

Record of Operational Decision

Decision title:	Care Provider Market Annual Fee Review 2026-27
Date of decision:	2 April 2026
Decision maker:	Corporate Director Community Wellbeing
Authority for delegated decision:	<p>The Care Providers Annual Fee Review 2020 – 2021 on 25 March 2020 approved all future annual fee reviews to be delegated to the Director of Adults and Communities. This delegation is now in effect and has been adhered during the fee uplift process.</p> <p>Decision - Care Providers Annual Fee Review 2020 - 2021 - Herefordshire Council</p>
Ward:	Countywide
Consultation:	<p>One of the key aspects of our recent consultation was the distribution of a survey to key care providers across the care home, home care, supported living, and community activity markets. This survey aimed to gather crucial information on the cost pressures they are currently experiencing.</p> <p>The responses we received were carefully collated and considered, significantly informing our fee uplift review. Additionally, to ensure transparency and inclusivity, we shared these responses, while maintaining anonymity, with the care provider market during our strategic engagement events held on the 26th and 27th of November 2025. During these dates, we conducted three different sessions. It is worth noting that, unlike previous years, there was no separation of the different markets at these events.</p> <p>We have also consulted with the Cabinet Member for Adults Health and Wellbeing regarding the proposed fee structure and proposed uplifts for the year 2026/27.</p>
Decision made:	That Adult Social Care fees are increased as detailed in table 1 below. New fee rates will take effect from 6 April 2026.
Reasons for decision:	<p>Local Authorities have a duty under the Care Act 2014 to meet assessed eligible care and support needs. The Care Act 2014 also places a duty on Local Authorities to shape markets and enable a sustainable and diverse range of care providers to deliver innovative and cost-effective services that promotes the wellbeing of people who need care and support.</p> <p>In line with contractual obligations, the council must review fees paid to social care providers on an annual basis.</p>

Legal precedent indicates that whilst there is a need for Councils to have due regard to the cost of care this is not a singular factor in the setting of fee rates for services. In addition, there are expectations that Councils also consider factors such as:

- Experience of local care agency closures, lack of closures
- Over / under supply of provision
- Rates paid by other comparable LA's
- Consideration of management accounts from providers
- The position of those providers with whom it has been able to reach agreement
- Change or lack of change of CQC ratings
- Localised cost movements e.g. locally advertised job rates, staff turnover etc.

The Council must balance its duty under the Care Act 2014 with its legal duty to set a balanced budget when considering fees for care providers. The Council has had a significant reduction in its settlement from central government, and this has been considered as part of the proposed recommendations for the Council to meet its legal duties within the financial resources available.

In determining uplifts and new fee rates for 2026/27 the council has considered the impact of increases in the cost of wages and other cost increases.

It is also important to note that this review has considered other challenges faced by providers as informed by their feedback to commissioners. Areas identified include:

- Recruitment and retention
- Increases in NLW
- Agency staffing costs
- Utility costs
- Fuel / Travel costs
- Cost of living impact on running costs
- Cost of Voids (supported living)
- Insurance
- Training
- Head office costs

Care Homes (Residential and Nursing)

The market for care home provision in Herefordshire is buoyant with 84 residential and 29 residential with nursing homes. There have been no care home closures in the last 12 months in the county. However, one nursing home has been deemed as inadequate by CQC regardless of Council interventions to support service improvements.

Published rates apply to all ages and all service user groups regardless of need with costs of homes varying across the county.

It has been decided that an increase of 3.5% is applied to all care home provision with effect from 6 April 2026.

Home Care

Home care provision is commissioned via the council's primary and secondary framework, which is a five-year agreement which commenced in 2021. A new home care framework is being developed in 2026 focussing on enabling care which maintains independence, flexible delivery models and compliance with Care Act 2014 responsibilities.

Home care is a buoyant market with a mix of small, local providers complemented by regional and national organisations. Most residents' needs are successfully met by the framework providers, although the Council sometimes must go off framework for those residents in hard-to-reach rural locations. The Council has a good relationship with providers, and there are regular provider engagement forums, to address any challenges or opportunities.

It has been decided that an uplift of 3.5% is applied to urban rates and 3.46% applied to rural rates for Home Care with effect from 6 April 2026. Due to systems in Herefordshire, by exception, figures are rounded as indicated within appendix 1.

Supported Living

The Supported Living has been operating for over 16 months and maintains 27 providers. The current fee structure applies a lower hourly rate to core hours of support and waking nights in 24/7 properties; a slightly higher hourly rate that applies to additional 1:1 hours and the existing sleep-in rate of £151.00 (based on a 9-hour sleep-in). Further work is planned in 2026 to look at models of care delivery and review

In relation to the lower and higher rates in Herefordshire it is difficult to make direct comparisons with other Councils in the region as only Warwickshire and Telford and Wrekin Council's operate a similar 2 rate system, with most Councils operating a single rate.

