

Adult Social Care Services

Discretionary Fee Review 2026/27

Report to the Director of Health and Care

Recommendations

1. It is recommended that the Director of Health and Care approves fee uplifts to providers of adult social care services as follows:
 - a. For care services in people’s homes and the community - as set out in Table 1. These uplifts apply to contracted services and direct payments where the direct payments are used to purchase these services.
 - b. For care home services contracted through Lots 1, 2, 6 & 7 of the Dynamic Purchasing System Agreement for the Supply of Residential and Nursing Care Home Services (DPS) - as set out in Table 2.
 - c. For care home services to adults contracted through Lots 3,4,5,8,9 & 10 of the Dynamic Purchasing System Agreement for the Supply of Residential and Nursing Care Home Services (DPS) - as set out in Table 3.
2. All of these fee uplifts and the associated increases in client contributions will be effective from 12 April 2026.
3. These recommendations have given due regard to the Council’s legal duties, cost pressures facing care providers, engagement with care providers, the sustainability of different sectors and the market as a whole, as well as the funding available in the Council’s Medium-Term Financial Strategy.
4. The total cost of all the above recommendations would be £12.807M.
5. Care providers of non-contracted services will not routinely be offered a fee uplift.

Table 1: Recommended fee uplifts for 2025/26 for adult social care services in people’s homes and the community (contracted services and direct payments)

Market sector	Fee uplift (%)	Additional funding required (£M)
Home care	3.25%	2.567
Supported Living	3.25%*	1.627
Extra Care	3.25%	0.264
Personal Assistants	3.25%	0.345
Day opportunities - older people	3.25%	0.255
Day opportunities - working age adults	3.25%	0.197
Other services in the community	3.25%	0.151
Total		5.407

*Supported Living fee uplifts for individual and shared support will include an enhanced fee uplift of up to an additional 2% for those services priced below the 2025/26 reference rate and a productivity saving of up to 2% for those services priced above the 2025/26 reference rate.

Table 2: Recommended fee uplifts for 2025/26 for care home services contacted through Lots 1, 2, 6 & 7 of the DPS 2025/26

Market sector	Fee uplift (%)	Additional funding required (£M)
Placements priced below the lower limit of the Laing Buisson range for the relevant Lot	5.1%	3.798
Placements priced between the lower limit and the median of the Laing Buisson range for the relevant Lot	3.1%	0.569
Placements priced between the median and the upper limit of the Laing Buisson range for the relevant Lot	2.1%	0.515
Placements priced above the upper limit of the Laing Buisson range for the relevant Lot	1.1%	0.483
Total		5.364

Table 3: Recommended fee uplifts for 2025/26 for care home services contacted through Lots 3, 4, 5, 8, 9, & 10 of the DPS

Market sector	Fee uplift (%)	Additional funding required (£M)
Care providers that did not engage with the cost of care exercise in 2025/26.	Zero	£0
All other care providers.	3.1%	2.036
Total		2.036

Background and context

- The Council is not obliged through its contracts to offer fee uplifts to providers of adult social care services, but it does have the option for discretionary fee reviews. The practice over recent years has been to carry out these reviews annually, ahead of each financial year.

Legal considerations

- Section 5(1) of the Care Act 2014 requires a local authority to promote the efficient and effective operation of a market in services for meeting care and support needs with a view to ensuring that any person in its area wishing to access services in the market – (a) has a variety of providers to choose from who (taken together) provide a variety of services; (b) has a variety of high quality services to choose from; (c) has sufficient information to make an informed decision about how to meet the needs in question.
- Section 5(2) of the Care Act 2014 requires that a local authority must have regard in particular to various factors. They include (among other things) the importance of ensuring the sustainability of the market (in circumstances where it is operating effectively as well as in circumstances where it is not) (section

5(2)(d)). They also include the importance of fostering continuous improvement in the quality of care services and the efficiency and effectiveness with which such services are provided and of encouraging innovation in their provision (section 5(2)(e)) and the importance of fostering a workforce whose members are able to ensure the delivery of high quality services (section 5(2)(f)).

8. Under section 149 of the Equality Act 2010, public authorities must have due regard to the need to achieve the three equality needs whenever they exercise their functions. The three equality needs are (a) the need to eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Equality Act 2010; (b) the need to advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it; and (c) the need to foster good relations between persons who share a relevant protected characteristic and persons who do not share it. Consideration of the Council's Public Sector Equality Duty is set out in a Community Impact Assessment at Appendix 1 to this report.

