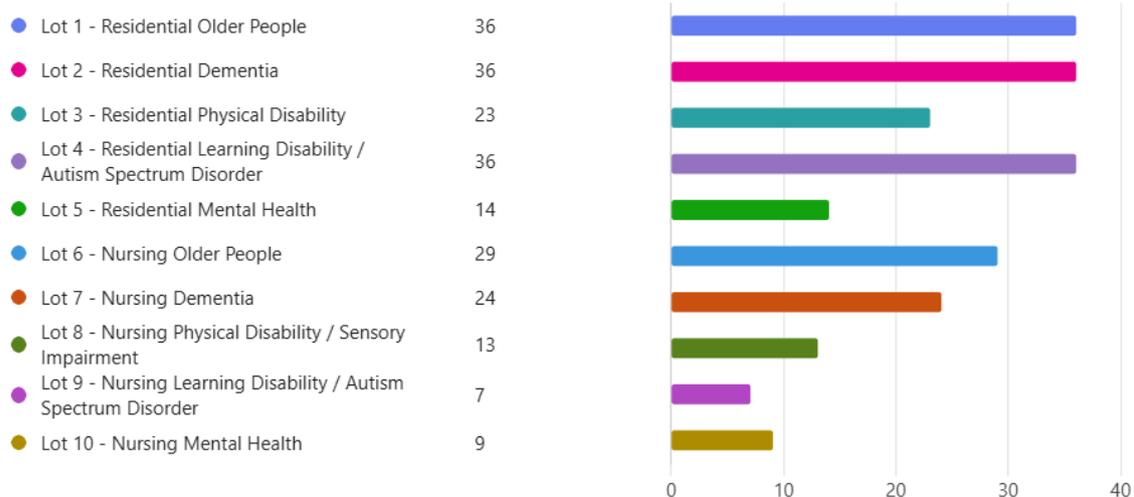
Appendix 2b: care homes

Gough, Grace (H&C)  
Staffordshire County Council

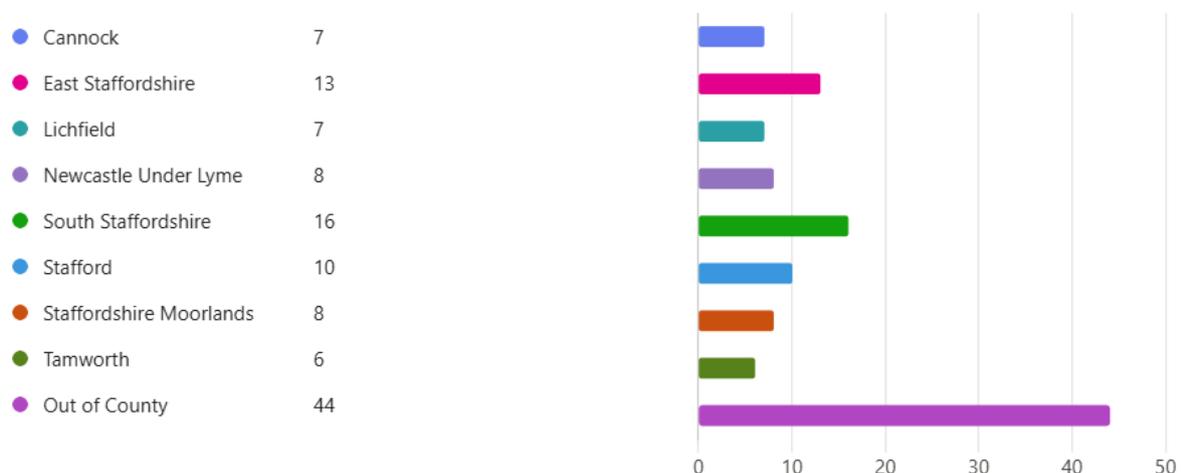
## Methodology and responses

1. A survey was sent out to all 903 residential and nursing care homes contracted via the Dynamic Purchasing Contract (DPS) by Staffordshire County Council, of which 233 are within Staffordshire.
2. The survey went live on the 03/11/2025 and closed on the 30/11/2025. The response rate was regularly reviewed throughout this period. Further reminders were sent as required and to align with the Chancellor’s autumn budget announcements. Alongside this, reminders were sent out by Staffordshire Care Association (SARCP) to their members.
3. 83 individual responses were received, of which 39 were from individual care homes and 44 from providers who represented multiple care homes. A total of 194 (22%) contracted care homes were represented including 71 in Staffordshire (30% of contracted care homes in county). Responses by lot are shown in Figure 1 and by location of care home in Figure 2.

**Figure 1: responses by lot**



**Figure 2: responses by location of care home**



## Funding of services

4. Care homes were asked how their services were funded. The results for care homes within Staffordshire are shown in Table 1. These indicate wide variation although this is partly explained by responses from two care homes that have recently opened and have high vacancy rates.

