



**WOKINGHAM
BOROUGH COUNCIL**

**Wokingham Borough Council
Annex B: Cost of Care – Care Homes**

October 2022

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Executive Summary

This report covers the analysis of data collected from care home providers as part of our Cost of Care exercise which was undertaken to comply with the requirements of the “Market Sustainability and Cost of Care Fund: Purpose and Conditions 2022 to 2023” originally published by the Department of Health and Social Care (DHSC) in December 2021.

Extensive engagement was carried out with providers to encourage engagement in the exercise between April and August 2022, with analysis taking up to September 2022. 21 care homes for older people are registered in the borough and Wokingham Borough Council (‘the Council’) contracts with all of them. 12 homes responded representing a rate of return of 57% however many returns contained limited data and certain types of care provision, notably nursing with dementia, were very under represented with only 3 submissions. Some providers expressed concerns regarding the exercise and chose not to participate.

Given the level of time and financial investment, and the use of an independent organisation (C.Co) to lead the exercise, this response rate has been disappointing and the outcome of this exercise does not reflect the actual cost or represent a Cost of Care in Wokingham. Despite the data limitations, no data was excluded from the analysis.

The Council used a proportion of its 2022/23 grant allocation from the Cost of Care Fund to commission CIPFA C.Co Ltd (C.Co) to undertake the Cost of Care exercise for age 65+ care homes and age 18+ domiciliary care as mandated by the Department of Health and Social Care. C.CO utilised iESE Carecubed tool for care homes available nationally to Local Authorities to collect the data from providers.

The Cost of Care exercise is just one factor when deciding on the correct fees. Local Authorities have been able to discharge both pre- and post-Care Act duties, by use of evidence of an evaluative and not empirical nature; and in particular without undertaking a process of collecting specific cost information.

Nonetheless, the Council will have due regard to the data gained from this exercise and consider it as part of any future fee-setting, but it is important to note that this is alongside any other information that the Council holds such as knowledge of the market, strategic and commissioning priorities and practices and regional benchmarking. The Council opted to use the medians of each cost category for this exercise which generated the following results:

	No. of homes	Median (£)
Occupied beds without Nursing, without Dementia	9	1,239.92
Occupied beds without Nursing, with Dementia	7	1,388.60
Occupied beds with Nursing, without Dementia	4	1,859.22
Occupied beds with Nursing, with Dementia	3	1,707.86

These medians are significantly higher than the rates the Council currently pays and are at the high end of the current market rates that are paid by self-funders. One category median is above the current self-funder rates and all are significantly above rates paid in April 2022. These medians appear to be reflective of aspiration of fees rather than actual costs at April 2022. The Council feels the exercise has been hampered by small sample sizes for each type of care as well as for certain cost categories particularly Return on Operations and Return on Capital. We do not believe these medians are reliable to be used for the purpose of future fee setting.

1. Introduction

This report covers the analysis of data collected during the summer of 2022 from care home providers for the Cost of Care exercise. The exercise has been undertaken to comply with the requirements of the “Market Sustainability and Cost of Care Fund: Purpose and Conditions 2022 to 2023” originally published by the Department of Health and Social Care in December 2021.

As per Section 5(1) of the Care Act 2014 Local Authorities “*must promote the efficient and effective operation of a market in services for meeting care and support needs with a view to ensuring that any person in its area wishing to access services in the market— (a) has a variety of providers ... provide a variety of services; (b) has a variety of high quality services ...; (c) has sufficient information to make an informed decision ...*”.

Section 5(2) provides in part that “*In performing that duty, a local authority must have regard to the following matters in particular— ... (b) the need to ensure that it is aware of current and likely future demand for such services and to consider how providers might meet that demand ... (d) the importance of ensuring the sustainability of the market...€ the importance of fostering continuous improvement in the quality of such services and the efficiency and effectiveness with which such services are provided ...*”.

The Care and Support Statutory Guidance requires Authorities to have regard to the following matters in deciding on care home and domiciliary care fees rates:

- §4.31: “*... evidence that ... fee levels for care and support services are appropriate to provide the delivery of the agreed care packages with agreed quality of care ...*

allow for the service provider ability to meet statutory obligations to pay at least the national minimum wage and provide effective training and development of staff. It should also allow retention of staff commensurate with delivering services to the agreed quality, and encourage innovation and improvement. Local authorities should have regard to guidance on minimum fee levels necessary to provide this assurance, taking account of the local economic environment ...”

As stated in the DHSC guidance, the data is intended to identify the median cost of delivering care in the Borough rather than act as a fee setting exercise. However, the data gained from this exercise can be one of the factors used to inform any future fee-setting, alongside any other information the Council may have.

Data has been collected from providers utilising the national tools made available to support this exercise and data has been validated and analysed in accordance with DHSC guidance (as at September 2022) available to support the Cost of Care Exercise.

There are a number of reasons why the median cost of care reported within this exercise may not form an appropriate fee, or even a sustainable fee rate for some individual providers. When setting fees, particular circumstances of the provider may need to be taken into account. In particular, there may be economies of scale for larger providers which are not accessible to smaller organisations, or providers may be significantly affected by differing recruitment markets or occupancy rates. Larger, national providers may also make strategic decisions about vacancy levels.

The Council does not consider that the amount of information it received from providers to be sufficient to arrive at an accurate Annex A figure. The Local Authority also believes that the information that we have received is inconsistent with our knowledge and experience of how the local market operates.

2. Market Context

Wokingham is an affluent area with an increasing and aging population and as such attracts many care providers who choose to do business in the borough. Whilst some care providers work closely with the Council due to historical contracts and relationships, there are others who concentrate solely on the self-funder market. A significant number of providers work across multiple local authorities, and the local market is characterised by a number of small and large national providers. There is a constant flow of new planning applications for development of care home provision.

As per its Adult Social Care Strategy, Wokingham Borough Council aims to support people to remain living in their own homes for as long as possible in line with the principles of ensuring that care at home is the first choice. As well as allowing

people to remain in their own homes, surrounded by memories and familiar surroundings in their own communities' care at home can promote independence for longer as well as being a more cost effective option in many cases. The borough has a very large market for privately funded care home placements.

There are 21 care homes within the local borough of Wokingham with a capacity of 1006 beds. This does not include any residential homes for adults with learning disabilities or mental health. Compared to other local authorities this is as follows.

