

Market Briefing on Bradford Council Adult Social Care Fee Uplift for 2025/26

The purpose of this briefing is to inform providers of the final care fee uplift position for 2025/26 (subject to final approval at the Council Executive meeting on the 6th March 2025).

Part one of the briefing provides context and considerations that the Council has taken in determining the uplifts. Part two provides the details of the fee uplifts by service type.

Part One

Council financial position - context

- The Council faces severe financial challenges, among the most significant in local government nationally. The 2023/24 budget was overspent by £80m which along with the use of reserves in that year led to a structural budget gap of £120m. For the financial year 2024/25 there is an estimated budget deficit of £120m. In total the current cumulative deficit is £640m up to 2029/30.
- To return the Council to financial sustainability the medium term financial strategy (MTFS) sets out the need to make very significant revenue savings, currently averaging approximately £40m per year, every year from 2024/25 to 2029/30. This is along with asset sales, reductions in the capital programme, enhanced grip on expenditure.
- The Council is required to request from the Ministry for Housing Communities and Local Government permission to borrow to meet the gap – this is called a Capitalisation Direction. The money pressures need to be repaid with interest which is why the total amount and time to return to sustainable balance is £640 million over 7 years.
- Despite these significant financial pressures, the Council has agreed in principle to fund the fee uplifts that we have put forward. The Chief Executive and the Director of Finance have agreed that these uplifts can be shared with providers for planning purposes, ahead of final Council Executive budget sign off in March 2025, with the caveat being that the Council will not know until March whether the Capitalisation Direction is agreed.

Inflation pressures

- National Living Wage will increase by 6.7% from £11.44 in 2024/25 to £12.21 in 2025/26. The 18–20-year-old rate has been increased by 16.3% from £8.60 to £10.00 from April 2025.
- The changes to Employer National Insurance Contributions with an increase in the rate of 1.2% and a reduction in the threshold from £9100 to £5000, are significant.
- We have calculated a contribution towards the NIC changes of 2.19% to the fee uplift. It is not possible to determine exact impact on individual providers as there are many variables. The government are not providing funding for councils to pass on to social care providers for NIC impact. It is likely that some other LAs will not offer a contribution for NIC.
- We have taken note of the feedback providers gave to the BCA survey, including increasing concerns about sustainability, challenges meeting quality standards, and recruitment and retention problems.
- Whilst acknowledging these challenges and concerns we believe that our Bradford care market continues to be resilient, and we are able to meet needs through commissioned services to meet our care act duties

Benchmarking

In October 2024 the DHSC published the results of the final year monitoring of the Market Sustainability and Improvement Fund. Our analysis of the data indicates:

- All our Bradford rates (both contracted and averaged) are below the average MSIF rates.
- The relatively low level of variance between average rates and contracted rates indicates the market is accepting the contracted rates paid in Bradford.
- Our rates fall within the 3rd and 4th quartiles except for Home Support, which falls into the 2nd quartile.
- We are not an outlier in any area.
- Our position when compared to other local authorities is similar to last year, indicating our 2024/25 uplifts will have been broadly aligned with other local authorities.
- Our Home Support and Supported Living rates both sit within a sizeable group of local authorities with similar rates (rates which are approx. £1 either side of our rates).
- Home Support: 47 LAs (31%) have average rates (in 2024/25) between £22.50 and £24.50.
- Supported Living: 65 LAs (43%) have averages rates between £19.85 and £21.85.
- Within West Yorkshire we are amongst the lowest payers in all areas. We have the lowest average rates for Residential Care and Supported Living, however there is not a great deal of difference in the WY rates and these can be explained through wider factors such as cost of property and workforce, and size of market.

Part Two

Home Support

- Good quality and sustainable Home Support is a requirement of our Happy Healthy and at Home strategic approach.
- The new locality contract that was implemented in October 2023 (23 localities and two providers per locality, delivered by 27 providers) has been very successful in delivering more responsive and sustainable Home Support.
- The impact of tighter geographical locality boundaries, more managed levels of overall hours of delivery per provider, and better understanding of demand by providers has reduced travel time and improved efficiency. The locality model has also allowed for more recruitment of non-drivers and an increase in 'walking rounds'.
- Whilst we benchmark in the 2nd quartile for fees, this is an area of delivery that we wish to continue to support.

- The rate for 2025/26 will be based on 80% staffing increased by NLW – 5.38%, plus the impact of employer NIC of 2.19% **resulting in an overall uplift of 7.58%**

Residential and Nursing Care

- Older People’s residential and nursing care in Bradford is continuing to experience challenges. During and immediately following the pandemic many care homes experienced higher levels of under occupancy. Now, on average, independent care homes are operating at 85% occupancy.
- During the last 12 months 5 Care Homes have closed in the Bradford District, of which 3 were residential and 2 were nursing. These homes totalled 81 residential beds and 112 nursing beds. Of these 2 were rated inadequate, 2 were rated requires improvement and one was rated outstanding.
- During the same period a number of new homes have opened with an expected net increase in beds by the end of 2024/25. Most new care homes opened within the Bradford District have been in the location of previous care homes following a sale and change of provider or are large new build homes with over 65 beds. Typically, homes are being opened by large providers and are not offering placements at base rate as standard. We continue to work with Council planning to provide advice to discourage providers planning to develop new care homes in the District.
- The Council fee model expects 90% occupancy. Average occupancy is currently 85%. The BCA have demonstrated that for each 1% lower than 90% occupancy the impact can be equivalent to 1% off the fee. Quality in care homes has also continued to be an issue with ratings having fallen significantly from 2021.
- The Adult Social Care Workforce Data Set shows that as of July 2024, the Y&H vacancy rate across independent sector residential care homes was 4.8% and the turnover rate 26.2% compared to 8% vacancies and 21.7% turnover for Bradford. For independent sector nursing care in Y&H, vacancy rate was 4.5% and turnover 33.4% as opposed to Bradford at 5.1% vacancy rate and 37.8% turnover. The level of turnover, in particular, across the sector and in Bradford continues to be very high and constant recruitment costs a lot of resources.
- Benchmarking shows our fees (OP care homes) are in the bottom quartile and we are lowest for residential care fees in West Yorkshire and second lowest for nursing care.
- The rate for residential and nursing care homes is based on 67.75% staffing (taken from the average reported in the 2022 Bradford cost of care exercise) and CPI of 2.5% (ADASS forecast inflation) applied to the non-staffing element which results in 5.37%. The additional employer NIC at 2.19% **results in an overall uplift of 7.56%**.

