



# Homecare Association



## The Homecare Deficit 2025

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Analysis by deprivation and council  
tax in England

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## Executive summary

This paper explores whether homecare fee rates in England are linked to two structural factors: deprivation and councils' ability to raise money through council tax. It also considers whether the political pattern identified in our Homecare Deficit 2025 report<sup>1</sup> may reflect these underlying factors rather than political control alone.

The analysis finds:

- Councils with lower fee rates are more likely to be in more deprived areas, and Labour-run councils are disproportionately represented in these areas.
- There is a statistically significant but weak relationship between deprivation and average homecare fee rates. Deprivation alone explains only a small part of the variation in fees.
- There is a moderate relationship between council tax requirement and fee rates. Councils that need to raise more through council tax often pay higher average fee rates.
- However, council tax requirement reflects how much councils need to raise locally, not how easily they can raise it. It is therefore only a partial indicator of financial capacity.
- Wider factors - including commissioning practices and local market conditions - are also likely to play an important role in fee rate variation.

Overall, the findings indicate that while deprivation and council tax requirement are associated with fee levels, they only explain some of the variation observed. We suggest it is too simplistic to attribute low fee rates solely to political control.

## Introduction

Our Homecare Deficit 2025 research showed that many public bodies pay homecare fee rates that are too low even to cover direct careworker costs<sup>2</sup> at the minimum wage - in the UK, the percentage paying these inadequate rates (29%) has almost quadrupled since 2023.

The next question is why fee rates vary so much. Are lower rates mainly associated with higher deprivation, lower capacity to raise money through council tax, political control, or a combination of these and possibly other factors?

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<sup>1</sup> [The Homecare Deficit 2025 | Homecare Association](#)

<sup>2</sup> Based on the value in our Minimum Price for Homecare 2025-26 for each UK nation.

One potential explanation is that some councils have less financial capacity than others. A sizeable reduction in central government funding has left local authorities needing to increase council tax to cover adult social care costs.

This then detrimentally affects areas with higher deprivation, where needs are typically greater. Indeed, we have previously seen evidence that many of the most deprived councils offer low fee rates for homecare.<sup>3</sup>

Our earlier report also found a political pattern - two-thirds (69%) of local authorities in Great Britain that do not pay careworker costs on average are run by Labour. Here, we explore whether that pattern may partly reflect underlying structural differences between areas, such as deprivation and council tax capacity.

So, in this paper, we consider three things:

- Whether councils run by Labour tend to be in more deprived areas.
- Whether they tend to have lower council tax requirements.
- How strongly deprivation and council tax are each associated with average homecare fee rates.

## Indices of deprivation

At the end of October 2025, the government published the English indices of deprivation 2025<sup>4</sup>, updating the 2019 version.

As part of this, the Index of Multiple Deprivation (IMD) 2025 is a government measure to compare deprivation levels in different areas of England, taking account of income, employment, education, health, crime, housing and living environment.

Because IMD is measured for small neighbourhoods rather than whole council areas, we use the IMD average score for each upper-tier local authority.<sup>5</sup>

The IMD average score summarises the average level of deprivation for a local authority using the small neighbourhood scores in that local authority. Other researchers have used this measure for analysis based on deprivation, such as the Institute for Fiscal Studies<sup>6</sup> and the Institute for Government<sup>7</sup>.

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<sup>3</sup> [The Homecare Deficit 2021 | Homecare Association](#)

<sup>4</sup> [English indices of deprivation 2025 - GOV.UK](#)

<sup>5</sup> There are other summary measures to identify deprivation levels in whole council areas - please see: [English indices of deprivation 2025: Research report](#) (pg.25-29).

<sup>6</sup> [Government confirms big redistribution of funding to more urban and more deprived councils in England | Institute for Fiscal Studies](#)