Local Authority	Number of homes	Total beds
Bracknell Forest	10	439
Reading	10	585
Slough	6	230
West Berkshire	12	605
Windsor and Maidenhead	23	1299
Wokingham	21	1006

Some key points to note regarding the care home market in Wokingham are:

- A total of 280 care home placements are funded by the Council of which 184 placements are across the 21 homes in borough and 96 placements are out of borough
- Approximately 52.9% are self-funders according to the Office of National Statistic estimates. This equates to around 507 of the available beds in the borough (although we think this figure may be higher)
- Other Local Authorities have contractual arrangements including block beds with some care homes in borough

Adult Social Care has been historically underfunded and whilst the average unitary authority receives revenue support grant and retained business rates to fund around 30% of their service costs (including Adult Social Care), Wokingham receives only 9% therefore the majority of funding for all of the Council's services is from council tax. Care homes invariably charge higher rates to private customers which causes a financial challenge for the Council when their funds deplete and the Council has a duty to continue funding care.

There is a limited supply of beds available in the borough but a particular challenge is nursing dementia beds which results in rates tending to be higher. The shortage of beds is exacerbated by limited occupancy in two homes due to specific reasons outlined in section 9 as well as neighbouring authorities placing in Wokingham. Over the winter 2021/2022, the Council put in place block contracts with a few providers to address the capacity issue and facilitate hospital discharges, however very few providers expressed an interest in the contracts. The Council is planning to build a new care home however this will not address capacity issues in the short term.

There is an appreciation across the Council that Care workers play an incredible role in serving the most vulnerable members of our borough. Commissioners have a robust understanding of the care market, working closely with providers throughout Covid, regular provider forums to promote dialogue and a recent Market Position Statement that has been developed.

Given the challenges in recruitment, we have developed an Adult Social Care Workforce strategy and action plan to identify what actions we need to take to help the workforce and create a retained and motivated workforce. The Council has also been supporting providers over the last 18 months through leading a local recruitment campaign to complement the national Every Day is Different campaign. We pay for adverts on local buses, bus shelters and petrol station nozzles. These direct people to a Council website page that has links to local providers who are keen to recruit. We have produced four short videos with local care providers, carers and cared for which we have added to our website. It is difficult to state how many new carers were brought in as a result of this but based on evidence from the Capacity Tracker it is expected to be approximately 200. However, it also has a wider impact on improving the image of care throughout the borough.

The Council's day-to-day dealings with providers and its tender exercise has given us ample evidence of the appropriateness of existing fee levels to provide the delivery of quality care and allow providers to meet statutory obligations to pay at least the national minimum wage and provide effective training and development of staff. This includes:

- (a) The rate the Council purchases residential care for will vary from day to day according to availability at the time and prices paid by our neighbouring authorities. Many families chose to pay a top up over and above the rate at which the Council can discharge its duty in order to secure a better standard of care home or room
- (b) Every year an uplift process takes place, which considers a number of factors statutory, national and local issues including Covid 19, infection control, National Living Wage, National Insurance and Consumer Price Index. However, the amount of uplift we can offer is limited to the amount we can afford within the Council Budget.
- (c) For 2022/23, the Council recognised the significant rise in inflation and cost of living as well as budget limitations therefore an uplift of 3% was applied to existing residential and nursing placements with the following ceilings:

General Residential - £875

Dementia Residential - £875

General Nursing Ceiling - £980
Nursing Dementia Ceiling - £980

- (d) The uplift process offers providers an option to appeal if there are any risks to provider sustainability that would affect the provision of care. The number of appeals from providers of older people care home placements represents just under 10% of all our care home providers both in and out of borough which gives the Council assurance that the uplifted rates this year were sufficient. However, as detailed below in section 6, new placements are currently priced much higher than these ceilings.
- (e) The uplift process also takes into account the rates paid by our neighbouring local authorities, in particular Reading.
- (f) We monitor provider failures and have experienced none for residential care over the preceding two years, despite the impact of COVID-19 within the local area. One of the biggest care home groups in the UK has put its care homes up for sale, and this includes some homes in Wokingham. This is a planned sale with priority being given to the continuity of care for residents and is not due to financial unsustainability. Additionally, some homes are expanding and also there has been interest from developers to build new homes in the Borough.
- (g) Some homes are able to run with a lower occupancy level. Many homes also have low occupancy levels as they are not interested in Council work but would prefer to accommodate self funders, given the choice between any income from the Council or leaving a vacancy until a self funder is sought, they would often choose the latter.

3. Engagement

On 12 May 2022 the Council wrote to all 21 of its care homes in the borough for older people to advise that one of the first steps in delivering social care reforms was the requirement for councils to work with care providers to complete a Cost of Care exercise and that C.Co had been engaged to carry out the independent review for Wokingham. It is important to note that all of the providers work with the self-funder market and a considerable number with neighbouring authorities.

C.Co committed to working collaboratively and directly with all providers to inform the process. C.Co used the contact list provided by the Council to regularly communicate with the provider market. Providers were given early access to the toolkits through the provision of weblinks within all communications. A series of face to face and remote workshops were hosted to explore the process in greater detail

and present the national templates chosen for the capture and submission of relevant information.

The Council also places residents in out of borough homes. Information on costs at these homes was requested via the tool from both the host local authority and the provider.

Given the number of shared care homes with Reading and accepting that the respective cost of care exercises are separate, C.Co and the Council also committed to working closely with Reading Borough Council to make the process easier for shared providers. All sessions were interactive and gave providers the opportunity to further understand the process, seek technical answers regarding the toolkits and to clarify interpretation of the data requested. Providers were encouraged to attend the most convenient workshop to them, regardless of which local authority was hosting. A full summary of the events is shown below:

