

## **Health and Social Care Fees and Charges 2026/27**

**Report by Nick Clater, Head of Adult Services & Chief Social Work Officer**

### **Report for Action**

## **1 Recommendations**

Council is recommended to approve:

1. The recommended fees and charges for Social Care services for the financial year 2026/27, as detailed within this report.
2. That the charges approved for 2026/27 establish the baseline for future years, with charges thereafter reviewed annually and increased in line with inflation. This approach will help ensure that charges remain aligned with the cost of service provision and avoid the need for periodic step changes where charges have not kept pace with underlying costs.

## **2 Purpose of Report/Executive Summary**

The report summaries the fees and charges in place for Social Care and recommends increases as follows:

1. 20% increase in the following charges:
  - Care Charges
  - Telecare Charges
2. 10% increase in the following charges:
  - Day Service Charges
  - Day Centre Meals
3. 100% increase in transport charges (£2.68 per journey to a maximum of £15.50 per week).
4. Increase charges for self-funding residents in Highbank and Newbyres to £1,731.95 per week for residential care and £1,878.89 per week for nursing care.
5. Introduce charges for the administration of Corporate Appointeeship of up to £20 per week based on an assessment.
6. Increase the social care charging taper from 70% to 75%, applied to assessable income above the protected allowance.
7. It is proposed that, subject to Council approval, the charges approved for 2026/27

establish the new baseline for future years. These charges would then be reviewed annually and increased in line with inflation.

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### 3 Background

- 3.1 Midlothian charges for care in line with COSLA guidance. The guidance for care charges for 26/27 has yet to be published however as in previous years there is an expectation the charging guidance will be amended to take into account the inflationary increase in welfare benefits. The effect of applying the inflationary increase to charging guidance is to increase the charging income by approximately the same amount.
- 3.2 For example, in April 2025 an inflationary increase of 1.7% was applied to welfare benefits. Consequently, the COSLA guidance set out in increase in the threshold for charging of 1.7%. Since individuals' benefit income also increased by 1.7% the net result will have been an increase of charging income of approximately 1.7%. Assuming a 3.8% uplift is applied to all benefits this will result in an increase in charging income of approx. £36.1k. (3.8% of £950k).
- 3.3 Care charges were not increased for a number of years in Midlothian but an uplift in charges in 25/26 brought changes into line with what the care charges would be if they were uplifted in line with benefits. The table below shows the rates for the last two years and the rates for 26/27 assuming an uplift in line with benefit increases.

Charge	24/25 Rate	25/26 Rate (Current)	26/27 Rate (If uplifted as per benefits)
Care Charges (Hourly)	£12.40	£15.65	£16.24
Telecare	£4.00	£5.05	£5.24
Transport (per journey)	£1.00	£1.34	£1.39
Day Services	£3.15	£4.24	£4.40
Cherry Road Meals	£2.50	£3.95	£4.10

- 3.4 It should be noted that as charging is capped it does not necessarily follow that an increase in rates will result in proportionate increase in income and this is discussed further in this paper.

#### 3.5 Care Charges

- 3.5.1 Currently 417 individuals receive non-residential chargeable services and are above the income threshold and therefore pay towards their services. The financial assessment caps the amount an individual has to pay in charges and 80% of the clients who pay charges are charged the maximum amount. This means if the hourly rate were to be increase only 20% of the users that pay charges would pay more. Any percentage increase may not also be fully realised as it would be expected that an increase in charges would draw more people into the cap of charges.

- 3.5.2 The hourly charge for non-residential care provision is £15.65 per hour and if it was increased in line with benefits would increase to be £16.24 per hour. Estimated charging income FY 25/26 = £950k (£888k hourly charged, £22k day service, £40k transport).

Increase in Charges	Revised Rate	Additional Income	Notes
3.8%	£16.24	£33.8k	Applied to full income as caps will increase in line with benefits
5%	£16.43	£35.9k	Increase in excess of 3.8% only applied to uncapped income
10%	£17.22	£44.8k	Increase in excess of 3.8% only applied to uncapped income
20%	£18.78	£56.8k	Increase in excess of 3.8% applied to 80% of uncapped income to recognise more people falling within the cap on charges

### 3.6 Social Care Taper

- 3.6.1 The Midlothian Charging Policy currently sets the taper amount to 70% of excess income (the income after disregards have been applied). This means that 30% of excess income is not liable for charging (see annex 1). This taper could be increased and would result in the additional income as the maximum amount people could be charged would increase. The table below sets out the income that could be expected taking into consideration that the 20% of people paying less than the maximum amount would not see an increase in charges.

Taper Amount	Additional Income	Notes
70%	-	Current taper amount
75%	£51.9 k	Assumes increase in overall charging income by 5.7% - (7.1% increase to 80% of client whose charges are capped)
80%	£103.8 k	Assumes increase in overall charging income by 11.4% (14.2% increase to 80% of client whose charges are capped)

- 3.6.2 Review of the taper applied within social care charging is becoming an increasing national discussion point, with variation across Scotland. A number of local authorities currently operate a higher taper rate than Midlothian, most notably Argyll and Bute, which applies a taper of 80%. The proposal to increase Midlothian's taper to 75% would bring it broadly in line with a number of other local authorities, including East Dunbartonshire, Glasgow City, Scottish Borders, Stirling and West Dunbartonshire.