	<p>Work is underway to review supported living and to remodel the provisions in line with agreed guiding principles.</p> <p>It has been decided that an uplift of 3.6% is applied to supported living with effect from 6 April 2026.</p> <p><u>Community Activities</u></p> <p>The Council does not operate standard fee rates for community activities. Rates vary for individual's services based on the type of provision and level of need of the individuals supported.</p> <p>The framework for Community Activities are subject to the agreed annual uplift determined by the Council.</p> <p>It has been decided that an uplift of 3.5% is applied to all fee rates for community activities with effect from 6 April 2026.</p> <p><u>Shared Lives</u></p> <p>Shared lives services remain an important part of the service offer in Herefordshire providing longer term places for people to live, short term respite and Shared Days. In previous years Shared Lives Carers have been given an uplift.</p> <p>It has been decided that an uplift of 3.5% is applied to fee rates for shared lives with effect from 6 April 2026.</p>
<p>Highlight any associated risks/finance/legal/equality considerations:</p>	<p>Legal considerations:</p> <p>The Care Act 2014 places a duty on councils to “promote the efficient and effective operation of a market in services for meeting care and support needs.” In delivering this statutory obligation, councils must ensure the sustainability of the market and that there are sufficient high-quality services available to meet the care and support needs of adults in their area.</p> <p>The Local Government Finance Act 1992 sets out the duty on Councils to set a balanced budget.</p> <p>Risk management: The fee review proposals will assist in minimising the risk of future provider failures by increasing fees to providers to assist in meeting additional costs based on increases in staff wages and other costs. It also supports the need for the council to deliver a balanced budget.</p>

Risk	Mitigation
Market instability and discontinuation of services owing to financial or business pressures.	The financial pressures on the care sector are recognised and the council will continue to work with providers to address challenges. The council will support providers to access any additional funding that is made available to support the market where appropriate. It will also consider on a case-by-case basis evidence of financial pressures, through open book accounting exercises and the use of its new social care pricing tool, Care Cubed.
The fee increase will not be sufficient to enable all sectors to manage and respond to workforce challenges.	The council recognises that many factors influence the care workforce and therefore several other elements have or will be put in place to support the market, including accessing available funding and other resources when appropriate and available to support the sector; access to available training; and development of social care workforce strategies that include the independent care market.
Additional budget pressures resulting from increased demand on adult social care support.	Embedding a strength-based approach to assessment within social work practice; maximizing the use of technology and access to aids and adaptations; working with health partners to enable individuals to access appropriate health services; working in partnership with colleagues in public health and Talk Communities to ensure that people are able to access preventative services and community and voluntary services
<p>All risks will be managed at a Directorate level and monitored closely by the senior management team.</p> <p>Financial considerations: The fee review concludes the following:</p> <p>The overall additional investment required for 2026/27 is £3.6m which is within the agreed Community Wellbeing 2026/27 budget.</p> <p>Table 1 below shows the proposed fee rates for 2026/27 by service area</p>	

	Care Type (1)	Care Type (2)	% uplift	2026/27 Rate
	Care Homes	Residential	3.5%	£717.65 per week
		Nursing	3.5%	£818.62 per week (plus FNC)
	Home Care	Urban rate	3.5%	£26.04 per hour
		Rural rate	3.46%	£29.92 per hour
	Supported Living	Lower rate	3.61%	£20.68 per hour
		High rate	3.61%	£24.08 per hour
		Sleep Ins	3.57%	£151.00 per night
	Shared Lives	Standard - Long Term	3.5%	£394.75 per week
		Enhanced - Long Term	3.5%	£470.70 per week
		Standard - Short Term	3.5%	£574.70 per week
		Enhanced - Short Term	3.5%	£650.61 per week
	Community Activities	Various	3.5%	Various
	Direct Payments	Various	3.5%	Various
	Appendix 1 shows information on 2025/26 fees, uplift %, 2026/27 fee.			
Details of any alternative options considered and rejected:	<p>No fee increase is given to providers. Care providers throughout Herefordshire will face significant budget pressures during 2026/27, due to the challenges detailed in this decision, therefore this is not recommended.</p> <p>The council pay a higher increase to providers than those rates identified in appendix 1 for 2026/27. This is not recommended. Whilst the council needs to invest in the market it has to be affordable and sustainable within financial resources available. The Council's settlement from central government has drastically reduced from previous years.</p>			

Details of any declarations of interest made:	None.
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Signed: Hilary Hall

Date: 08/04/2026

Appendix 1: 2025/26 fees, % uplift, 2026/27 fees

Care Type (1)	Care Type (2)	2025/26 Rate	% uplift	2026/27 Rate
Care Homes	Residential	£693.38 per week	3.5%	£717.65 per week
	Nursing	£790.94 per week (plus FNC)	3.5%	£818.62 per week (plus FNC)
Home Care	Urban rate	£25.16 per hour	3.5%	£26.04 per hour
	Rural rate	£28.92 per hour	3.46%	£29.92 per hour
Supported Living	Lower rate	£19.96 per hour	3.61%	£20.68 per hour
	High rate	£23.24 per hour	3.61%	£24.08 per hour
	Sleep Ins	£145.80 per night	3.57%	£151.00 per night
Shared Lives	Standard - Long Term	£381.40 per week	3.5%	£394.75 per week
	Enhanced - Long Term	£454.78 per week	3.5%	£470.70 per week
	Standard - Short Term	£555.27 per week	3.5%	£574.70 per week
	Enhanced - Short Term	£628.61 per week	3.5%	£650.61 per week
Community Activities	Various	Various	3.5%	Various
Direct Payments	Various	Various	3.5%	Various