Time	Date	Style	Focus	Venue/Link
10:00	14/6/2022	Face to Face	Domiciliary care	Civic Offices, Shute End, Wokingham RG40 1BN
14:00	14/6/2022	Face to Face	Residential	Civic Offices, Shute End, Wokingham RG40 1BN
10:00	15/6/2022	Face to Face	Both	Civic Offices, Bridge Street, Reading RG1 7AE
14:00	16/6/2022	Remote	Both	Join on your computer or mobile app
10:00	23/6/2022	Face to Face	Residential	Civic Offices, Bridge Street, Reading RG1 7AE
13:00	23/6/2022	Face to Face	Domiciliary care	Civic Offices, Bridge Street, Reading RG1 7AE
14:00	27/6/2022	Remote	Both	Join on your computer or mobile app
10:00	28/6/2022	Face to Face	Residential	Civic Offices, Shute End, Wokingham RG40 1BN
14:00	28/6/2022	Face to Face	Domiciliary care	Civic Offices, Shute End, Wokingham RG40 1BN
9:30	29/6/2022	Face to Face	Homecare	Civic Offices, Bridge Street, Reading RG1 7AE
14:30	29/6/2022	Face to Face	Residential	Civic Offices, Bridge Street, Reading RG1 7AE
10:00	5/7/2022	Remote	Both	Join on your computer or mobile app

Although individual sessions had low attendance numbers, over the course of all sessions approximately 30 different providers across both Reading and Wokingham attended. It was also clear early on that remote (via Teams) attendance was better attended than face to face. Some face to face sessions had no attendees at all. In response, a decision was taken to move the face to face sessions scheduled in the last two weeks of June to remote. Having originally emailed providers with information about these sessions on 31 May 2022, C.Co issued further reminders on both 23 June and 18 July. These included a clear offer to work directly with providers on a one to one basis in an attempt to increase the overall volume of submissions.

A small number of providers did explicitly state they would not be participating in the exercise with reasons given including the time required to participate and a lack of trust in the process.

To further support providers in their participation in the Cost of Care exercise, C.Co jointly with the Care Provider Alliance – which includes Care England, also hosted a

series of practical Q&A and help sessions. All providers in the Wokingham and Reading areas were written to on 8 July 2022 with a joint letter from the Director of Adult Social Care Services and Care England.

The Care Provider Alliance actively promoted provider participation in the exercise as a once in a lifetime opportunity for care providers to influence how social care services are to be funded. The sessions aimed to help providers with the completion of the tools and to address any questions and queries.

The sessions were held remotely for domiciliary and residential Care providers on the following dates:

Time	Date	Style	Focus	Host
12:30pm - 13:30pm	12/07/2022	Remote	Domiciliary care	C.Co & The Care Provider Alliance
13:30pm - 14:30pm	12/07/2022	Remote	Care Homes	C.Co & The Care Provider Alliance
12:00pm - 13:00pm	20/07/2022	Remote	Domiciliary care	C.Co & The Care Provider Alliance
15:00pm - 16:00pm	20/07/2022	Remote	Care Homes	C.Co & The Care Provider Alliance

Throughout the data collection and analysis period, C.Co continued to work directly with providers to support the submission process and to resolve questions, queries, anomalies and obvious errors within the data.

Individual providers who had yet to submit a completed toolkit were also contacted by telephone by the authority to offer support and encourage participation.

4. Data Collection and Response Rate of the Exercise

Residential data collection was carried out using the iESE Carecubed tool completed by providers. Of the 21 care homes in scope in the borough, the Council contracts with all of them and the return rate for this exercise is as follows:

- 7 did not register with the tool, therefore a possible 15 registered locations could submit data.
- 12 locations submitted data
- 12 out of 21 is a return rate of 57% of those in the borough
- 12 out of 15 is a return rate of 80% of those registered on the tool

Of these 12 returns, 5 returns had limitations:

- 2 returns have outstanding data clarification queries related to occupancy split
- a further 3 returns had incomplete data.
 - 2 returns related to staff hours per bed per week which resulted in missing information on nursing and carer costs for April 2022 provided

limited data. A correction was made by replacing with 2021-22 figures and applying the increase in National Living Wage

- The other incomplete return had not provided any uplift for April 2022. This was corrected based on appropriate figures.

Despite the limitations of these five returns, all data has been used wherever possible to inform the analysis. However, the overall count of observations used to inform the medians for some costs lines is disappointing and unrepresentative as set out below.

As the care home sector in the Wokingham area is already a small sample, the figures must be considered with care, as data from just one home can skew the results.

Although the rate of return was 57% of homes in the Borough, there are 9 homes out of borough but local to Wokingham where the Council has in total 50 placements (around 18% of the total commissioned beds) and we do not have data for those homes, despite requesting it via the tool. This is important because we are lacking data on approximately a fifth of placements made with key providers within the vicinity of Wokingham.

The government returns ask for data split by care type, although few homes provide just one type exclusively. The breakdown of the 12 homes is as follows:

- 11 provide care **without nursing and without dementia**
- 7 provide care **without nursing with dementia**. However, of these seven homes, three provided data with limitations (in particular, no April 2022 uplift, and missing staffing data).
- 6 provide care **with nursing without dementia**, but two of these have limited data.
- 3 provide **nursing care with dementia** and two of these have limited data, meaning that the third submission dominates at least part of the results

The 12 homes have combined active bed capacity of 628. The Council is funding a minority of those beds (only 24.4%) which demonstrates that the vast majority of the beds are funded by other local authorities and private customers.

In addition, as described above, we have insufficient information as some of the data returns were limited which resulted in a lower count of observations by cost type than the number of returns.

This is more noticeable in some care types than others as illustrated below:

	Number of Returns	Count of Observations for Staffing, Premise Costs and Head Office Cost	Count of Observations for Return on Operations and Return on Operations
Without Nursing, without Dementia	11	9	4 for ROO and 5 for ROC
Without Nursing, with Dementia	7	7	4
With Nursing, without Dementia	6	4	1
With Nursing, with Dementia	3	3	1

When the data is considered in this way, the Council does not consider that the amount of information it received from providers is sufficient to arrive at an accurate Annex A figure for all care types. The data set for nursing without dementia is particularly limited with only 4 homes informing the analysis for most items and only 1 submission informing the Return on Operations and Return on Capital. Similarly, only 9 homes informed the majority of the cost categories for without nursing, without dementia. The number of returns used in all care types for Return on Operations and Return on Capital is significantly low for all care types. Therefore, the Local Authority feels the limitations of the data has a bearing on its credibility and validity.

