Bradford Care Association Evidence Submission – Adult Social Care Fee Uplifts 2026/27

Dear Colleagues,

Bradford Care Association (BCA) presents this evidence to inform the 2026/27 adult social care fee-setting process for Bradford Metropolitan District Council (BMDC) and the Bradford District and Craven Integrated Care Board (BDC ICB).

Executive Summary

This submission draws on detailed survey findings, financial information, and provider feedback representing 140 services across all regulated care types within the Bradford District. It provides a clear, evidence-based account of the sector's cost pressures, workforce challenges, and sustainability risks as we approach the 2026/27 financial year. The findings are intended to support BMDC and BDC ICB in determining fair and sustainable fee uplifts for the year ahead.

The evidence highlights sustained and compounding pressures across pay, non-pay, and compliance areas, with average staffing costs now exceeding 77% of total expenditure and rising to over 80% in community-based services. At the same time, 69% of providers report that current fee levels hinder their ability to maintain quality, and 87% state they cannot make improvements under existing funding conditions.

Rising workforce costs—driven by National Living Wage increases, employer on-costs, and recruitment challenges—are compounded by persistent non-pay inflation in utilities, insurance, transport, and digital systems. New and emerging pressures related to cybersecurity, changes to CQC Quality Statements, and the Oliver McGowan mandatory training requirements further elevate compliance and operational costs.

The widening gap between the 2022 Fair Cost of Care baseline and current operating costs underscores the urgent need to rebase fee models using current provider data. Without this, the local care market faces escalating risks to quality, continuity, and sustainability. This submission therefore provides the foundation for a collaborative, evidence-led approach to setting 2026/27 fee uplifts that reflect the true cost of delivering safe, high-quality care across Bradford District and Craven.

A detailed analysis of survey data and provider financial information is provided in the accompanying *BCA Provider Survey 2026/27 Data Report* (Appendix A)."

Headline Data Summary (BCA Provider Survey 2026/27

- **Sample size:** 140 providers across all care types.
- **Service mix:** Domiciliary 25.7%; Residential 25.7%; Nursing 20.7%; Supported Living 17.9%; Extra Care 4.3%; Specialist 5.7%.
- **Average staffing cost share:** 77% of turnover (70% in older peoples Care homes rising to over 80% in domiciliary, Supported Living and Extra Care).
- **Funding sources:** 68% of clients funded by LA/ICB; 27% self-funded; remainder via top-ups or other income.
- **Sickness absence:** Averages 5%.
- **Staff wellbeing:** 56% of providers report increasing financial and health-related concerns among staff
- **CQC ratings:** 70.7% Good; 5.7% Outstanding; 14.3% Requires Improvement.
- **Impact of current fees:** 69% report that current fee levels affect their ability to maintain quality; 87% say they restrict quality improvement.
- **Workforce composition:** 76% domestic, 23% international staff.
- **Provider sentiment:**
  "Financial worries are increasing for staff."
  "Staff cannot afford travel or insurance."
  "Lack of finance is impacting sustainability and quality."

Impact of the 2025/26 Uplift

The 2025/26 uplift (3.9%–8.5%) was based primarily on the 6.7% increase in the National Living Wage (NLW), alongside a 2.19% adjustment for employer National Insurance contributions and an inflation allowance for non-staffing costs.

While welcomed, this uplift has proved insufficient to offset real cost movements since April 2025. The actual financial impact of Employer National Insurance Contributions (ENIC) changes was significantly higher than allowed for, creating additional cost pressures.

Providers report that inflation in key areas—utilities, insurance, transport, and food—has continued, while workforce costs have risen further due to the need to try to maintain pay differentials, address retention pressures, and manage ongoing agency dependence.

Average staffing costs have now risen to around 77% of total expenditure (70% older peoples care homes, higher still in specialist care homes and over 80% for community providers), and high sickness and turnover rates continue to compound financial strain.

Many providers describe the past year as a period of financial strain and growing uncertainty. Rising levels of complexity and an ageing population are increasing demand intensity within existing placements, further stretching provider capacity.

One manager commented,

"We were grateful for the uplift, but within months it was swallowed up by fuel, insurance, and recruitment costs. The model is always one step behind reality."

Others reported cutting training budgets and delaying maintenance to maintain basic staffing levels.

The result has contributed to a gradual erosion of quality and sustainability. Despite continued commitment to care, 69% of providers now state that current fees hinder their ability to maintain standards, and 87% say they cannot make improvements under existing funding conditions.