Financial considerations

9. The Council has engaged with the market to determine the cost pressures facing care providers in 2026/27. This engagement preceded and informed the development of the recommendations in this report.
10. Care providers in Staffordshire face increasing costs in 2026/27, in particular from increases in the National Living Wage as well as general inflation.
11. The Council needs to consider its legal duties and the cost pressures facing care providers together with its duty to set and operate within a balanced budget.
12. Funding for fee uplifts has been considered in the context of all other competing pressures. The Director of Health and Care has delegated authority to commit funding for adult social care services within the funding approved for Health and Care in the Council's Medium Term Financial Strategy.
13. In the context of the available funding, consideration of fee uplifts must balance the sustainability of different sectors against one another: the level of fee uplifts to some sectors affects the Council's ability to offer fee uplifts to others.
14. It should also be noted that any fee uplifts offered in year create an ongoing expectation to continue to pay fees at this new rate as a minimum: i.e., annual fee uplifts become recurrent expenditure.
15. Data from the Department of Health and Social Care shows that the Council's fee uplifts to all providers of adult social care services were 8.7% in 2024/25 and 5.6% in 2025/26 compared to England averages of 7.7% and 5.3% respectively.

Services in people’s homes and the community

16. At February 2026 the Council funds care for 5,840 people in their homes and the community, with 352 care providers, both in Staffordshire and out of county, as shown in Table 4. These figures include contracted services and direct payments where the direct payments are used to purchase these services.

Table 4: Services in people’s homes and the community (contracted and direct payments) December 2025

Service	Number of people (note that some people have more than one service)	Number of providers	Total annual cost (M)
Home care	5,581	126	79.529
Supported Living	712	132	50.057
Extra Care	204	14	6.087
Day opportunities - older people	227	23	7.852
Day opportunities - working age adults	331	44	6.069
Personal Assistants	524	N/A	10.629
Other	272	39	2.530
Total	6,197	352	162.754

17. The Council has calculated the expected increase in costs for 2026/27 for care services in people’s homes and the community based on the following data and assumptions.

a. Increases to staffing costs

- Responses from care providers showing that around half of staff are paid between the 2025/26 and 2026/27 National Living Wage (NLW) - i.e. between £12.21 and £12.71.
- An allowance for a 4.1% pay rise for staff paid below the 2026/27 NLW.
- An allowance for a 3.2% pay rise for staff paid above the 2026/27 NLW, in line with the HM Treasury Pay Review 2026/27.

<https://www.gov.uk/government/publications/economic-evidence-to-the-pay-review-bodies-2026-27-pay-round/economic-evidence-to-the-pay-review-bodies-2026-27-pay-round>

b. Increases to non-staffing costs

- Inflation of 2.0% applied to non-staffing costs, in line with on the Bank of England forecast for 2026/27. <https://www.bankofengland.co.uk/-/media/boe/files/monetary-policy-report/2026/february/monetary-policy-report-february-2026.pdf>

c. Overall increase in costs

- A ratio of three quarters staffing to one quarter non-staffing costs, based on care provider responses to the discretionary fee review engagement.

18. Note that there were variations in care provider responses to the discretionary fee review engagement, some of which were due to the type of service and the size of the organisation. In order to ensure that averages were not skewed by either very small or very large providers, an overall assumption was used for

both the proportion of staff paid below the 2026/27 National Living Wage and the proportion of staffing and non-staffing costs.