Due to the small sample and limited returns, the median figures in this report are likely to be significantly higher than Wokingham fee rates at April 2022 and the Council accepts some of the rationale for the difference in the figures such as:

- They incorporate the effect of increases in Employer's National Insurance contributions
- It is currently common for self funded residents to cross subsidise local authority funded residents, which means that costs per resident are higher than local authority fee rates
- They are based on current/prior year occupancy rates, which are likely to be lower than rates incorporated in any fee setting process due the continuing impact of the Covid pandemic.
- However, some figures are substantially different to that which is expected or usual for the area which we feel are inaccurate and inconsistent. For example: the costs returned are higher than the rates providers charge self-funders. The Council does not believe providers could on a commercial basis be charging loss-making fees to self-funders.
- Providers have submitted markedly different percentage uplift figures suggesting they have interpreted the question in different ways. Some have applied no uplift, some a flat rate across all cost categories and others a wide range including rates as high as 41% increase for utilities

- Providers have submitted desired levels of return, both for Return on Operations and Return on Capital, rather than achieved levels, or any acknowledgement of fair value for public money.

The Local Authority must reach rational decisions as to its fee levels. This includes deciding on the weight it places on each source of information, including the data within this report. The Council considers the information that has been provided by the sector to be inconsistent with the given our knowledge and experience as to how our local market operates. For example, the Council has evidence that the current self funder rates are not as high in all cost types as the medians from this cost of care exercise. We do not believe that homes are pricing self funders at a loss to their business. Local intelligence would suggest that while providers seem unwilling to accept local authority business, preferring to keep beds and wings empty, they remain financially viable on self-funder rates alone. In the last three years Wokingham Borough Council has not experienced a market failure and the local area remains an attractive proposing for many developers. The Council commissions just less than 1/3 of the care home capacity in the borough, so the market reflects the aspirations and resources of the property owning sector of the population (with high property asset values converted), rather than the austerity limited Council budgets. Also, from our knowledge of the occupancy of two homes, we are aware that overheads that have contributed to the median are not fairly distributed across enough beds to be reasonable.

5. Approach to Data Analysis, Queries and Outliers

The DHSC guidelines require the assessment of the lower quartile, median and upper quartile figures for a range of cost areas which make up the overall cost of care homes per bed per week. Local authorities were allowed flexibility on the methodology used depending on the most appropriate i.e.

1. the median of the total cost per bed per week from each return
2. the median of the five key cost areas from each return – careworker costs, premises costs, supplies and services costs, head office costs and return on operations/capital.
3. the median for each cost category as defined by Annex A, Section 3 of the government guidance.

After consideration of the options, the Council opted to use the median for each cost category which were then totalled to give a total cost per bed per week. The benefit of this approach is that it allowed the use of as much of the data as possible: outliers could be excluded by cost category only resulting in more of the submitted data being used in the overall analysis

Each return was checked by C.Co in a systematic and consistent way for obvious errors and for areas where the data seemed out of line with other returns (outliers). Providers were given the opportunity to provide corrections both through the data collection tool and via direct contact. Common issues included:

- Nursing beds with no nursing staff costs and vice versa
- Issues with inconsistent bed type allocations
- Significant amounts of missing data preventing accurate calculations
- Incorrect entries for national insurance contributions
- Incorrect entries for holiday, sickness, training and other cover cost values

Where no response was received from the provider, any data that could be used in a meaningful way, even if part was included in the analysis as far as possible. This was enabled through the choice in approach to calculating the median.

No data at all was excluded from the analysis however, as noted above, not all data received was complete so the number of responses for each category was quite low.

6. The Median Cost

Using the sum of the median for each cost category, the results for the weekly cost per bed by care type including lower and upper quartiles are shown in the table below. Note, the figures for one home may appear in any combination of the four care types: very few homes provide only one type of care.

	Lower Quartile (£)	Median (£)	Upper Quartile (£)
Occupied beds without Nursing, without Dementia	648.78	1,239.92	1,916.14
Occupied beds without Nursing, with Dementia	830.64	1,388.60	1,778.52
Occupied beds with Nursing, without Dementia	1,257.03	1,859.22	2,517.81
Occupied beds with Nursing, with Dementia	1,539.56	1,707.86	1,947.78

The Council believes that these medians are inflated because they are not representative of the median of current placement costs across the market but includes the rates charged to self-funders. The table below is a summary of current weekly costs and medians for both Council funded and deferred payments (self funded) placements at the 12 homes participating in the exercise. It is widely known that the self funded placements are more costly than Council funded placements which is evidenced by the ranges in this data. However, the medians from the cost of care exercise are considerably higher than even the self funded medians which is questionable as it is highly unlikely that homes will make a loss on private funding.

Funding	Care	Range of Weekly Cost	Median of current market rates
Deferred Payment	Residential	£832 to £1862.19	£1,085
Council funded	Residential	£705 to £1,319	£841
Deferred Payment	Nursing	£876 to £1,512	£1,376
Council funded	Nursing	£807 to £1,700	£979

Similarly, the table below indicates the purchase rates of beds both in April 2022 (the effective date used for data collection in the tool and 6 months on in September 2022. There are higher priced homes in the borough but the Council does not purchase from them and they declined to submit data for this exercise.

	Median (£)	WBC spot rates April 2022 (£)	Current WBC spot rates Sept 2022 (£)	Current Self funder rates Sept 2022 (£)
Occupied beds without Nursing, without Dementia	1,239.92	875	950	950-1400
Occupied beds without Nursing, with Dementia	1,388.60	875	1050	1100-1500
Occupied beds with Nursing, without Dementia	1,859.22	1189	1259	1300-1600
Occupied beds with Nursing, with Dementia	1,707.86	1189	1259	1500-1850

These median rates are at the high end of the current market rates that are paid by self-funders. One category median is above the current self-funder rates. The care home market in the Borough is approximately 52.9% self-funded according to the Office of National Statistic estimates which is based on a Care Quality Commission survey of providers. However, we recognise this was based on a small sample and we estimate the figure is higher.

The Local Authority does not set fees, it buys at market rates at point of placement. All of the medians are significantly higher than those rates at September 2022 and far higher than the Council was buying at in April 2022. There have been no care home failures and, in fact, many developers are choosing to apply for planning permission to build in the Borough. This indicates that rates are supporting profitable businesses and that the data received is not based on actual costs at April 2022. The fact that the spot rate has increased in the space of 6 months suggests that providers have already incorporated inflation and cost of living rises into their cost models.

