

Questions:

I am writing to request information under the Freedom of Information Act 2000 in relation to the calculation of the revised Home Care hourly tariff for the 2026/27 financial year.

It has been communicated to providers that the Home Care hourly rate has increased from £21.35 to £22.13 per hour, representing an increase of £0.78 (3.65%). Previous informal requests for clarification of the methodology and assumptions used in determining this uplift have not resulted in disclosure of the underlying financial model, and this request is therefore being submitted formally under the Act.

We request disclosure of the following information:

1. The full financial model, formula, or calculation methodology used to determine the 2026/27 Home Care hourly tariff.
2. A detailed numerical breakdown showing how the £0.78 per hour uplift was calculated, expressed where possible in pence-per-hour components.
3. The specific allowance (in pence per hour and/or percentage terms) included within that uplift to account for the Employer National Insurance contribution changes introduced from April 2025.

Please include:

- a) the assumed percentage increase applied,
 - b) the assumed labour-cost proportion used in the calculation, and
 - c) any threshold or eligibility assumptions applied.
4. The specific allowance (in pence per hour and/or percentage terms) included within that uplift to account for the National Minimum Wage / National Living Wage increase effective April 2026.

Please include:

- a) the wage levels assumed,
 - b) the assumed proportion of staff affected, and
 - c) any assumptions regarding pay differentials or compression impacts.
5. Confirmation of the cost-structure ratios applied within the tariff modelling, including:
 - a) the percentage of total provider costs assumed to be direct care staff costs;
 - b) the percentage assumed to be supervisory, management or support staff costs;
 - c) the percentage assumed to be non-staff overheads (including premises, transport, recruitment, training, insurance and corporate costs);
 - d) any assumed profit, surplus, contingency or sustainability margin included.

For clarity, we are requesting the exact ratios or percentages used in the Department's financial modelling, rather than general policy descriptions.

6. Any internal analysis, spreadsheets, working papers, or financial models used by the Department, SPPG, or Trust finance teams which informed the calculation of the 2026/27 Home Care tariff.

- Any documentation, briefing papers, or analysis considering whether the proposed tariff enables providers to meet statutory employment obligations, including National Minimum Wage compliance and payment for working time.

For the avoidance of doubt, this request relates specifically to the financial and mathematical basis used to derive the 2026/27 Home Care tariff and the allocation of the £0.78 uplift between cost drivers.

Responses:

- The 2026/27 provider rate of £22.13 per hour is summarised in Table 1.

Table 1

2026/27	
£	
Base hourly salary - NLW	12.71
Base hourly salary - additional	0.39
Total	13.10
Average Employers NIC per hour (based on 40 hours pw)	1.61
Pension at 3%	0.39
Subtotal	15.10
Additional Employers NIC wef 1/4/26	0.05
Direct Pay costs	15.15
Contribution to operating costs	6.98
Total	22.13
Provider hourly rate per year	22.13

- The breakdown of the £0.78 per hour increase to the provider payment rate is summarised in Table 2.

Table 2

	2025/26 NIC - Apr25 £	2026/27 £	2026/27 Increase £
Base hourly salary - NLW	12.21	12.71	0.50
Base hourly salary - additional	0.39	0.39	-
Total	12.60	13.10	0.50
Average Employers NIC per hour (based on 40 hours pw)	1.53	1.61	0.08
Pension at 3%	0.38	0.39	0.01
Subtotal	14.51	15.10	0.59
Additional Employers NIC wef 1/4/26		0.05	0.05
Direct Pay costs	14.51	15.15	0.64
Contribution to operating costs	6.84	6.98	0.14
Total	21.35	22.13	0.78
Provider hourly rate per year	21.35	22.13	0.78

3. Table 3 sets out the breakdown of the 2025/26 provider rate, based on the base hourly salary shown.

Table 3

	2025/26 Before NIC changes £	2025/26 NIC - Apr25 £	2026/27 £
Base hourly salary - NLW	12.21	12.21	12.71
Base hourly salary - additional	0.39	0.39	0.39
Total	12.60	12.60	13.10
Average Employers NIC per hour (based on 40 hours pw)	1.14	1.53	1.61
Pension at 3%	0.38	0.38	0.39
Subtotal	14.12	14.51	15.10
Additional Employers NIC wef 1/4/26			0.05
Direct Pay costs	14.12	14.51	15.15
Contribution to operating costs	6.84	6.84	6.98
Total	20.96	21.35	22.13
Provider hourly rate per year		21.35	22.13