19. A **discretionary fee review engagement** with providers of care services in people's homes and the community was carried out during autumn 2025. This included a survey as well as individual correspondence from providers. The survey went live on the 03 November 2025 and closed on the 30 November 2025. A link to the survey was sent to all contracted providers from the Council and Staffordshire Association of Registered Care Providers also sent out reminders to their members.
20. This was prior to the development of any proposals for a fee uplift and the responses have been used to inform the recommendations for a fee uplift in 2026/27. Details of the responses are included at Appendix 2a and a summary is set out below:
 - a. Responses were received from 94 care providers, including 27 home care, 34 Supported Living and 17 day opportunities for working age adults.
 - b. The Council funds an average of 58% of care across the services who responded to the survey.
 - c. Care providers identified that their biggest financial pressure in 2026/27 was the increase in NLW.
 - d. Responses indicated that overall around half of staff are paid between the 2025/26 and 2026/27 NLW, and that staffing costs were around three quarters of total costs.
 - e. The average profit margin assumption was 15%. 63% of all care providers responded that their profit margin was 10% or below; 24% that their profit margin was 20% or over.
 - f. In addition to the completion of the survey, the Council received 26 letters from care providers requesting fee uplifts ranging from 3.9 - 38.5% across services in people's homes and the community as well as care homes.
21. The various sectors providing care services in people's homes and the community currently **appear to be sustainable** with a good supply of services available in Staffordshire:
 - a. 78% overall of those services that have been inspected are rated "outstanding" or "good" by the Care Quality Commission.
 - b. 97% of home care packages are sourced within timescale, and the mean time to source a package is 3.7 days; 76% of Supported Living placements are sourced within timescale, and the mean time to source a placement is 15.8 days.
 - c. Two contracted care providers of services in people's homes and the community have ceased providing services to Council funded clients in the last 12 months. In both cases, this was a decision taken by the Council due to quality and safeguarding concerns.

22. The Council has given regard to cost of care estimates for services in people's homes and the community to check that the baseline fees to which uplifts are applied are appropriate and to ensure that 2026/27 fees are equitable between sectors.
23. Recommended fee uplifts for 2026/27 are shown in Table 5. These reflect the expected increase in costs. These apply to contracted services and direct payments where the direct payments are used to purchase these services. Care providers of non-contracted services will not routinely be offered a fee uplift. The total cost of these recommendations would be £5.407M.

Table 5: Recommended fee uplifts for adult social care services in people's homes and the community

Service	2025/26 fee	Recommended fee uplift	2026/27 fee
Home care	£24.95 per hour (standard)	3.25%	£25.76 per hour (standard)
	£25.70 per hour (enhanced)	3.25%	£26.54 per hour (enhanced)
Supported Living (individual and shared support)	£19.52 - £21.04 per hour (Reference rates)	<ul style="list-style-type: none"> • Reference rates: 3.25% • Existing services below £19.52: up to 5.25% with 2026/27 fee capped at £20.15. • Existing services within reference rates: 3.25% • Existing services above £21.04: 1.25% with 2026/27 fee set at a floor of £21.72. 	£20.15 - £21.72 per hour (Reference rates)
Extra Care	£21.74 per hour	3.25%	£22.45 per hour
Day opportunities - older people	£65.27 per session	3.25%	£67.39 per session
Day opportunities - working age adults	Low - £61.54 Medium - £83.82 High - £136.85 per session	3.25%	Low - £63.54 Medium - £86.54 High - £141.30 per session
Personal Assistants	£16.59 per hour	3.25%	£17.13 per hour
Other		3.25%	

24. For Supported Living, reference rates for individual and shared support (daytime and waking nighttime) will be uplifted by 3.25%.
25. The Council's Commissioning Plan for Supported Living, approved by Cabinet in March 2025, included to introduce fixed hourly rates at the commencement of a new contract. Whilst procurement of services and implementation of a new contract has been deferred until after Local Government Reorganisation, the intention remains to move towards greater standardisation of hourly rates - therefore:

- a. Those services priced below the 2025/26 reference rate will be offered an enhanced fee uplift of up to an additional 2% (up to 5.25% in total), with the 2026/27 fee capped at the bottom of the 2026/27 reference rate.
 - b. Those services priced above the 2025/26 reference rate will be subject to a productivity saving of up to 2% with the 2026/27 fee set at a minimum at the top of the 2026/27 reference rate.
26. The Council intends to complete Service Reviews for Supported Living to establish whether the level of care provided is appropriate to people's needs, and whether the cost of care provided is reasonable. The outcome of Service Reviews may inform the discretionary fee review for 2027/28. Care providers who do not engage with Service Reviews should not expect a fee uplift in 2027/28.
27. The Council's rates for sleep-in nighttime support for Supported Living are already high when compared to other local authorities and will therefore not routinely be uplifted, however they will be considered for each scheme as part of Service Reviews.
28. Contracts not included in scope of the 2025/26 discretionary fee review are:
- a. Reablement and Carers Advice, which is funded through the Better Care Fund (BCF), with the uplift for the BCF determined by HM Government.
 - b. Community Equipment, which is funded by a Section 75 arrangement with the contract, administered by Staffordshire and Stoke on Trent Integrated Care Board.
 - c. Fixed Equipment Maintenance, for which an annual fee uplift is defined within the contract.
29. The recommendations give due regard to:
- a. The Council's duty under the Care Act 2014 to promote the efficient and effective operation of a market of services to meet care and support needs.
 - Overall indicators suggest that the market is sustainable: quality is good, the Council has no difficulty sourcing care, and very few contracted care have ceased providing services to Council funded clients in the last 12 months.
 - The Council has covered the expected increase in costs facing care providers.
 - b. The Council's Public Sector Equality Duty.
 - An equalities impact assessment impact has been completed to identify the likely equalities impacts of the discretionary fee review recommendations and is attached as Appendix 1. The purpose of the review is to ensure that people with protected characteristics, especially those who are elderly and have disabilities, continue to have access to an effective and sustainable market for care and support.
 - c. Cost pressures facing care providers.