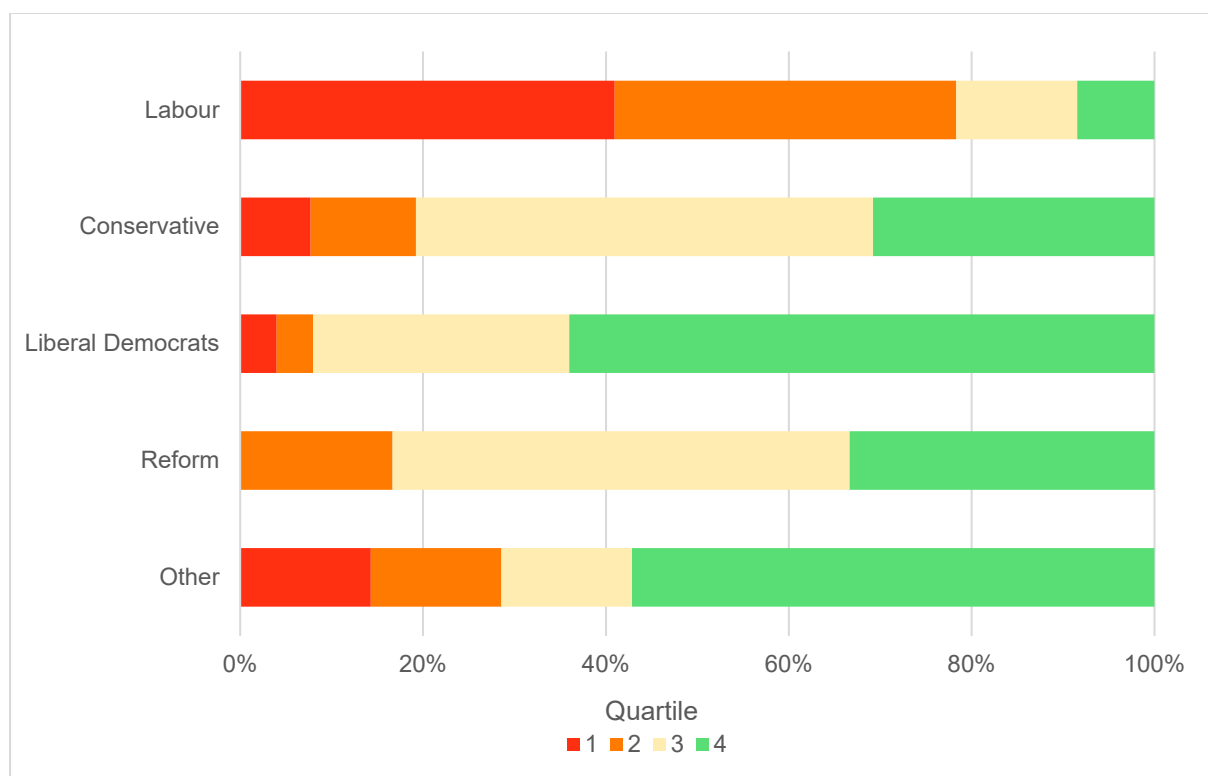
<sup>7</sup> [Adult social care across England | Institute for Government](#)

To make patterns easier to see, we ordered councils from most deprived to least deprived. We show this in four groups (quartiles) and, where we want more detail, in ten groups (deciles). Note that quartile/decile 1 has the highest deprivation levels.

Bringing all this together, the graph below breaks down the political control of all English councils<sup>8</sup> by the quartiles of the IMD average score. This tells us whether Labour councils are disproportionately concentrated in more deprived areas.

41% of Labour-run councils are in the most deprived quartile - far more than any other major political party, with over three-quarters (78%) in quartiles 1 and 2. In contrast, just 8% and 4% of Conservative and Liberal Democrat councils respectively are in quartile 1. Almost two-thirds (64%) of Liberal Democrat-run councils are in the least deprived quartile (4) alone, while 81% of Conservative councils are in the top two quartiles. Thus, the political pattern identified in the earlier report may partly reflect the fact that different parties tend to govern different types of areas.

Despite Labour control over three times as many English local authorities as the Conservatives and Liberal Democrats separately (thus producing a more robust sample size), the pattern remains clear.