Government returns also require some supporting or underlying data, which is shown below:

	Occupied beds without Nursing, without Dementia	Occupied beds without Nursing, with Dementia	Occupied beds with Nursing, without Dementia	Occupied beds with Nursing, with Dementia
Number of Responses	11	7	6	3
Number of residents covered by the responses	161	129	139	56
Number of carer hours per resident per week	28.3	36.3	30.8	24.0
Number of nursing hours per resident per week	n/a	n/a	10.8	9.9
Average carer basic pay per hour	10.58	10.22	10.57	10.33
Average nurse basic pay per hour	n/a	n/a	20.82	20.18
Average occupancy as a percentage of active beds	92.4	92.4	92.0	92.4
Freehold valuation per bed	94,299	141,948	92,444	92,444

The Council considers that the amount of information it received from providers was not sufficient to arrive at an accurate Annex A figure because this data shows that:

- Not every home has completed every data line so a lot of median lines are based on very small samples.
- Carer hours per resident per week appear to vary with type of care, but this is almost certainly distorted by the limited data available for dementia care
- Nursing hours appear slightly lower for homes with dementia care
- Carer pay per hour and nursing pay per hour do not vary significantly with care type
- Occupancy levels appear unaffected by care type

It should be noted that as this is a cost exercise, other income streams available for nursing placements such as NHS Funded Nursing Care (FNC, currently £209 per week) is not taken into account in the figures documented within this report and the associated Annex A submission.

7. Tables by Service Types

Below is the detailed breakdown of the data by service type including the count of the observations, lower quartile, median and upper quartile for all of the items in Annex A, Section 3 of the DHSC template.

Occupied beds without Nursing, without Dementia (11 homes)	Count of Observations	Lower Quartile	Median	Upper Quartile
Care Home Staffing	9			
Care Staff	9	357.55	397.10	559.26
Therapy Staff	9	0.00	0.00	0.00
Activity Coordinators	9	12.48	17.13	20.08
Registered manager/deputy	9	43.41	49.20	63.68
Reception & Admin staff at the home	9	10.38	19.84	27.74
Chefs/Cooks	9	38.30	42.77	60.57
Domestic Staff	9	37.24	51.00	68.36
Maintenance & Gardening	9	12.47	19.98	25.25
Other care home staffing	9	0.44	34.44	54.38
Total Care Home Staffing		512.26	631.46	879.30
Care Home Premises				
Fixtures and Fittings	9	0.05	20.68	23.52
Repairs and Maintenance	9	20.99	34.60	48.69
Furniture, furnishings and equipment	9	5.32	9.54	18.06
Other care home premises costs	9	0.00	3.29	10.03
Total Premises Costs		26.36	68.11	100.29
Care Home Supplies and Services				
Food Supplies	9	28.36	41.13	47.89
Domestic and Cleaning Supplies	9	8.25	11.76	16.43
Medical Supplies (excluding PPE)	9	3.20	13.72	22.90
PPE	9	0.00	0.00	0.44
Office supplies (home specific)	9	3.41	4.20	7.11
Insurance (all risks)	9	3.57	7.23	9.99
Registration Fees	9	3.42	4.28	5.62
Telephone and Internet	9	0.98	1.68	2.94
Council tax/rates	9	0.87	1.02	2.13
Electricity, Gas & Water	9	24.22	33.02	61.09
Trade and Clinical Waste	9	3.46	4.20	7.51
Transport & Activities	9	0.75	1.52	9.27
Other supplies and services	9	3.69	12.30	28.28
Total Supplies and Services Costs		84.16	136.06	221.58
Head Office Costs				
Central/Regional Management	9	2.05	23.47	33.80
Support Services (Finance/HR/legal/marketing etc)	9	16.70	52.53	69.22
Recruitment, Training & Vetting	9	4.77	5.95	17.92
Other head office costs	9	2.49	5.49	54.57
Total Head Office Costs		26.01	87.44	175.50
Return on Operations	4	0.00	165.85	257.57
Return on Capital	5	0.00	151.00	281.90
Total Costs		648.78	1,239.92	1,916.14

Occupied beds without Nursing, with Dementia (7 homes)	Count of Observations	Lower Quartile	Median	Upper Quartile
Care Home Staffing				
Care Staff	7	330.42	588.91	649.58
Therapy Staff	7	0.00	0.00	0.00
Activity Coordinators	7	15.07	19.95	27.16
Registered manager/deputy	7	47.80	50.26	71.55
Reception & Admin staff at the home	7	13.36	19.84	25.10
Chefs/Cooks	7	34.37	38.36	44.61
Domestic Staff	7	37.24	44.25	59.58
Maintenance & Gardening	7	15.81	20.06	25.25
Other care home staffing	7	17.66	40.66	64.38
Total Care Home Staffing		511.71	822.29	967.18
Care Home Premises				
Fixtures and Fittings	7	1.89	21.75	24.81
Repairs and Maintenance	7	14.84	26.19	33.35
Furniture, furnishings and equipment	7	1.39	5.63	9.98
Other care home premises costs	6	0.00	0.48	2.71
Total Premises Costs		18.12	54.05	70.84
Care Home Supplies and Services				
Food Supplies	7	26.10	37.44	41.97
Domestic and Cleaning Supplies	7	8.74	11.76	16.43
Medical Supplies (excluding PPE)	7	0.67	2.10	22.90
PPE	7	0.00	0.00	0.44
Office supplies (home specific)	7	5.17	7.23	10.66
Insurance (all risks)	7	3.32	5.04	7.86
Registration Fees	7	3.76	4.28	5.62
Telephone and Internet	7	1.04	1.68	2.60
Council tax/rates	7	0.75	0.90	1.19
Electricity, Gas & Water	7	24.25	33.02	45.26
Trade and Clinical Waste	7	3.34	6.03	7.51
Transport & Activities	7	0.56	0.82	6.53
Other supplies and services	7	3.51	4.62	16.93
Total Supplies and Services Costs		81.20	114.92	185.88
Head Office Costs				
Central/Regional Management	7	0.00	4.10	15.35
Support Services (Finance/HR/legal/marketing etc)	7	8.30	16.81	39.09
Recruitment, Training & Vetting	7	0.51	5.95	16.06
Other head office costs	7	1.04	5.49	68.34
Total Head Office Costs		9.85	32.35	138.84
Return on Operations	4	209.77	238.26	264.78
Return on Capital	4	0.00	126.73	151.00
Total Costs		830.64	1,388.60	1,778.52