- These have been calculated using a transparent set of assumptions based on responses to the discretionary fee review engagement.
- d. Responses to the discretionary fee review engagement and survey carried out during autumn 2025.
- The responses have been used to inform the recommendations, in particular to calculate cost pressures faced by care providers, and update cost of care estimates.
- e. Affordability and the statutory duty of the Council to set a balanced budget and to operate within that budget.
- The recommendations for fee uplifts to services in people’s homes and the community have balanced use of the available funding and the sustainability of this sector against the use of funding for fee uplifts and sustainability of other sectors.

Residential and nursing care homes

30. Care home placements are commissioned under the Dynamic Purchasing System Agreement For The Supply Of Residential And Nursing Care Home Services (DPS) through two arrangements:
- a. Block Booked Beds.
 - b. Individual placements.
31. At February 2026 the Council funds 3,428 care home placements with 562 care providers, both in Staffordshire and out of county. The numbers by each Lot within the Council’s overall contract for such placements are shown in Table 6.

Table 6: Council funded care home placements (not including respite and vacant BBBs)

DPS Lot	Number of people	Number of providers	Total annual cost (M)
1. Residential care for older people	458	175	22.707
2. Residential care for older people with dementia	1,177	242	56.789
3. Residential care for physical disabilities	57	44	4.723
4. Residential care for learning disabilities / autistic spectrum disorders	439	193	54.665
5. Residential care for people with mental health problems	110	60	8.744
6. Nursing care for older people	280	86	13.515
7. Nursing care for older people with dementia	732	119	47.314
8. Nursing care for physical disabilities	50	32	4.404
9. Nursing care for learning disabilities / autistic spectrum disorders	27	18	2.823
10. Nursing care for people with mental health problems	95	38	8.535

Total	3,428	562	224.219
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32. The contract states in Schedule 3 'The Call off Terms' (clause 2.8, 2.8a and 2.8b) that:
- a. *'2.8 The Council shall have the option (but shall not be obliged) to elect whether to unilaterally increase the Contract Price and the Statutory Contribution (but, for the avoidance of doubt, not any applicable Topping Up Payment) under a Call Off Contract relating to a Long Stay Placement (but not, any Short Stay Placement) as soon as reasonably practicable during the months of October to December (inclusive) during each year of the Contract Period or during the term of any applicable Call Off Contract.'*
 - b. *2.8A If the Council elects to apply any such increase to the Contract Price and the Statutory Contribution for any relevant Long Stay Placement then it shall notify the Service Provider by way of a Unilateral Notice as soon as reasonably practicable prior to the commencement of the Council's next financial year as to the extent of any such increase and the basis on which it may apply and any such increase shall have effect from the date in April in each applicable year on which the Department for Work and Pensions (or any successor thereto) makes any changes to the prevailing rates of state benefits in force from time to time.*
 - c. *2.8B For avoidance of doubt, should the Council elect to unilaterally increase the Total Care Price and/or the Contract Price of one or more Call Off Contracts pursuant to paragraph 2.8 of Schedule 3 (The Call Off Terms) then any such increase shall not apply to the Topping Up Payment. Any increase to the Topping Up Payment proposed by the Service Provider shall remain subject to the provisions of paragraph 2.15 of Schedule 3 (The Call Off Terms).'*
33. The Council funds nursing home placements net of Funded Nursing Care (FNC), which is paid by the NHS. The FNC component is subject to an annual uplift, which is nationally determined by the NHS. All of the figures in this report exclude FNC.
34. The Council also funds some 1:1 care in addition to bed prices, predominantly to meet health needs on behalf of the NHS. This has been excluded from this report. Fee uplifts for 1:1 care outside of bed prices will be agreed with the NHS and notified at a later date.
35. The Council has calculated the expected increase in costs for 2026/27 for care home services based on the following data and assumptions.
- a. **Increases to staffing costs**
 - Responses from care providers showing that roughly half of staff are paid between the 2025/26 and 2026/27 National Living Wage (NLW) - i.e. between £12.21 and £12.71.