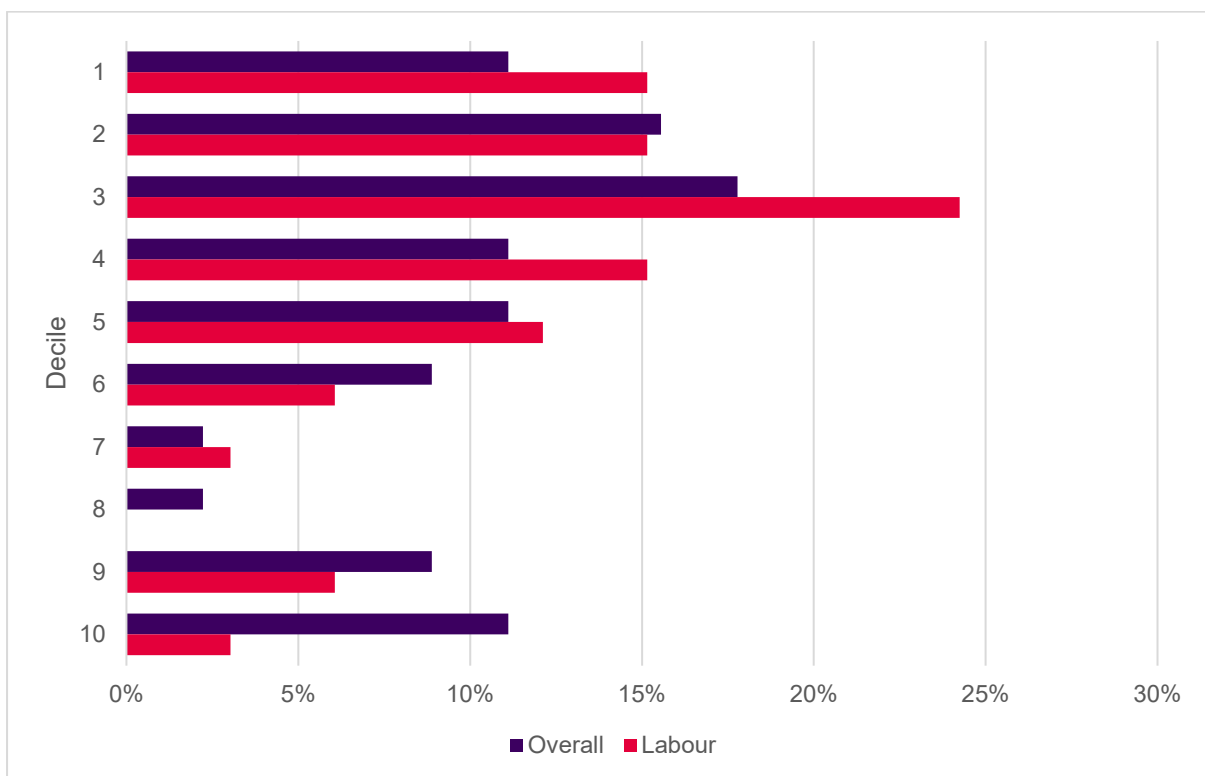
*Figure 1: Percentage of councils in England by political control in each quartile of the Index of Multiple Deprivation 2025 average scores*

<sup>8</sup> As of September 2025, to maintain consistency with the Homecare Deficit 2025 report. The political control of a very small number of councils may have changed since then.

We now focus only on councils whose average fee rates are below direct careworker costs at the National Living Wage. Here, we use the deciles to have a more detailed look at the data according to deprivation level.

Low-paying councils are more common in more deprived areas, especially among Labour-run councils. 44% of local authorities in England overall not covering careworker costs are in the three most deprived deciles, with two-thirds in deciles 1-5. However, among Labour-run, low-paying councils, more than half (55%) are in the bottom three deciles and 82% in deciles 1-5.

Perhaps unexpectedly, there are five local authorities that fail to cover careworker costs in the least deprived decile (10). All these councils are in Greater London or the South East: Bracknell Forest, Kingston upon Thames, Richmond upon Thames, West Berkshire, and Windsor & Maidenhead. This shows that low fee rates are not always confined to deprived areas, suggesting that deprivation alone may not explain variation in fee rates.