Occupied beds with Nursing, without Dementia (6 homes)	Count of Observations	Lower Quartile	Median	Upper Quartile
Care Home Staffing				
Nursing Staff	4	355.56	446.17	536.45
Care Staff	4	383.96	487.99	531.98
Therapy Staff	4	0.00	0.00	0.00
Activity Coordinators	4	17.17	18.61	20.14
Registered manager/deputy	4	33.41	44.81	50.00
Reception & Admin staff at the home	4	20.91	25.10	28.57
Chefs/Cooks	4	33.46	43.73	66.24
Domestic Staff	4	44.69	59.78	78.78
Maintenance & Gardening	4	16.40	21.08	29.11
Other care home staffing	4	21.90	37.55	89.01
Total Care Home Staffing		927.45	1,184.82	1,430.28
Care Home Premises				
Fixtures and Fittings	4	5.44	21.90	24.25
Repairs and Maintenance	4	28.29	41.87	50.83
Furniture, furnishings and equipment	4	2.83	8.84	9.39
Other care home premises costs	4	0.00	1.65	3.96
Total Premises Costs		36.56	74.24	88.44
Care Home Supplies and Services				
Food Supplies	4	41.55	42.89	55.91
Domestic and Cleaning Supplies	4	10.70	12.72	14.38
Medical Supplies (excluding PPE)	4	14.91	22.90	29.15
PPE	4	0.00	0.00	0.00
Office supplies (home specific)	4	4.70	6.59	7.17
Insurance (all risks)	4	5.79	9.99	13.55
Registration Fees	4	4.48	5.62	5.81
Telephone and Internet	4	0.94	1.04	3.01
Council tax/rates	4	0.74	0.98	2.22
Electricity, Gas & Water	4	28.24	51.88	77.45
Trade and Clinical Waste	4	3.49	5.03	9.17
Transport & Activities	4	2.82	9.27	9.88
Other supplies and services	4	7.95	21.78	31.41
Total Supplies and Services Costs		126.28	190.68	259.10
Head Office Costs				
Central/Regional Management	4	10.93	28.99	33.81
Support Services (Finance/HR/legal/marketing etc)	4	26.14	58.49	72.42
Recruitment, Training & Vetting	4	10.09	17.92	24.73
Other head office costs	4	6.33	28.98	61.17
Total Head Office Costs		53.48	134.36	192.13
Return on Operations	1	0.00	104.89	221.12
Return on Capital	1	113.25	170.24	326.76

Total Costs		1,257.03	1,859.22	2,517.81
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Occupied beds with Nursing, with Dementia (3 homes)	Count of Observations	Lower Quartile	Median	Upper Quartile
Care Home Staffing				
Nursing Staff	3	422.13	453.16	501.49
Care Staff	3	301.30	355.94	403.34
Therapy Staff	3	0.00	0.00	0.00
Activity Coordinators	3	18.61	19.95	20.90
Registered manager/deputy	3	44.81	49.20	49.73
Reception & Admin staff at the home	3	21.98	24.11	25.10
Chefs/Cooks	3	27.57	31.87	40.55
Domestic Staff	3	46.79	51.00	66.60
Maintenance & Gardening	3	21.08	22.10	26.78
Other care home staffing	3	37.55	40.66	72.90
Total Care Home Staffing		941.82	1,047.99	1,207.38
Care Home Premises				
Fixtures and Fittings	3	21.90	22.04	24.81
Repairs and Maintenance	3	21.94	26.19	30.40
Furniture, furnishings and equipment	3	0.69	0.87	4.80
Other care home premises costs	3	0.00	0.00	1.65
Total Premises Costs		44.52	49.10	61.65
Care Home Supplies and Services				
Food Supplies	3	39.29	41.13	41.97
Domestic and Cleaning Supplies	3	11.05	11.76	13.19
Medical Supplies (excluding PPE)	3	22.90	27.87	28.73
PPE	3	0.00	0.00	0.00
Office supplies (home specific)	3	6.71	7.23	9.18
Insurance (all risks)	3	4.71	5.04	6.54
Registration Fees	3	4.81	5.48	5.62
Telephone and Internet	3	0.97	1.03	1.04
Council tax/rates	3	0.66	0.67	0.85
Electricity, Gas & Water	3	20.34	22.00	39.40
Trade and Clinical Waste	3	4.87	6.33	8.22
Transport & Activities	3	0.56	0.78	5.38
Other supplies and services	3	2.61	3.41	12.49
Total Supplies and Services Costs		119.46	132.73	172.57
Head Office Costs				
Central/Regional Management	3	5.31	6.51	15.35
Support Services (Finance/HR/legal/marketing etc)	3	16.70	16.81	35.48
Recruitment, Training & Vetting	3	16.06	26.17	26.26
Other head office costs	3	34.93	67.78	68.34
Total Head Office Costs		73.00	117.27	145.42

Return on Operations	1	209.77	209.77	209.77
Return on Capital	1	151.00	151.00	151.00
Total Costs		1,539.56	1,707.86	1,947.78

8. Occupancy

The occupancy rates shown below are based only on the homes with those particular care types. As such, they are affected by small sample size.

% Occupancy Rates	Lower Quartile	Median	Upper Quartile
Occupied beds without Nursing, without Dementia	86.5	92.4	98.4
Occupied beds without Nursing, with Dementia	77.5	92.4	98.4
Occupied beds with Nursing, without Dementia	87.1	92.0	92.7
Occupied beds with Nursing, with Dementia	89.0	92.4	94.6

Occupancy levels affect the weekly cost per bed to the extent that various cost lines do or do not vary as the number of occupants varies. Nursing and Care staff costs are not affected as they are calculated on hours per resident. Equally, for example, food costs are likely to vary only with the number of residents and therefore remain static per resident per week whatever the occupancy level. However, other costs – for example head office costs or repairs and maintenance – will have the same total value however many residents there are. This means that they must be recovered over a greater or lesser number of residents depending on occupancy levels, and so are affected by such.