- An allowance for a 4.1% pay rise for staff paid below the 2026/27 NLW.
- An allowance for a 3.2% pay rise for staff paid above the 2026/27 NLW, in line with the HM Treasury Pay Review 2026/27.

<https://www.gov.uk/government/publications/economic-evidence-to-the-pay-review-bodies-2026-27-pay-round/economic-evidence-to-the-pay-review-bodies-2026-27-pay-round>

b. Increases to non-staffing costs

- Inflation of 2.0% applied to non-staffing costs, in line with on the Bank of England forecast for 2026/27. <https://www.bankofengland.co.uk/-/media/boe/files/monetary-policy-report/2026/february/monetary-policy-report-february-2026.pdf>

c. Overall increase in costs

- A ratio of two thirds staffing to one third non-staffing costs, based on care provider responses to the discretionary fee review engagement.

36. Note that there were variations in care provider responses to the discretionary fee review engagement, some of which were due to the type of service and the size of the organisation. In order to ensure that averages were not skewed by either very small or very large providers, an overall assumption was used for both the proportion of staff paid below the 2026/27 National Living Wage and the proportion of staffing and non-staffing costs.
37. A **discretionary fee review engagement** with providers of contracted care homes was carried out during autumn 2025. This included a survey as well as individual correspondence from providers. The survey went live on the 03 November 2025 and closed on the 30 November 2025. A link to the survey was sent to all contracted providers from the Council and Staffordshire Association of Registered Care Providers also sent out reminders to their members.
38. This engagement was prior to the development of any proposals within the Council for a fee uplift and the responses have been used to inform the recommendations for a fee uplift in 2025/26. Details of the responses are included at Appendix 2b and a summary is set out below:
- Responses were received from 83 care homes, of which 39 were from individual care homes and 44 represented multiple care homes.
 - Two thirds of respondents provided services for aged 65 and over; one third provided services for adults aged under 65.
 - The Council funds 39% of the beds represented by the survey.
 - Responses indicated that they care homes typically require a minimum occupancy rate at 90-100% to be financially viable. 16% of respondents identified occupancy rates for 2026/2027 as a potential risk.
 - Care providers identified that their biggest financial pressure in 2026/27 was the increase in NLW.
 - Responses indicated that overall around half of staff are paid between the 2025/26 and 2026/27 NLW, and that staffing costs were around two thirds of total costs.

- g. The average profit margin assumption was 10%. 68% of all care homes responded that their profit margin was 10% or below; 7% that their profit margin was 20% or over.
 - h. Care providers identified that historic legacy placements are paid at fees lower than those that are financially sustainable.
 - i. In addition to the completion of the survey, the Council has received 26 letters from care providers directly requesting varying fee uplifts. These requests range from 3.9% - 38.5% across providers of services in people's homes and the community as well as care homes.
39. The residential and nursing care home sector in Staffordshire currently appears to be sustainable with a good supply of services:
- a. 76% of residential and 82% of nursing homes that have been inspected are rated "outstanding" or "good" by the Care Quality Commission.
 - b. 91% of placements are sourced within target timescale and the average time to source a placement is 6.8 days for residential care and 10.0 days for nursing care.
 - c. There have been no closures of care homes in Staffordshire in the last 12 months.
40. There are important differences between care homes for adults aged 65 and over and adults aged under 65:
- a. Care homes for adults aged 65 and over in Staffordshire typically derive around one third of their income from the Council, with a third from the NHS and other local authorities and a third from self-funders. For care homes for adults aged under 65 in Staffordshire the Council is typically their major customer: there are a few placements commissioned by the NHS and other local authorities and no self-funders.
 - b. Council funded care home placements for adults aged 65 and over are shorter, with a median duration of 13months. Council funded care home placements for adults aged under 65 are typically long term: many years and decades.

Care home services to adults aged 65 and over: Lots 1, 2, 6 & 7 of the DPS

41. In December 2025 the Council approved a pricing strategy for care home placements for adults aged 65 and over (DPS Lots 1, 2, 6 & 7). This was to make new care home placements below the median of the relevant Laing Buisson price range for the Lot, and to manage existing care home placements to below the median of the relevant Laing Buisson price range through successive annual discretionary fee reviews. Annual discretionary fee reviews will therefore focus any funding available on existing care home placements below the median of the relevant Laing Buisson price range.