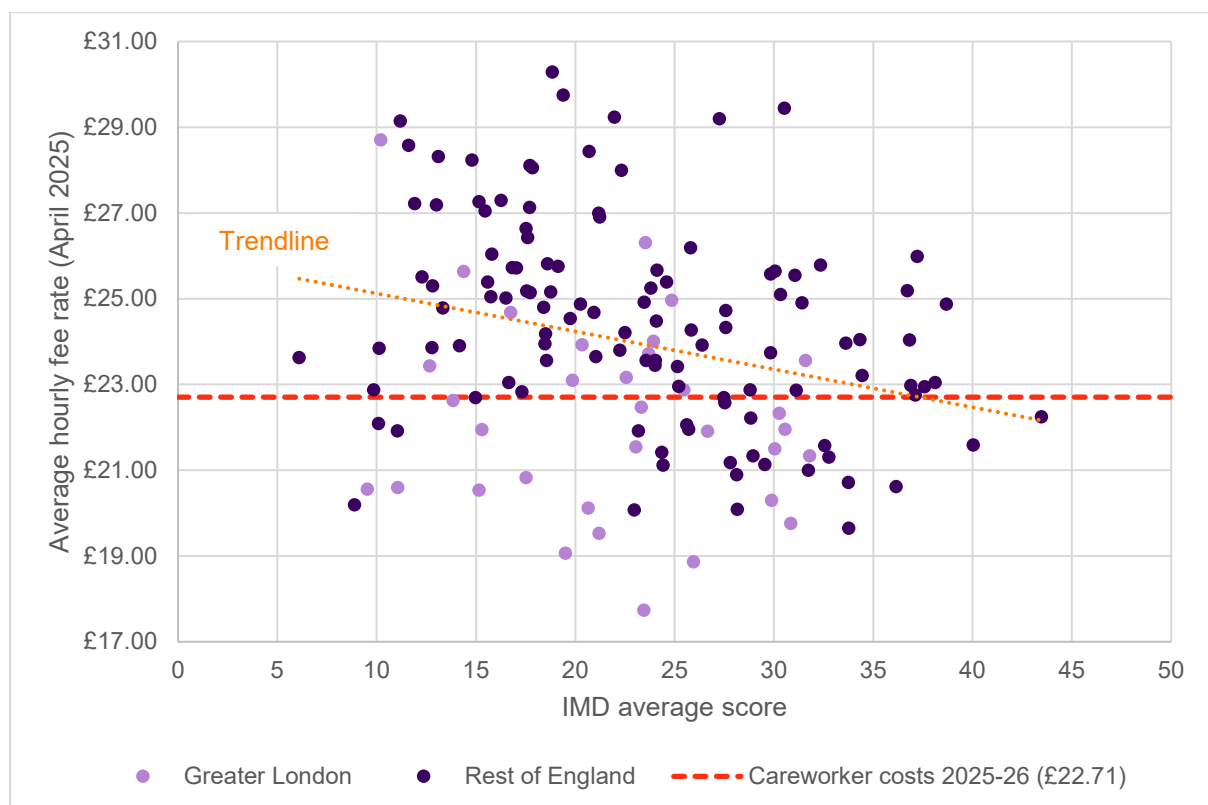
*Figure 2: Percentage of councils in England that pay below careworker costs in each decile of the Index of Multiple Deprivation 2025 average scores*

The scatterplot below shows whether more deprived councils tend to pay lower average fee rates. On the chart, a larger IMD average score represents a more deprived council area. This is for all local authorities in England for which we

received (or could calculate) an average price following our Freedom of Information request that led to the Homecare Deficit report.

Since Greater London is the region in England with the highest proportion of local authorities that pay below careworker costs, we have separated this out in the scatterplot. We have also added a red dashed line to show the value of careworker costs.

The orange dotted trendline on the chart suggests that more deprived councils tend to pay slightly lower fee rates. However, the relationship between deprivation and fee rates is weak<sup>9</sup>, despite being statistically significant.<sup>10</sup> In other words, deprivation helps explain a bit of the variation, but not much of it.



*Figure 3: Average fee rate per hour (April 2025) compared to the Index of Multiple Deprivation 2025 average score for local authorities in England*

<sup>9</sup>  $R^2$  is the proportion of variation in the dependent variable (in our example, average fee rates) that can be explained by the independent variable (in our example, IMD average score). The  $R^2$  value will be between 0 and 1. In their [report on adult social care across England](#) that also plotted English local authority data, the Institute for Government used the interpretation for  $R^2$  values of: 0 = no relationship, 0–0.1 = weak, 0.1–0.35 = moderate, 0.35+ = strong. Here, the  $R^2$  value is 0.07.

<sup>10</sup> There is a connection between changes in deprivation level and changes in the average fee rate.

## Council tax requirement

We now turn to council tax because councils with less ability to fund services locally may face greater pressure on the rates they can afford to pay for homecare.

Except for years affected by COVID-19, the percentage of English local government spending on adult social care and children's services has steadily grown since 2009-10.<sup>11</sup>

Research by the Chartered Institute of Public Finance and Accountancy has found local authorities spend 78% on average of their council tax income and general funds on social care - a figure that rises to 86% among county councils.<sup>12</sup>

Unsurprisingly, there is a heavy reliance on council tax alone, with past figures showing councils spend at least 57p of every £1 of council tax on social care.<sup>13</sup>

We therefore consider the council tax requirement for each local authority in 2025-26<sup>14</sup> in relation to our Homecare Deficit analysis.