1 to 1 support in care homes

- Additional 1 to 1 support in residential and nursing care has historically followed the home support rate uplift although it is paid at a lower rate. However, we believe that care homes do not incur this level of expenditure in delivering 1 to 1 support as they will utilise their existing staff before looking to use more costly

agency staff. Therefore, we are seeking a cost improvement plan (CIP) from care home 1 to 1 costs of 2%. This CIP may also disincentivise longer term 1 to 1 without timely review.

- The rate for 2025/26 will be based on 80% staffing increased by NLW – 5.38%, plus the impact of employer NIC of 2.19% resulting in an uplift of 7.58 %, minus 2% CIP **resulting in an overall uplift of 5.58%.**

Day time activities for people with Learning Disability and/or Autism

- The Daytime Activities Provider List provides 3 fee levels: standard (one member of staff to 4 service users), enhanced (one member of staff to 2 service users) and individual (one member of staff to one service user). It also provides a weekly rate for employment and volunteering support.
- State of the market analysis shows that the Bradford market is made up predominantly of small local VCSE organisations and 28% of providers only offer standard rate services.
- The margin for delivering standard rate is significantly higher than that of enhanced or individual rate.
- The current makeup of the market has 52% of service lines at standard rate, 22% at enhanced and 20% at individual rate, with 7% on employment support.
- In order to incentivise providers to support people with a wider range of needs which will increase the inclusivity of services and offer more choice for those with higher levels of need, this year's uplift will provide a lower increase for standard rate provision with a higher rate for enhanced and the biggest increase being made to the individual rate.
- In addition, the proportion of provider spend on staff costs for those operating at standard rate will be lower than the 70% overall figure used. The budget envelope is based on 70% staffing increased by NLW 4.71%, plus the impact of employer NIC of 2.19% resulting in an overall uplift of 6.91%
- Standard rate uplift will be 3.91% (a 3% cost Improvement saving or reduction in surplus to be achieved by providers)
 - Enhanced rate will be 7.91%
 - Individual rate will be 8.5%
 - Employment support will be 6.91%
- The cost of these differential uplifts is within the budget envelope for day activities with the CIP on the standard rate 'paying for' the higher uplifts for the enhanced and individual rates.

Direct Payments

- Work is underway to review the departmental approach to Direct Payments. Currently there are two types of rate, one based on funding a home support agency and one to fund a Personal Assistant. The way the rates are configured in SystmOne and Controcc does not allow a differential uplift to be applied without labour intensive and time-consuming individual manual uplifts.

- The approach to determining Direct Payment uplifts is to follow the Home Support rate and approach. The rate for 2025/26 will be based on 80% staffing increased by NLW – 5.38%, plus the impact of employer NIC of 2.19% **resulting in an overall uplift of 7.58%**

Extra Care

- Following a Commissioning Review of Extra Care in 2023/24, market engagement has commenced with existing providers with a plan to move to a banding model of payment for extra care services, along with improved coordination of waiting lists and nominations panel.
- The net result will be a saving of 7% based on 2024/25 prices for the Council but increased efficiencies and flexibilities for providers, including reduced duration of voids.
- The new banding model will be uplifted in line with NLW and NIC inflation for 2025/26 and communication with providers has already started through the market engagement channels in place.
- The rate for 2025/26 will be based on 70% staffing increased by NLW – 4.71%, plus the impact of employer NIC of 2.19% **resulting in an overall uplift of 6.91%.**

Supported Living Services

- This is based on a 70/30 split of staff to non- staff costs and in recognition of the reduction of travel time and coordination required in Home Support. The uplift will apply to both the hourly rate and the sleep-in rate.
- The rate for 2025/26 will be based on 70% staffing increased by NLW – 4.71%, plus the impact of employer NIC of 2.19% **resulting in an overall uplift of 6.91%.**

Negotiated Rates/Specialist Packages

- The Care Cubed project phase one will be completed by the end of 2024/25, thus establishing agreed baseline fees for all individual package in scope, thereafter annual uplift will be in line with care cubed benchmarks. Estimated costs are being modelled to cover this risk.

VSCE contracts and Grants (BCF & S75 funded)

- These contracts will be contacted individually and **in the main will be uplifted by 6.91%.**
- The community grant programme has recently been reviewed and new grant process has just concluded. A budget reduction was made to the grant funding pot which reduced the amount on offer. The duration of the grants was reduced to one year (from two).

An uplifted fee table will be published on the Provider Zone in the next two weeks. Individual letters will be sent to providers soon afterwards. Please contact commissioninginbox@bradford.gov.uk if you have any questions.