42. The 2025/26 Laing Buisson price range is shown in Table 7 and the current distribution of prices in Table 8 - this includes Block Booked Beds and individual placements.

Table 7: 2025/26 Laing Buisson price range (Staffordshire care homes)

Price per week (£)	Floor / lower limit	Median	Ceiling / upper limit
Lot 1	937	994	1,157
Lot 2	1,007	1,064	1,227
Lot 6 & 7	997	1,054	1,220

Table 8: Distribution of prices for care home services to adults aged 65 and over

DPS Lot	Number of placements priced			
	Below lower limit of Laing Buisson range	Between the lower and median of Laing Buisson range	Between median and upper limit of Laing Buisson range	Above upper limit of Laing Buisson range
1. Residential care for older people	237	56	84	70
2. Residential care for older people with dementia	901	52	104	93
6. Nursing care for older people	99	29	68	46
7. Nursing care for older people with dementia	168	67	129	331
Total	1,405	204	385	540

43. The recommended opening fee uplift for 2026/27 is 3.1% to reflect the expected increase in costs, with enhanced fee uplifts and productivity savings applied in line with the pricing strategy as shown in Table 9. This applies to contracted Block Booked Beds and individual placements. The total cost of these recommendations would be £5.364M.

Table 9: Recommended fee uplifts for care home services to adults aged 65 and over

Current price	Opening fee uplift	Enhanced fee uplift	Productivity saving	Final fee uplift
Placements priced below the lower limit of the Laing Buisson range for the relevant Lot	3.1%	2.0%		5.1%
Placements priced between the lower limit and the median of the Laing Buisson range for the relevant Lot	3.1%			3.1%
Placements priced between the median and the upper limit of the Laing Buisson range for the relevant Lot	3.1%		-1.0%	2.1%
Placements priced above the upper limit of the Laing Buisson range for the relevant Lot	3.1%		-2.0%	1.1%

44. These recommendations give due regard to:

- a. The Council’s duty under the Care Act 2014 to promote the efficient and effective operation of a market of services to meet care and support needs.
 - Overall indicators suggest that the market is sustainable: quality is good, the Council has no difficulty sourcing care, and no care homes have closed in the last year.
 - The Council has covered the expected increase in costs facing care providers, taking into account the variation in price between placements: those placements that are lowest funded, with the highest risk to sustainability, have been recommended a higher uplift; and those placements that are already well remunerated, with the lowest risk to sustainability, have been recommended a lower uplift.
- b. The Council’s Public Sector Equality Duty.
 - An equalities impact assessment impact has been completed to identify the likely equalities impacts of the discretionary fee review recommendations and is attached as Appendix 1. The purpose of the review is to ensure that people with protected characteristics, especially those who are elderly and have disabilities, continue to have access to an effective and sustainable market for care and support.
- c. Cost pressures facing care providers.
 - These have been calculated using a transparent set of assumptions based on responses to the discretionary fee review engagement.
- d. Responses to the discretionary fee review engagement and survey carried out during autumn 2025.
 - The responses have been used to inform the recommendations, in particular to calculate cost pressures faced by care providers, and update cost of care estimates.
- e. Affordability and the statutory duty of the Council to set a balanced budget and to operate within that budget.
 - The recommendations for fee uplifts to care home services to adults contracted through Lots 1,2,6 & 7 of the DPS have balanced use of the available funding and the sustainability of this sector against the use of funding for fee uplifts and sustainability of other sectors.

Care home services to adults aged under 65: Lots 3, 4, 5, 8, 9 & 10 of the DPS

45. The current distribution of prices is shown in Table 10.

Table 10: Distribution of prices for care home services to adults aged under 65

DPS Lot	Lowest price	Median price	Highest price
3. Residential care for physical disabilities	632	1140	4701

4. Residential care for learning disabilities / autistic spectrum disorders	613	2188	9474
5. Residential care for people with mental health problems	610	1387	4671
8. Nursing care for physical disabilities	663	1300	4312
9. Nursing care for learning disabilities / autistic spectrum disorders	705	1682	4908
10. Nursing care for people with mental health problems	680	1598	7501