### **Understanding council tax requirement**

Council tax requirement is the amount a council needs to raise through council tax after taking account of government grants and other income.

It is important to interpret this carefully. A lower council tax requirement may mean a council is less dependent on council tax due to higher levels of grant funding. But it could also mean lower demand for services or cuts to services to reduce the requirement.

Similarly, a higher council tax requirement may indicate greater reliance on local taxation, but it does not necessarily mean a council is better able to raise that income, which depends on the strength of its local tax base.

In contrast to the council tax requirement, the council tax yield is the actual amount of council tax raised.

Again, we assigned the council tax requirement data into quartiles and deciles (where quartile/decile 1 had the lowest requirement).

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<sup>11</sup> [Local government funding in England | Institute for Government](#)

<sup>12</sup> [England's councils spending 78% of their main budgets on social care | Politics News | Sky News](#)

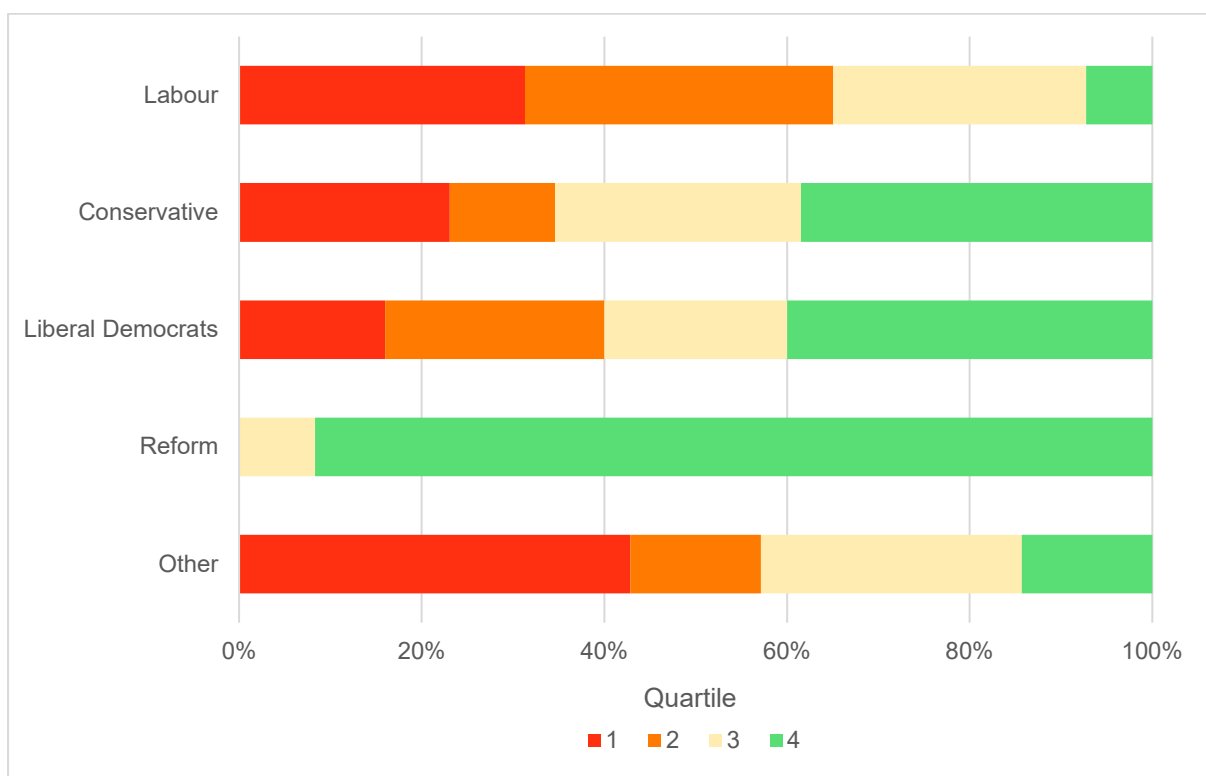
<sup>13</sup> [How is £1 of your council tax spent? | Local Government Association](#)

<sup>14</sup> [Final Local Government Finance Settlement: England, 2026-2027 to 2028-2029 - GOV.UK](#)

31% of all councils run by Labour in England are in the bottom quartile for council tax requirement, with nearly two-thirds (65%) in quartiles 1 and 2.