From knowledge of the market, Wokingham is aware of specific circumstances of two care homes affecting occupancy rates: one large home, newly built, currently only operates half of its bed capacity. It does have high occupancy on active beds (91%) but is not spreading overheads and capital return across the whole building. Another home has a low occupancy of 60% due to quality concerns which again has an effect of the distribution of overheads and capital costs. Therefore, Wokingham feels the occupancy of these two homes, which is outside of usual expected range locally, has skewed the overall data. Wokingham considered applying a standardised occupancy rate across all homes however, it was decided that this approach is not straightforward as so many of the cost lines are impacted by occupancy. Consideration was also given to removing these two homes altogether as outliers however this would leave too small a sample of homes in the borough for any meaningful analysis by cost category. Therefore, this option was discounted and the occupancy rates of all returns were utilised.

We believe the inclusion of these two homes does distort the medians as overheads, particularly capital costs, are not spread across a reasonable number of beds.

9. Staffing Costs

The following key points are of note from the available data:

- Basic hourly rate for nursing ranges from £19 to almost £22 with little variation depending on the type of care

Hourly Rates for Nurses	Lower Quartile	Median	Upper Quartile
Nursing without Dementia Care	19.89	20.82	21.56
Nursing with Dementia Care	20.18	20.18	20.18

- Nursing hours per resident per week vary from less than 3 to nearly 17 hours. It appears that they are slightly lower in homes with dementia care, but this is due to only one return in that care type providing data.

Nurse Hours Care Per Resident Per Week	Lower Quartile	Median	Upper Quartile
Nursing without Dementia Care	8.1	10.8	13.0
Nursing with Dementia Care	9.9	9.9	9.9

- Basic average hourly rate for care workers ranges from £10.10 to £12 and does not vary significantly with care type. Note that this is likely to be higher than minimum wage because it is a weighted average across both care workers and senior care workers.

Hourly Rates for Carers	Lower Quartile	Median	Upper Quartile
Without Nursing, without Dementia Care	10.42	10.58	10.93
Without Nursing, with Dementia Care	10.10	10.22	10.75
With Nursing, without Dementia Care	10.42	10.57	10.72
With Nursing, with Dementia Care	10.33	10.33	10.33

- Carer hours per resident per week range from 22 to almost 53 hours. The median figure varies significantly with care type, but due to sample sizes the pattern is not clear. It would be expected to be a little higher with dementia care, but the provision of nursing care usually has little impact.

Carer Hours Per Resident Per Week	Lower Quartile	Median	Upper Quartile
Without Nursing, without Dementia Care	24.5	28.3	35.7
Without Nursing, with Dementia Care	32.5	36.3	41.0
With Nursing, without Dementia Care	26.8	30.8	37.8
With Nursing, with Dementia Care	24.0	24.0	24.0

- For non care staff it should be noted that not all homes have defined staff duties in the same way as they do not hold the data to separate out costs. Nor

are hourly rates or weekly hours provided by the data collection tool. The median figures per resident per week are shown below for each care type.

Non Care Staff Weekly Cost Per Resident	Without Nursing Without Dementia	Without Nursing With Dementia	With Nursing Without Dementia	With Nursing With Dementia
Therapy Staff (Occupational & Physio)	0.00	0.00	0.00	0.00
Activity Coordinators	17.13	19.95	18.61	19.95
Service Management (Registered Manager / Deputy)	49.20	50.26	44.81	49.20
Reception & Admin staff at the home	19.84	19.84	25.10	24.11
Chefs / Cooks	42.77	38.36	43.73	31.87
Domestic staff (cleaning, laundry & kitchen)	51.00	44.25	59.78	51.00
Maintenance & Gardening	19.98	20.06	21.08	22.10
Other care home staffing	34.44	40.66	37.55	40.66
Total	234.36	233.38	250.66	238.89

Overall, these indicate that the total costs of non care staff are unaffected by care type, with little variance even at individual cost lines. With regard to “other care home staffing”, we do not believe there has been consistency in the approach to completing this which does not give us confidence that the figures are accurate. Some providers have stated that it includes staffing on costs, others state it is agency staff while there are also those with no comments therefore it is difficult to ascertain precisely what the high costs in this category covers.

10. Premises Costs

Not all homes have defined the different categories of premises costs in the same way, or they have not been able to separate out costs to the defined categories. Using the medians for each cost line will tend to minimise the overall costs, as it will ignore the ‘balancing’ effect of different definitions of costs.

Overall, total premises costs range from c£25 to c£174 per bed per week with an overall median figure of £67. When analysed by care type and cost lines, it is clear from the median figures that these costs appear lower in homes with dementia care, particularly in the area of repairs and maintenance. However, they are not particularly affected by nursing care.

Premises Costs	Without Nursing Without Dementia	Without Nursing With Dementia	With Nursing Without Dementia	With Nursing With Dementia
Fixtures & Fittings	20.68	21.75	21.90	22.04

Repairs & Maintenance	34.60	26.19	41.87	26.19
Furniture, furnishings and equipment	9.54	5.63	8.84	0.87
Other care home premises costs	3.29	0.48	1.65	0.00
Total	68.11	54.05	74.24	49.10

11. Supplies and Services Costs

Again, not all homes will have defined the different categories of costs in the same way, or they may not have been able to separate out costs to the defined categories – a number of homes are unable to separate out PPE costs from medical costs for example.

Overall supplies and services costs range from c£90 to £500 per bed per week, with a median figure of about £130. Analysing these by care type and cost line shows that in general they are higher in homes with nursing care, but possibly lower in those with dementia care.

Particular variances include:

- Higher cost of medical supplies in nursing homes
- Higher cost of utilities in nursing homes
- Significantly higher 'other' costs in nursing homes (this is where a cost element experienced by a provider does not fit easily into the given categories)

Additional overheads in Nursing homes are to be expected due to the nature of the care delivered and the service users being looked after, e.g. special food, additional cleaning, heating and waste disposal. The figures are comprised of homes which solely deliver this type of care as well as homes which deliver multiple types of in-scope care. Due to the small sample of homes it is hard to draw statistical conclusions from the data to specifically explain this, however the patterns identified are consistent with other comparable exercises carried out by C.Co.

