

Record of operational decision

Decision title:	Decision to implement a direct payment rate schedule and cap
Date of decision:	30/03/2026
Decision maker:	Corporate Director Community Wellbeing
Authority for delegated decision:	<p>Authority provided by Care Providers Annual Fee Review 2020 – 2021, 25 March 2020 to approve future annual fee reviews be delegated to the Director Adults and Communities - Decision - Care Providers Annual Fee Review 2020 - 2021 - Herefordshire Council</p> <p>Herefordshire Council Constitution Part 3 Section 7.6 & Part 3 Section 7.12 Scheme of Delegation.</p>
Ward:	Countywide
Consultation:	The Cabinet Member for Adults Health and Wellbeing has been consulted on the proposed rate schedule and cap.
Decision made:	That a direct payment rate schedule and cap be implemented as detailed in Table 1 and Table 2 below. To uplift all other direct payment elements as detailed below; to take effect from 6 April 2026.
Reasons for decision:	<p>There are currently 541 open adult direct payments in Herefordshire. Herefordshire Council does not currently apply a rate schedule or cap to direct payment personal budgets, resulting in inequitable and unsustainable funding decisions. The rationale for a rate schedule and cap is as follows:</p> <p>Ensuring equity: Historically, direct payment elements have been paid at varying hourly rates.</p> <ul style="list-style-type: none"> • Introducing a single, transparent rate schedule, reduces historic variation where individuals with similar assessed needs received materially different levels of funding. • Ensuring funding is needs-led rather than provider-led, addresses inequities caused by agencies setting higher rates through Direct Payments. • Aligning Direct Payment rates with commissioned care rates, reduces unequal treatment between individuals receiving support via Direct Payments and those receiving commissioned services. • Standardising processes reduces variability caused by individual interpretation or negotiation skills, supporting a more consistent experience for all direct payment recipients. <p>Clearer processes for service users: The current processes can be difficult to navigate for our service users. Support plans often contain multiple elements and are not conducive to using funding flexibly to the benefit of</p>

the service user.

- A published direct payment rate schedule makes clear how different elements of a personal budget are costed, reducing uncertainty and confusion for service users.
- Individuals can more easily understand what the Council will ordinarily fund and why, supporting informed decision-making.
- Introduction of a gross PA rate removes the need for multiple separate cost elements, making budgets easier to understand and manage.
- Simplified remittance advice and payment structures improve accessibility, particularly for individuals with learning disabilities, cognitive impairment, or limited financial literacy.
- Clear rules on how annual uplifts are applied (or not applied) to elements above or below the rate schedule reduce confusion and perceived inconsistency.
- Service users will better understand why their budget has changed, or why it has remained the same, year-on-year.
- Where a service user requires a higher rate to meet assessed needs, the process for seeking an enhanced rate is explicit and transparent.
- Decisions outside the standard rate schedule will be clearly documented, reducing uncertainty and anxiety for individuals.
- The phased implementation approach ensures service users are not subject to automatic reductions without a review of need.

Resource allocation: The Council must balance its duty under the Care Act 2014 with its legal duty to set a balanced budget when considering rates and schedules. The proposed recommendations balance the need for the Council to meet its duties under the Care Act within the financial resources available.

- Applying a cap benchmarked against average residential care costs provides a proportionate mechanism to address overfunding and ensure value for money.
- The decision supports the Council's statutory duty to manage public funds responsibly while continuing to meet eligible care needs.

Regional alignment and best practice:

- Benchmarking with regional direct payment leads confirms that linking direct payment rates to commissioned rates and adopting a gross PA rate is standard practice.
- Introducing a gross PA rate simplifies budgeting, reflects true employment costs (including National Living Wage and on-costs), and improves transparency for recipients.
- A differentiated rural PA rate acknowledges additional travel costs and local market conditions, ensuring fairness across the county.

Table 1 – Direct Payments Rate Schedule

Element	Rate	Notes
Agency Urban Standard - 1 hour	£26.04	
Agency Urban Standard - 45 mins	£19.53	
Agency Urban Standard - 30 mins	£13.02	
Agency Rural Standard - 1 hour	£29.92	
Agency Rural Standard - 45 mins	£22.44	
Agency Rural Standard - 30 mins	£14.96	
Supported Living 24 hour care	£20.64	
Supported Living 1:1	£24.03	
Supported Living Sleep in	£150.76	Shared between residents
PA Rate Urban Standard	£14.76	NLW plus 16.1% employment on costs - PA to be paid £12.71
PA Rate Rural Standard	£16.97	Urban rate plus 14.95% Rural surcharge - PA to be paid £14.61
PA Sleep in Urban	£58.05	PA to be paid £50.00
PA Sleep in Rural	£66.73	PA to be paid £57.48
Residential Respite Resi	£717.65	
Residential Respite Nursing	£818.62	

Table 2

Maximum Weekly Direct Payment	£1325.84
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Uplift Arrangements:

All Direct Payment personal budgets will be reviewed for uplift from 06/04/2026.

- Where an individual is receiving rates below the new schedule, eligible elements will be uplifted up to the rate schedule or 3.5%, whichever is lower.
- Elements currently paid above the rate schedule will not receive an uplift.
- All Direct Payment elements excluded from the rate schedule will receive a 3.5% uplift, except Direct Payment Support Services, which will be uplifted in line with actual cost.

Highlight any associated risks/finance/legal/equality considerations:	Risk	Mitigations
	Savings may be materially lower than forecast due to case-by-case exceptions and substitution costs.	Implement monthly benefits tracking, range-based reforecasting, and a contingency for substitution; rebase savings after Q1 actuals.
	Cap perceived as restricting choice and personalisation.	Treat cap as a benchmark with a documented exceptions pathway; publish EIA; ensure personalised review and proportionate decisions recorded in Mosaic.
	Provider withdrawal or care disruption.	Phased implementation, rapid response, temporary stabilisation rates agreed where necessary.
	PA workforce attrition.	Accelerate PA market review (proposed), communicate rural PA rate rationale, and explore other PA options available in the market
	Inconsistent application.	Workforce training and support, standard templates, manager sign-off for enhanced rates and audit trail.
	Mosaic not ready.	Confirm build deadlines, testing, staff training, and clear cutover.
	Stakeholder confusion and complaints.	Sequenced comms plan, personalised impact letters, helpline, FAQs; monitor contact themes and response times.
Details of any alternative options considered and rejected:	Option 1: Do not introduce a rate schedule or cap. Option 2: Set direct payment rates at 2025-26 commissioned rates.	
Details of any declarations of interest made:		

Signed: Hilary Hall

Date: 02/04/2026