Both these respective percentages are higher than those for the Conservatives and Liberal Democrats (albeit the differences are less pronounced than those we saw earlier regarding IMD 2025).

Around two-fifths apiece of Conservative and Liberal Democrat-controlled local authorities are in the top quartile, compared to only 7% of Labour-run councils. The equivalent percentage for Reform is much higher (92%), although this is based on a very small sample size.

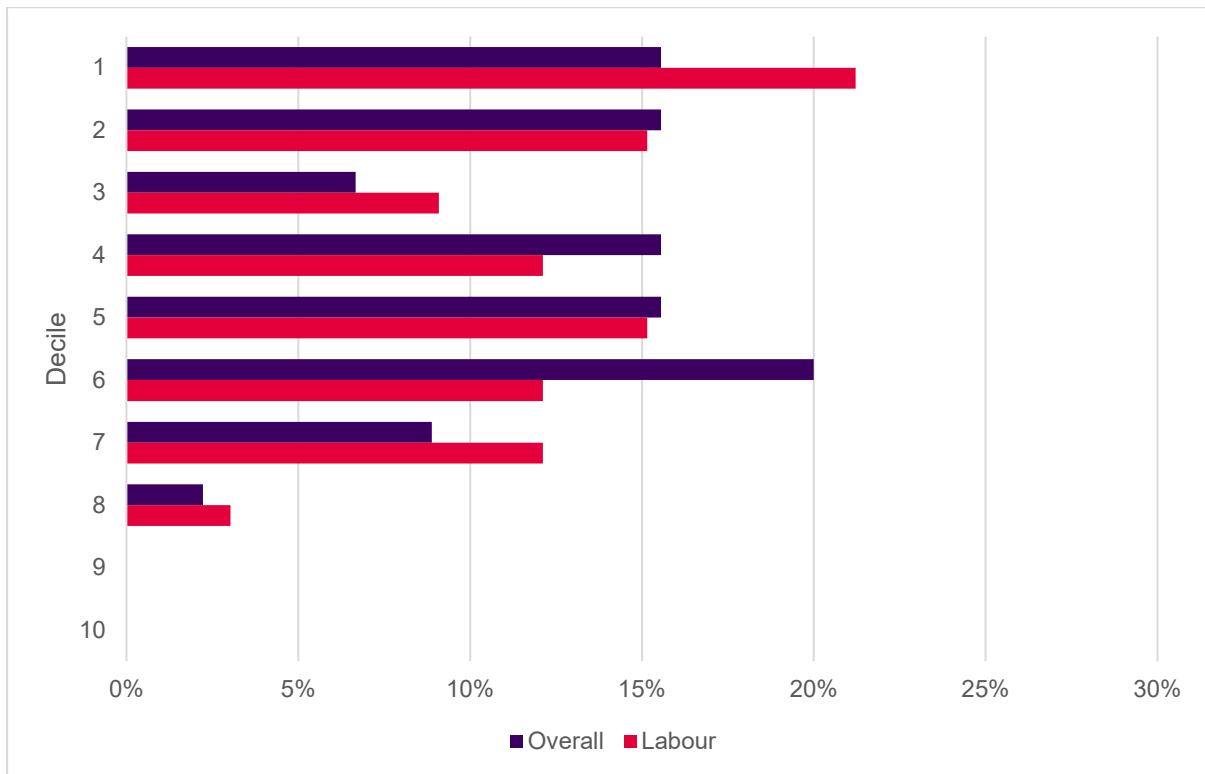


*Figure 4: Percentage of councils in England by political control in each quartile of the 2025-26 council tax requirements*

21% of Labour-run councils that pay below careworker costs are in the bottom decile for council tax requirement - six percentage points higher than such councils overall.

However, 69% of all councils that fail to cover careworker costs are in deciles 1-5, with the proportion for councils controlled by Labour only being marginally higher (73%). Again, it is less of a difference than seen for deprivation levels.

In addition, there are no local authorities that offer these unsatisfactory rates in the top two deciles (9 and 10).