Current Financial and Operational Pressures

National Living Wage (NLW):

The NLW remains the single largest driver of cost, representing the foundation of nearly all staffing budgets. With staffing accounting for roughly three-quarters of total expenditure, even small percentage increases in the NLW have significant cost implications. The April 2025 rise from £11.44 to £12.21 represented a 6.7% increase, fully realised in provider budgets. However, this growth was not accompanied by commensurate uplifts in associated on cost overheads such as National Insurance, pension contributions, and statutory leave entitlements, all of which continue to increase.
Workforce expenditure continues to increase across all service types up from fair cost of care baselines, with pressures further intensified by legislative changes, recruitment costs, international hiring, and rising sickness rates.

Non-pay inflation:

At the same time**,** non-pay inflation has remained stubbornly high. Utility and insurance costs are 20–30% above pre-pandemic levels, with several providers facing double renewals on insurance premiums. Vehicle and fuel expenses have risen steeply, disproportionately affecting domiciliary and community-based services. Food and consumables costs have also increased above inflationary rates.
The rising cost of digital systems—including care planning platforms, rostering systems, EMAR, DSPT compliance, cyber security, training licences, and mobile technology—has become a significant ongoing expense for providers. Despite being essential for compliance and efficiency, the full financial impact of digitalisation per staff member or service user remains poorly recognised in current funding models.

Funding mix and sustainability:

With 68% of income derived from LA/ICB funding, many services rely on self-funders and top-ups to remain viable. Market sustainability is therefore critically dependent on adequate BMDC and ICB uplifts. Increasing reliance on private contributions risks deepening inequalities in access to care.

Regulatory and compliance costs:

The implementation of CQC's Single Assessment Framework, along with the increasing complexity and acuity of need, has led to higher compliance and administrative burdens. Providers cite limited capacity to invest in digital systems, compliance processes, and staff training, all of which impact quality assurance. Consequently, many providers are struggling to maintain quality, resulting in reduced training, fixed staff, and admin costs. Furthermore, 69% of providers say fees affect their ability to maintain quality, while 87% report an impact on their ability to improve it.

Workforce:
The central concern remains workforce fragility. Recruitment and retention are undermined by low pay differentials, high travel costs, and competition from other sectors offering better

pay, predictable hours, or remote work. The challenge is compounded by out-of-hours operating demands**,** where evening and weekend cover is often provided by core staff for

low fixed fees, heightening the risk of NLW non-compliance and further deterring experienced workers from remaining in the sector. These pressures have made it increasingly difficult to attract local domestic staff, leading to greater reliance on international recruitment to maintain service capacity.

As one provider stated, *"We're losing experienced staff to supermarkets because they can earn the same without using their car."*

The cumulative impact is a stressed and demoralised workforce with limited capacity for training or leadership development. Raising long-term concerns about quality, continuity, and leadership succession within the sector. 56% of providers reporting worsening wellbeing among staff. 84% of respondents said current fees directly affect their ability to recruit and retain staff.

Service-Level Evidence and Model Gaps

In **Home Support,** travel time and coordination are inadequately funded, which poses a national minimum wage compliance risk. Short-duration visits often result in unremunerated gaps between calls, while rising vehicle costs erode take-home pay. Providers report difficulty retaining drivers and senior carers, noting that

"Staff cannot afford cars, insurance, and travel costs—it's affecting recruitment and retention."

Residential and Nursing Care providers report average occupancy around 85%, below the 90% used in the Council's financial model and higher percentage staffing cost. Homes also face rising resident acuity, higher staffing ratios, and ongoing difficulty recruiting registered nurses, leading to greater reliance on agency cover. The self-funders' rates differential continues to increase. The self-funders' rates for 70% of residential care homes exceed £1000 a week, while 60% of care home nursing rates exceed £1300 a week.

Supported Living services operate at closer to an 80/20 staffing/non-staffing cost ratio, significantly above model assumptions. Non-staff inflation (utilities, insurance, vehicles) underfunded in previous uplift. Short duration calls still require coordination and travel time within the rate, which currently isn't sufficient.

In **Extra Care**, staffing costs routinely exceed 80% due to coordination, night cover, and reactive care demands. There is currently no established staffing model for Extra Care, and with the introduction of the new banding approach, there is concern that commissioned rates may be insufficient to meet actual payroll costs and service expectations.

Day Activity providers, particularly within the VCSE sector, continue to experience structural underfunding. Transport costs, supervision requirements (1:4, 1:2, 1:1), and the 3% CIP imposed on standard day rates have collectively reduced financial resilience. We need to ensure that the work on a new funding model is completed and fully addresses these concerns.

Specialist Care providers report Delays in Care Cubed reviews and inconsistent backdating present major cashflow risks. Individualised care fees remain necessary, but the lower ranges used within Care Cubed to determine them are insufficient to meet higher needs and the clinical input costs of care.