**Table 1: source of funding**

Source of funding	Proportion of clients with this source of funding			
	Mean	Median	Highest	Lowest
Staffordshire County Council	39%	38%	89%	0%
Self-funders	14%	0%	72%	0%
NHS or other local authority	27%	22%	90%	0%
Vacant	21%	16%	100%	0%

## Occupancy

5. Care homes were asked about the minimum occupancy rate for financial viability. Responses indicated that they typically require an occupancy rate at 90-100% to be financially viable, although again this varied as shown in Table 2. 84% of responses stated their expected occupancy rate for 2026/27 met or exceeded their minimum required for financial viability; however 16% expected to be below this threshold.

**Table 2: estimates of minimum occupancy rate (% beds filled) for financial viability**

Minimum occupancy rate for financial viability	Number of Responses
60-69%	1
70-79%	9
80-89%	25
90-100%	33

## Business model

6. Care homes were asked about their profit margin assumptions. The results indicated an overall average profit margin assumption of 10% across all lots. 68% of care homes responded that their profit margin was 10% or below; 7% that their profit margin was 20% or over.

## Financial pressures

7. Care providers were asked to rank their financial pressures for the 2026/27. The results indicated that National Living Wage and National Insurance contributions were the top two concerns, followed by recruitment and retention, inflation, insurance, auto enrolment (pensions) and the use of agency staff, as shown in Figure 7. Note that unlike 2025/26 there will be no changes to National

Insurance thresholds or rates for 2026/27 so the basis of these concerns is unclear.

**Figure 3: financial pressures ranked by care homes**



### Staffing

8. Care providers were asked how many staff they employed. The results, as shown in Table 3, were highly variable, depending on whether the respondents were reflecting an individual care home or a larger organisation with multiple care homes.

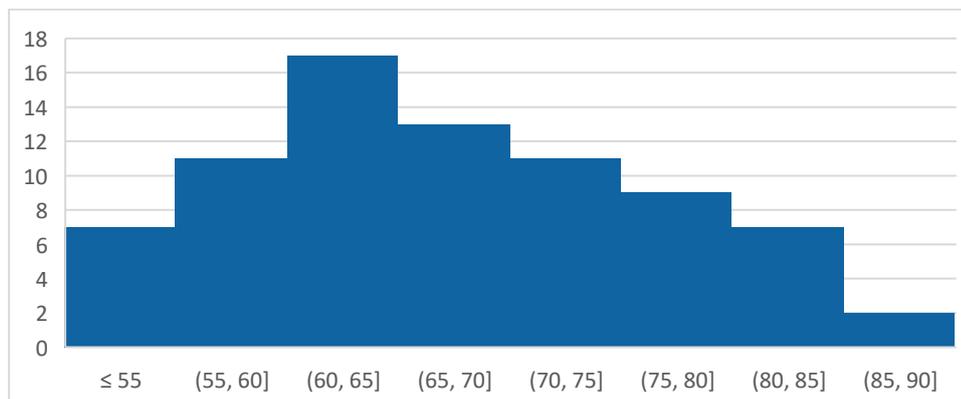
**Table 3: number of staff employed**

Type of service	Average number of staff (headcount)	Average number of full time equivalent
Individual Care Homes	50	37
Larger organisations with multiple care homes	912	547

9. Care homes were asked what proportion of staff are paid between £12.21 - £12.71 per hour. The results showed a wide range between care homes with an overall average of around half. The assumption is that no staff are paid below £12.21 as this 2025/26 National Living Wage.

10. Care homes were asked what proportion of their total costs were staffing costs. Again the results showed a wide range between care homes with an overall average of around two thirds, with more detail shown in Figure 4.

**Figure 4: proportion of total costs that are staffing costs**



## Other issues reported to the survey

11. Care homes also offered the following feedback:

- Adequate fees are important to ensure the quality and consistency of services and positive outcomes for the people they support.
- Sustaining workforce recruitment and retention remains challenging due to wage competition with other sectors.
- Some care homes pay above the National Living Wage, including some who pay “Real Living Wage” which may mean that pay inflation is higher.
- Utility costs are increasing as are costs for IT / Cyber Security / Data management.
- Some concerns that historic fee uplifts have not covered increases in costs and that there may be a gap between what care homes require to provide safe, high-quality care and what the Council can afford.
- Some concerns that there may be growing cross subsidy between self-funding residents and Council funded placements.

## Care provider letters

12. In addition to the survey the Council received 26 letters from care providers. These requested fee uplifts ranging from 3.9% - 38.5% across services in people’s homes and the community as well as care homes.

## Risk, issues and next steps

Identified risk/issues	Next Steps
Low response rate to survey from care homes (although slightly higher than 2024).	Council to work with and continue to communicate with the market to increase future engagement and participation.
Range of financial pressures facing care homes.	Council to model and consider these when determining fee for 2026/27.