- a) Table 3 sets out the:
- average Employer NIC per hour based on the Employer National Insurance contribution (NIC) rates and thresholds in place in 2024/25, £1.14.
 - average Employer NIC per hour based on the Employer NIC rates and thresholds effective from April 2025, £1.53. This is a difference of £0.39 per hour, which is a c34.2% increase on the £1.14 per hour. This percentage rate is not based on a percentage

increase, but rather a recalculation of the hourly rate of pay and assumed weekly working hours of 40 hours. Note that this yields a higher amount than any calculation based on part time hours.

- Average Employer NIC per hour based on the Employer NIC rates and thresholds effective from April 2025, the 2025/26 base salary rate and an inclusion for a further £0.05 per hour. Taken together with the £0.39 highlighted above, this increases the equivalent Employer NIC element of the provider rate to £0.44 per hour from April 2026, which is c38.6% higher than under the previous Employer NIC rates and thresholds. Again, this percentage rate is not based on a percentage increase, but rather a recalculation of the hourly rate of pay and assumed weekly working hours of 40 hours. Note that this yields a higher amount than any calculation based on part time hours.
- b) As shown above, the 2025/26 rate is based on a staff pay rate of £12.60 per hour, whilst the 2026/27 rate is based on £13.10 per hour.
- c) The 2025/26 Employer NIC cost calculation per hour is based on:
- a staff pay rate of £12.60 per hour at 40 hours per week, £504.
 - application of the HMRC Employer NIC threshold of £96 per week, to arrive at £408, above which Employer NIC is levied.
 - application of the HMRC Employer NIC rate of 15%, to calculate a £61.20 Employer NIC liability.
 - As this liability is based on a 40 hour working week, the average Employer NIC cost per hour is calculated at £1.53 per hour.

The 2026/27 Employer NIC cost calculation is based on:

- a staff pay rate of £13.10 per hour at 40 hours per week, £524.
- application of the HMRC Employer NIC threshold of £96 per week, to arrive at £428, above which Employer NIC is levied.
- application of the HMRC Employer NIC rate of 15%, to calculate a £64.20 Employer NIC liability.
- As this liability is based on a 40 hour working week, the average Employer NIC cost per hour is calculated at £1.61 per hour.
- An additional £0.05 per hour. As the Minister and Departmental officials have received representations from a number of provider groups that the funding provided fell short of the actual cost increases incurred by providers and highlight ongoing, unfunded, pressures in respect of the Employers NIC changes a further £0.05 per hour was built in to the model from April 2026.

Should an assumption of less than 40 hours per week be applied, the average Employer NIC cost per hour within this calculation would be lower than that set out above.

4. You will note from Table 3 that for the 2025/26 and the 2026/27 provider rate, the staff salary rate used is based on the extant National Living Wage (NLW) plus £0.39 per hour. This applies to all staff providing a Home care service.

There are no further assumption in respect of pay differentials or compression impacts. Table 3 also sets out the level of contribution to all other operating costs within the provider rate.

- 5.
- a) The percentage of the provider rate relating to direct care staff costs is c68%.
 - b) There is no separate definition of these specific areas within the remaining contribution to operating costs element of the provider rate.
 - c) There is no separate definition of these specific areas within the remaining contribution to operating costs element of the provider rate.
 - d) There is no separate definition of these specific areas within the remaining contribution to operating costs element of the provider rate.
6. I refer you to appendices 1 through 6.

You will notice a small number of redactions have been made to the contents. The redactions have been applied via application of Section 40 of the FOI Act – Personal Information. Further information in respect of this exemption is provided in appendix 7.

To avoid duplication, a number of other information sources are included in the response to question 7 below.

7. I refer you to the attached documents, see appendices 7 through 65.

You will notice a small number of redactions have been made to the contents. The redactions have been applied via application of Section 40 of the FOI Act – Personal Information. Further information in respect of this exemption is provided in appendix 7.

Whilst we have endeavoured to minimise duplication of documentation, given the volume of correspondence and time constraints, this has not always been possible.

Appendices may be requested from the Information Management Branch (IMB) if required at the following address:

FOI@health-ni.gov.uk

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