Future Cost Drivers and Emerging Risks

The **Employment Rights Bill**, expected to come into force in April 2026, is projected to add significant financial and administrative burdens. Provisions relating to enhanced flexible working rights, predictable hours, leave entitlements, Menopause action plans and overtime management will all translate into increased payroll and compliance costs. While these reforms are well-intentioned, providers report they will require new systems, rostering flexibility, and HR oversight that smaller organisations are ill-equipped to absorb. The potential knock-on effect on sickness rates and recruitment flexibility, and overall staffing costs must be factored into modelling.

The next **NLW adjustment in April 2026** represents a further area of uncertainty. BCA recommends modelling at least three NLW scenarios: +3%, +5%, and +6%**,** inclusive of all employer on-costs. Even a mid-range 5% in NLW increase would add substantial pressure to already constrained budgets, especially given the cumulative effect of higher employer NIC, pension contributions and pay differentials.

Inflationary pressure, Overall, inflation rates are expected to continue above target, while energy, insurance, and food inflation remain unpredictable. Providers report "budget fatigue," as unanticipated spikes undermine long-term planning and investment. This volatility constrains providers' ability to fund digital upgrades, training, or capital improvements—critical levers for quality and efficiency.

The care sector's reliance on **International Recruitment** is increasingly at risk due to impending UKVI 60-day curtailment notices affecting displaced workers and their dependents currently employed part-time in care. Providers may now need to become Home Office Approved Sponsors to retain staff, incurring higher costs, or compete for scarce domestic workers amid strong pay competition from other sectors.

Regulatory and Cybersecurity Pressures, The forthcoming changes to CQC Quality Statements and the introduction of Oliver McGowan mandatory training requirements will demand additional staff time, training investment, and evidence gathering, increasing overall compliance costs. At the same time, recent cyber-attacks have heightened expectations for data protection and system resilience, requiring providers to allocate greater resources to robust cybersecurity measures and digital safeguards—creating an emerging and significant financial and operational pressure across the sector**.**

Risks and Consequences of Insufficient Uplift

If 2026/27 fee uplifts fail to reflect these realities, the consequences will be serious and far-reaching.

Workforce attrition is likely to accelerate. Many providers already report staff taking second jobs or leaving the sector altogether. Without an uplift that maintains parity with NLW increases, recruitment pipelines will collapse further, and services will be forced to restrict capacity. Challenges of international recruitment.

Quality and compliance risks will grow as training, supervision, and career progression become unaffordable. The inability to protect senior pay differentials will also make it harder to attract qualified managers and nurses, directly impacting CQC outcomes.

Market instability could increase, particularly among smaller independent and voluntary providers. Several already report operating at or near break-even; a low or delayed uplift could push them into insolvency or withdrawal from contracts. The loss of local providers would not only disrupt care continuity but also increase reliance on emergency placements and out-of-area provision, with higher long-term costs to the BMDC and ICB.

Finally, **investment and innovation** would stagnate. Many providers have paused or cancelled planned improvements to digital systems, facilities, and workforce development. Insufficient uplift perpetuates a reactive, survival-focused market rather than one capable of long-term improvement.

Recommendations

BCA urges BMDC and the ICB to:

1. **Re-base staffing cost assumptions** by service type to reflect true workforce cost shares
2. **Model NLW uplifts** at +3%, +5%, and +6%, including all employer on-costs (NIC, pension, differentials, sick pay).
3. **Address structural gaps**:
    - Full account for travel and coordination (home support)
    - Occupancy figures and increased staffing costs (care homes)
    - Review short duration care fee (supported living/
    - New banding sufficient to meet all costs (extra care)
    - Care Cubed review completion (specialist care)
4. **Implement improved systems and processes,** including faster invoice payments, gross payments for care homes, an expanded brokerage model, CHC/fast track process/rate review and streamlined compliance processes.
5. **Increase investment in our workforce,** improving workforce training and leadership development will enhance retention, wellbeing, and progression pathways.

Conclusion

Bradford's care providers remain committed to delivering compassionate, person-centred, and high-quality care. However, the evidence clearly shows that the current funding framework no longer reflects the true cost of delivering it. Without decisive and evidence-led action, Bradford faces an increasingly fragile care market characterised by workforce exhaustion, financial strain, and reduced capacity to meet growing and more complex needs. If fees fail to keep pace with actual cost movements, the consequences will include rising staff attrition, reduced quality, and the potential loss of smaller independent and voluntary providers. This would not only undermine continuity of care but also increase long-term costs through emergency placements and out-of-area provision.

As one provider reflected:

"We want to deliver good care, but the numbers just don't add up anymore."

BCA therefore respectfully urges BMDC and the ICB to incorporate this evidence into the 2026/27 fee determination process and to work collaboratively with the Association to establish a sustainable, transparent, and forward-looking funding model—one that safeguards service quality, supports workforce stability, and secures the future of Bradford's care provision.