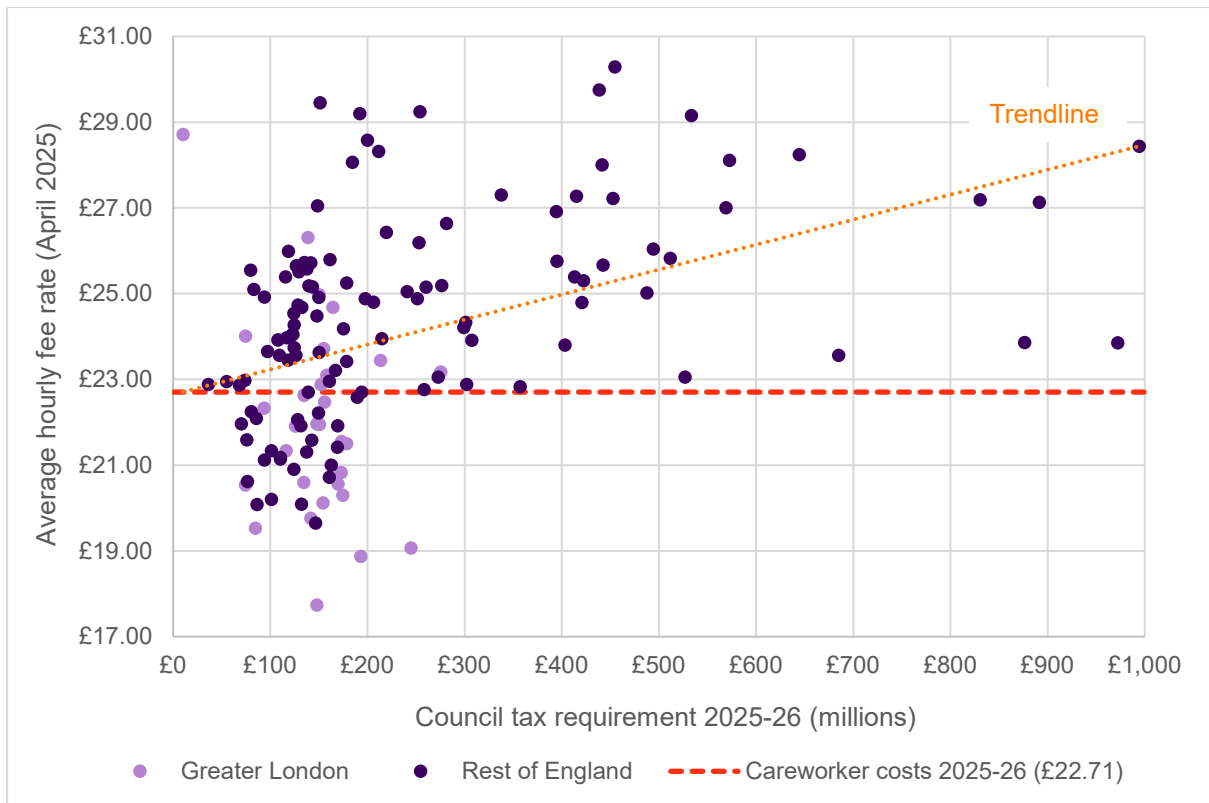
*Figure 5: Percentage of councils in England that pay below careworker costs in each decile of the 2025-26 council tax requirements*

The chart below looks at whether councils with higher council tax requirements (presented in millions) tend to pay higher fee rates. Again, we separate Greater London data from the rest of England (due to the high percentage of councils in this region not covering careworker costs) and add a red line to represent the value of careworker costs.

The trendline shows that as the council tax requirement increases, so does the average fee rate, as one might expect. This relationship is statistically significant and stronger than the one for deprivation, but it is still only moderate.<sup>15</sup> In other words, council tax requirement appears to matter, but it is far from the whole story.

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<sup>15</sup> R<sup>2</sup> value of 0.18.



*Figure 6: Average fee rate per hour (April 2025) compared to the 2025-26 council tax requirement for local authorities in England*

Greater London contains an unusually high concentration of councils with relatively low council tax requirements and low fee rates. The percentage of Greater London councils with a council tax requirement below £200 million is 24 percentage points higher than the overall figure; when also including average fee rates that do not cover careworker costs, the difference is 27 percentage points (to the nearest whole number).

	Overall	Greater London
Percentage of councils with a council tax requirement less than £200 million	67%	91%
Percentage of councils with a council tax requirement less than £200 million and pay below careworker costs	30%	58%

*Figure 7: Comparison of local authorities in England based on a council tax requirement below £200 million and average fee rates that do not cover careworker costs*

Therefore, Greater London councils are much more likely than councils overall to combine low council tax requirement with fee rates below careworker costs.

# Shaping homecare together

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