### 3.7 Telecare Charges

- 3.7.1 Currently there is a flat rate charge for Telecare Alarms of £5.05 per week. This is not financially assessed. If this rate is increased in line with benefits the new charge would be £5.24. The table below sets out the additional income that could be realised by a further increase in the weekly charge:

Total charging income = £374k

Increase in Charges	Revised Rate	Additional Income	Notes
3.8%	£5.24	£14.2 k	
5%	£5.30	£18.7 k	
10%	£5.55	£37.4 k	
20%	£6.06	£74.8 k	

### 3.8 Day Service Charges

3.8.1 Currently there is a charge for attendance at Adult Day Services of £4.24 per day. This generates around £22k income per year. While the sequencing of applying maximum charges based on the financial assessment is inconsistent generally hourly paid charges are invoiced first up to the maximum. If the maximum charge is reached with hourly charged care no charges will be made for day services.

3.8.2 Consequently, the charging income assigned to day services is disproportionately lower, but a higher proportion of the clients won't be charged the maximum amount. For this reason, uncapped charging income has been set to 75% of the charging income.

Additional income that would be realised through an increase in charges is as follows:

Increase in Charges	Revised Rate	Additional Income	Notes
3.8%	£4.40	£0.6k	Applied to full amount of uncapped income
5%	£4.45	£0.8k	Applied to full amount of uncapped income
10%	£4.66	£1.7k	Applied to full amount of uncapped income
20%	£5.09	£2.6k	Applied to 80% of uncapped income to account for more people falling within the cap on charges

3.8.3 Work has been undertaken to model the cost of providing the service. A session equates to half a day, and, in 2025/26, the cost is £100.90 per session. This figure has been uplifted in line with inflation, including known pay awards for 2026/27, resulting in a projected cost of £104.43 per session.

### 3.9 Transport Charges

3.9.1 Currently there is a charge for transport to Adult Day Services of £1.34 per journey. The maximum charge is £11 per week which is half of standard rate PIP / DLA mobility component when the charges were introduced. Approx 110 people pay transport charges and this generates around £40k income per year.

3.9.2 Care charges are currently capped at 50% of the lower rate of DLA. The lower rate PIP (mobility) / DLA mobility component in 25/26 is £30.30 meaning the maximum charge should be increased to £15.50 per week. (Higher Rate of PIP / DLA is £80 per week). It is assumed the ADP-mobility rates paid to individuals who have migrated to Social Security Scotland will be the same as UK benefits. An increase in charges in excess of 15% would require the charging cap to be increased to realise the full additional income.

The estimated additional income that would be realised through an increasing the charges is as follows:

Total charging income = £40k (based on FY24/25)

Increase in Charges	Revised Rate	Additional Income	Notes
3.8%	£1.39	£1.5k	Applied to full amount of chargeable income.
5%	£1.41	£2k	
10%	£1.47	£4k	
20%	£1.61	£8k	Cap requires to be £16.10 per week
25%	£1.68	£10k	Cap requires to be £16.68 per week
50%	£2.01	£20k	Cap requires to be £20.01 per week
75%	£2.35	£30k	Cap requires to be £23.50 per week
100%	£2.68	£40k	Cap requires to be £26.80 per week

3.9.3 Figures provided as part of the Council's ongoing Blueprint Transformation Programme for transport indicate that the average cost per person, per day is £53.54. However, it has been identified that using an overall average cost is not always the most accurate or fair comparator when considered in isolation. While the figure itself is correct, there is significant variation in route costs depending on several factors, including whether an attendant is required and the frequency of the journey. The analysis also highlights that the Council benefits from economies of scale where transport routes are shared. As a result, single passenger routes are inherently more costly on a per-person basis.

For example:

- £138.36 – Average cost per day for single-passenger routes with an attendant.
- £84.19 – Average cost per day for single-passenger routes without an attendant.

### 3.10 Day Centre Meals (Cherry Road)

3.10.1 Currently there is a flat rate charge for meals at Cherry Road day service of £3.95 per day. This is not financially assessed. The current charge was set in 2012 and has not been increased since then. If this rate is increased in line with benefits the new charge would be £4.10. The table below sets out the additional income that could be realised by a further increase in the weekly charge:

Total charging income = £6,000

Increase in Charges	Additional Income	Notes
3.8%	£228	Daily Charge £4.10
5%	£300	Daily Charge £4.15
10%	£600	Daily Charge £4.35
20%	£1,200	Daily Charge £4.74

3.10.2 On average, 120 meals are served per week at Cherry Road, resulting in an average cost of £15.11 per meal. This figure includes both the direct food costs and the staffing costs associated with kitchen staff preparing the meals.