46. During 2025/26 the Council carried out a cost of care exercise to determine a sustainable pricing strategy for care home placements for adults aged under 65 (DPS Lots 3, 4, 5, 8, 9 & 10). Care home service providers were advised that any and all future fee uplifts after 2025/26 will be subject to engaging with the cost of care exercise and providing full financial details.
47. In February 2026 the Director of Health and Care, in discussion with the Cabinet Member for Health and Care, finalised the pricing strategy for care home placements for adults aged under 65. This was to use Care Cubed to develop a model of 'market influenced pricing', both for new and existing placements. Care Cubed is a tool, recognised by local care providers and widely used across England, which allows a 'guide price' for a placement to be calculated, based on an individual's level of need.
48. Under the pricing strategy, for existing care home placements:
- a. The Council will use Care Cubed to inform Service Reviews and then the annual discretionary fee review.
 - b. All care homes offering placements for adults aged under 65 will be expected to engage in a Service Review annually. This would establish whether the level of care provided was appropriate to the residents' needs, and whether the cost of care provided was reasonable.
 - c. Where the Service Review found that the level of care was appropriate and the cost of care was reasonable, the care provider could expect the full amount of any fee uplift awarded through the discretionary annual fee review.
 - d. Where the Service Review found that the level of care was excessive the care provider would be expected to work with the Council to reduce the amount of care. Where the Service Review found that the level of care was inadequate the Council would consider increasing the amount of care commissioned.
 - e. Where the Service Review found that the cost of care was excessive the care provider would be expected to work with the Council to reduce the costs. Where the Service Review found that the cost of care was insufficient to sustain good quality then the Council would consider the potential for an enhanced fee uplift to be awarded through the discretionary annual fee review.
 - f. Care providers who do not engage with Service Reviews or who did not work with the Council to reduce the amount of care or the cost of care where necessary should not expect to receive a fee uplift through the discretionary annual fee review.

- g. Implementation will be during 2026/27 for the Service Reviews and then for the 2027/28 discretionary fee review.
49. In the interim whilst Service Reviews are undertaken the recommendations for the 2026/27 discretionary fee review in respect of care home placements for adults aged under 65 are as below with the total cost of these recommendations at £2.036M.
- a. Care providers that did not engage with the cost of care exercise should receive no fee uplift. This is consistent with advice provided to the market during the 2025/26 discretionary fee review.
 - b. All other care providers of contracted services should receive a fee uplift of 3.1% to reflect the Council's calculations of cost pressures facing care providers.
50. These recommendations give due regard to:
- a. The Council's duty under the Care Act 2014 to promote the efficient and effective operation of a market of services to meet care and support needs.
 - Overall indicators suggest that the market is sustainable: quality is good, the Council has no difficulty sourcing care, and no care homes have closed in the last year.
 - The Council has covered the expected increase in costs facing care providers, where they have engaged with the cost of care exercise and providing financial details that allow an analysis of value for money.
 - b. The Council's Public Sector Equality Duty.
 - An equalities impact assessment impact has been completed to identify the likely equalities impacts of the discretionary fee review recommendations and is attached as Appendix 1. The purpose of the review is to ensure that people with protected characteristics, especially those who are elderly and have disabilities, continue to have access to an effective and sustainable market for care and support.
 - c. Cost pressures facing care providers.
 - These have been calculated using a transparent set of assumptions based on responses to the discretionary fee review engagement.
 - d. Responses to the discretionary fee review engagement and survey carried out during autumn 2025.
 - The responses have been used to inform the recommendations, in particular to calculate cost pressures faced by care providers, and update cost of care estimates.
 - e. Affordability and the statutory duty of the Council to set a balanced budget and to operate within that budget.
 - The recommendations for fee uplifts to care home services to adults contracted through Lots 3, 4, 5, 8, 9 & 10 of the DPS have balanced use

of the available funding and the sustainability of this sector against the use of funding for fee uplifts and sustainability of other sectors.

Financial implications

51. Total net funding available for fee uplifts in the Council's Medium Term Financial Strategy is £13.546M. This includes gross additional funding of £15.470M and a productivity saving of £1.924M. The total gross cost of the recommendations in this report is £12.807M and therefore within the funding available.
52. Client income is expected to increase as a consequence of fee uplifts as well as larger numbers of people receiving care services as the population ages. £6.014M has been budgeted as additional client income in 2026/27 in the Medium-Term Financial Strategy.

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Authorised for implementation:

Signed:



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