

**REPORT TO:** Executive Board

**DATE:** 23<sup>rd</sup> October 2025

**REPORTING OFFICER:** Executive Director, Adult Services

**PORTFOLIO:** Adult Social Care

**SUBJECT:** Annual Consultation Exercise – Fee Rates

**WARD(S):** Borough-wide

## **1.0 PURPOSE OF THE REPORT**

- 1.1 To inform the Board of the proposed fee setting process and annual uplift for domiciliary care, direct payments, supported living and care home providers within Halton for 2026/27.

## **2.0 RECOMMENDATION: That the Board:**

- 1) the Board note the contents of the report; and**
- 2) approval be given to actively enter into consultation with care providers in relation to the annual uplift for 2026/27.**

## **3.0 SUPPORTING INFORMATION**

- 3.1 Section 5 of the Care Act 2014 requires local authorities to ensure that the care market as a whole remains viable and sustainable. This covers all care sectors and providers of care which includes domiciliary care, supported living, residential and nursing providers. It also includes a growing sector of individual people who use services through personal budgets to employ a personal assistant.
- 3.2 When commissioning services, local authorities must have regard to the cost effectiveness and value for money that the services offer for public funds. However, they must not undertake any actions which may threaten the sustainability of the market and must ensure that remuneration for staff must be at least sufficient to comply with national minimum wage legislation, and that there is a 'fair price' paid for care.
- 3.3 The 2026/27 fee uplift is being considered at a time when the adult social care sector is facing major challenges. The Care Act requires Councils with responsibility for adult social care services to enable a sustainable market. This must also be considered in relation to value for money and affordability at a time when the Council is also facing significant financial pressures.
- 3.4 The approach to setting fees and agreeing to appropriate uplifts includes consulting with all stakeholders and reassuring them that arrangements for determining fees and uplifts are robust. The approach allows for uplifts to be

considered on an annual basis with consideration given to changes, business costs and the conditions faced by providers.

3.5 This position has recently been underlined by the High Court judicial review dispute between Stoke on Trent City Council and Staffordshire Association of Registered Care Providers (SARCP) whereby the dispute centred on a below inflation rise in the standard contract rate paid by the local authority to residential care home providers for 2024/25. The court found that the 1.4% increase was unlawful due to:

- Failing to consult adequately with SARCP
- Failure to take account of its duty to promote the efficient and effective operation of a market with a view to ensuring a variety of providers and high quality services (s.5(1) Care Act)
- Failure to take account of the importance of ensuring the market remained sustainable - e.g. by setting fees at a sustainable level (s.5(2)(d) Care Act)
- Failure to have regard to the importance of fostering continuous improvement in the quality of care services and the ability of providers to comply with CQC standards and improve quality given the pressures on overheads created by low fees (s.5(2)(e) Care Act)
- Failure to have regard to the importance of fostering a workforce able to deliver high quality care, including failing to have regard to how a 1.4% rise in fees could absorb a 9.8% rise in the National Living Wage where staff costs were typically around 70% of actual costs of care (s.5(2)(f) Care Act), and
- Failure to have regard to the importance of promoting the wellbeing of care home residents due to the 'indirect impact' on them of local authority fees not covering the provider's actual costs of care, inhibiting providers from meeting all their needs and/or leading them to increase the level of 'top-ups' for residents or their families (s.5(4) Care Act).

3.6 It is fundamental, in this context that the providers are given the opportunity to contribute to the fee setting process via consultation.

#### 4.0 **POLICY IMPLICATIONS**

4.1 None identified.

#### 5.0 **OTHER/FINANCIAL IMPLICATIONS**

5.1 The financial pressures within this sector are well recognised both nationally and locally. Although providers recognise the risks the Local Authority are facing and the impact of the cost of living crisis, the ongoing burden of staff vacancies and reliance on higher cost agency staff is severely affecting the sector.

#### 6.0 **IMPLICATIONS FOR THE COUNCIL'S PRIORITIES**

##### 6.1 **Improving Health, Promoting Wellbeing and Supporting Greater Independence**

Consultation will help secure sustainable and diverse adult social care support

for people focusing on outcomes, wellbeing, quality, and choice, where service users will be safer and enjoy a better quality of life.

**6.2 Building a Strong, Sustainable Local Economy**

Adult Social Care will work with providers to maximise employment opportunities within the local community.

**6.3 Supporting Children, Young People and Families**

None identified.

**6.4 Tackling Inequality and Helping Those Who Are Most In Need**

The consultation exercise will secure sustainable and diverse adult social care support for people focusing on outcomes, wellbeing, quality, and choice, where service users will be safer and enjoy a better quality of life.

**6.5 Working Towards a Greener Future**

Adult Social Care will continue to work with providers to identify alternative approaches to support them with financial pressures e.g. training, procurement and alternative approaches to the delivery of care, including technology.

**6.6 Valuing and Appreciating Halton and Our Community**

None identified.

**7.0 RISK ANALYSIS**

7.1 The consultation will allow the sector to advise of any further risks in addition to those already identified.

**8.0 EQUALITY AND DIVERSITY ISSUES**

8.1 The current proposal would not impact upon any equality and diversity issues as all relevant protected characteristics would be unaffected by the proposal.

**9.0 CLIMATE CHANGE IMPLICATIONS**

9.1 Adult Social Care will work continuously with providers to ensure services maximise the use of technology and exploit service innovations that support the Council's commitment for a greener environment.

**10.0 LIST OF BACKGROUND PAPERS UNDER SECTION 100D OF THE LOCAL GOVERNMENT ACT 1972**

10.1 'None under the meaning of the Act'.