### 3.11 Respite Charges

3.11.1 During 23/24 Carer's funding was used to ensure most of the respite (up to equivalent of 6 weeks residential care) was non chargeable. Consequently, only a negligible proportion of care charges be for respite care and in these cases is appropriate for the normal care charging policy to apply.

### 3.12 Care Home Charges

3.12.1 The Charges for self-funding residents in Midlothian Care homes has not increased since 2020. To bring charges in line with rates that would be charged had uplifts been applied it is proposed that the rates are uplifted as follows:

<b>Self-Funding Charges</b>	<b>Residential Care</b>	<b>Nursing Care</b>
Current Rates	£992.67	£1,096.88
Proposed Rates	£1,731.95	£1,878.89
Proposed Increase	74%	71%

3.12.2 Based on the current usage (Newbyres - 16 (nursing) & Highbank: - 6 (residential)) the additional annual income will be as follows. Only 75% of the additional income has been included as it is likely the increase in charges will result in individuals using capital more quickly and then becoming fully funded sooner. As this can't be fully quantified there is a risk that the 75% is an underestimate.

Income	Residential Care	Nursing Care	Total
Current Income	£310,563	£800,722	£1,111,286
Income with proposed rate increase	£541,852	£1,371,589	£1,913,442
Anticipated Additional Income (75% of difference)	£173,466	£428,150	£601,617

3.12.3 The actual charges will be reduced by the Free Personal Care (FPC) and Free Personal and Nursing Care (FPNC) rates for self-funders (currently £254.60 and £369.15 respectively) assuming the individuals are assessed as meeting the criteria for FPC and FPNC. As this is applied to both current and proposed rates the additional income is not affected by this reduction.

3.12.4 Benchmarking work has been undertaken with both Edinburgh and East Lothian. In recent years, both local authorities have carried out significant exercises to ensure their chargeable rates accurately reflect the cost of providing care. In line with Charging for Residential Accommodation Guidance (CRAG) and the National Assistance Act charging framework, local authorities are expected to recover the full cost of care from self-funding residents in council operated care homes. Based on proposals for 2026/27, both authorities are expected to charge between £1,700 and £1,900 per week, meaning the proposed Midlothian rate sits broadly in line with neighbouring authorities.

### **3.13 Corporate Appointeeship**

3.13.1 Midlothian Council currently acts as Corporate Appointee for approximately 170 individuals who are unable to manage their Department for Work and Pensions (DWP) income independently. In other parts of the UK, this service is routinely provided by organisations on a charged basis.

3.13.2 It is proposed that charges are introduced for the provision of the Corporate Appointee service. Introducing a charge of up to £20 per week would generate income of approximately £177,000 per annum, while a charge of £10 per week would generate approximately £88,000 per annum. It is therefore proposed that approval is given in principle to introduce a charge of up to £20 per week, subject to further detailed assessment.

### **3.14 Future Charges**

3.14.1 It is proposed that, subject to Council approval, the charges approved for 2026/27 establish the new baseline for future years. These charges would then be reviewed annually and increased in line with inflation. This approach will ensure that charges remain aligned with the cost of service provision and avoid the need for periodic step changes where charges have not kept pace with underlying cost of delivery.

3.14.2 Any future inflationary uplift will remain subject to annual review as part of the Council's budget-setting process. This will ensure that proposed charges continue to reflect the cost of service provision, remain proportionate, and take account of the wider financial context for both the Council and service users.

## **Report Implications (Resource, Digital and Risk)**

### **4.1 Resource**

There will be resource implications for the administrative aspects of any new fees and charges (eg. Corporate Appointeeship).

### **4.2 Digital**

There are no known digital implications.

### **4.3 Risk**

Were there not agreement to raise fees and charges by the recommended amount, there is a risk that the income not generated would have to be found from further recovery actions within the Health and Social Care Partnership.

### **4.4 Ensuring Equalities**

The service's mission is for all care experienced children and young people to be provided with quality services.

### **4.5 Additional Report Implications (Appendix A)**

## Appendices

### APPENDIX A – Report Implications

#### A.1 Key Priorities within the Single Midlothian Plan

The delivery of Social Care services endorses our local approach to delivering services.

#### A.2 Key Drivers for Change

Key drivers addressed in this report:

- Holistic Working
- Hub and Spoke
- Modern
- Sustainable
- Transformational
- Preventative
- Asset-based
- Continuous Improvement
- One size fits one
- None of the above

#### A.3 Key Delivery Streams

Key delivery streams addressed in this report:

- One Council Working with you, for you
- Preventative and Sustainable
- Efficient and Modern
- Innovative and Ambitious
- None of the above

#### A.4 Delivering Best Value

Staff continue to strive to support service users and carers to deliver best value.

#### A.5 Involving Communities and Other Stakeholders

Staff work with many stakeholders including service users and carers to deliver holistic, sustainable services.

#### A.6 Impact on Performance and Outcomes

It is not anticipated that increases in fees and charges will impact on performance and outcomes.

#### A.7 Adopting a Preventative Approach

Not applicable.

#### A.8 Supporting Sustainable Development – not applicable