Supplies and Services Costs	Without Nursing Without Dementia	Without Nursing With Dementia	With Nursing Without Dementia	With Nursing With Dementia
Food supplies	41.13	37.44	42.89	41.13
Domestic and cleaning supplies	11.76	11.76	12.72	11.76
Medical supplies excluding PPE	13.72	2.10	22.90	27.87
PPE	0.00	0.00	0.00	0.00
Office supplies (Home specific)	4.20	7.23	6.59	7.23
Insurance (all risks)	7.23	5.04	9.99	5.04
Registration fees	4.28	4.28	5.62	5.48
Telephone & Internet	1.68	1.68	1.04	1.03

Council tax / rates	1.02	0.90	0.98	0.67
Electricity, gas & water	33.02	33.02	51.88	22.00
Trade and clinical waste	4.20	6.03	5.03	6.33
Transport & Activities	1.52	0.82	9.27	0.78
Other care home supplies	12.30	4.62	21.78	3.41
TOTAL	136.06	114.92	190.68	132.73

These are costs where the per bed per week figure is likely to be impacted by occupancy levels in some but not all cases. We do not have clear answers from homes to explain the high rates in “other care home supplies”, the extremely high per person per week figures for insurance, utilities, transport and activities for general nursing homes. Therefore, it is possible that these figures are inflating the medians.

12. Head Office Costs

Not all homes will have defined the different categories of costs in the same way, or they may not have been able to separate out costs to the defined categories.

Overall head office costs range from c£35 to more than £277 per bed per week, with a median figure of £73. The table below shows that such costs tend to be higher in homes with nursing care, and lower in those with dementia care, although this is almost certainly affected by the small sample sizes.

Head Office Costs	Without Nursing Without Dementia	Without Nursing With Dementia	With Nursing Without Dementia	With Nursing With Dementia
Central / regional management	23.47	4.10	28.99	6.51
Support services (finance / HR / legal / marketing)	52.53	16.81	58.49	16.81
Recruitment, Training & Vetting (inc. DBS checks)	5.95	5.95	17.92	26.17
Other head office costs	5.49	5.49	28.98	67.78
Total	87.44	32.35	134.36	117.27

These are costs where the per bed per week figure is likely to be impacted by occupancy. The wide variance in the data summarised in the table above demonstrates that the data we have lacks consistency and thus plausibility.

13. Return on Operations and Return on Capital and Justification for the Proposed Approach

Different options for defining these are available within the data collection tool. Some homes (especially charities) have entered figures of zero particularly for return on operations, others have combined the two figures. Some homes have specifically

chosen not to return a figure and so have been excluded from this element of the analysis. Providers could choose to give a percentage of the home valuation or a cash value per resident per week. Where a percentage figure is available for ROO, it ranges from 0% to 40%, with a median figure of 15%.

As providers took different approaches, we have chosen to use the cash values as summarised in the table below. The overall total of ROO and ROC ranges from zero to more than £1,100 per bed per week with a median of £349.

Only 6 homes have entered figures above zero and once these are subdivided into the four categories of homes the sample sizes are too small to be statistically significant. Furthermore, as detailed under section 4, the count of observations used to inform ROO and ROC was extremely limited with only 1 usable return for two of the care types which does not give the Council confidence in the validity of the median figures. Two of the homes have returned 15% ROO and 6% ROC; another home has returned a 10% ROC on a £16.5m Capital cost while another increased the Capital value by 57% year on year. None of those business models are reasonable use of public funding and do not reflect a fair cost of care. The absence of data from other homes means that the median figures do not reflect a fair market situation.

	Without Nursing Without Dementia	Without Nursing With Dementia	With Nursing Without Dementia	With Nursing With Dementia
Return on Operations	165.85	238.26	104.89	209.77
Return on Capital	151.00	126.73	170.24	151.00
Total	316.85	364.99	275.13	360.77

These are costs where the per bed per week figure is likely to be impacted by occupancy.

14. Annex A Section 3 Table

The full Annex A Section 3 Table showing median values for each care type based on this analysis by cost category is shown below:

Cost of care exercise results - all cells should be £ per resident per week	65+ care home places without nursing	65+ care home places without nursing, enhanced needs	65+ care home places with nursing	65+ care home places with nursing, enhanced needs
Care home staffing:	£631.46	£822.29	£1,184.82	£1047.99
o Nursing Staff	£0.00	£0.00	£446.17	£453.16

Cost of care exercise results - all cells should be £ per resident per week	65+ care home places without nursing	65+ care home places without nursing, enhanced needs	65+ care home places with nursing	65+ care home places with nursing, enhanced needs
o Care Staff	£397.10	£588.91	£487.99	£355.94
o Therapy Staff (Occupational & Physio)	£0.00	£0.00	£0.00	£0.00
o Activity Coordinators	£17.13	£19.95	£18.61	£19.95
o Service Management (Registered Manager/Deputy)	£49.20	£50.26	£44.81	£49.20
o Reception & Admin staff at the home	£19.84	£19.84	£25.10	£24.11
o Chefs / Cooks	£42.77	£38.36	£43.73	£31.87
o Domestic staff (cleaning, laundry & kitchen)	£51.00	£44.25	£59.78	£51.00
o Maintenance & Gardening	£19.98	£20.06	£21.08	£22.10
o <i>Other care home staffing (please specify)</i>	£34.44	£40.66	£37.55	£40.66
Care home premises:	£68.11	£54.05	£74.24	£49.10
o Fixtures & fittings	£20.68	£21.75	£21.90	£22.04
o Repairs and maintenance	£34.60	£26.19	£41.87	£26.19
o Furniture, furnishings and equipment	£9.54	£5.63	£8.84	£0.87
o <i>Other care home premises costs (please specify)</i>	£3.29	£0.48	£1.65	£0.00
Care home supplies and services:	£136.06	£114.92	£190.68	£132.73
o Food supplies	£41.13	£37.44	£42.89	£41.13
o Domestic and cleaning supplies	£11.76	£11.76	£12.72	£11.76
o Medical supplies (excluding PPE)	£13.72	£2.10	£22.90	£27.87
o PPE	£0.00	£0.00	£0.00	£0.00
o Office supplies (home specific)	£4.20	£7.23	£6.59	£7.23
o Insurance (all risks)	£7.23	£5.04	£9.99	£5.04
o Registration fees	£4.28	£4.28	£5.62	£5.48
o Telephone & internet	£1.68	£1.68	£1.04	£1.03
o Council tax / rates	£1.02	£0.90	£0.98	£0.67
o Electricity, Gas & Water	£33.02	£33.02	£51.88	£22.00
o Trade and clinical waste	£4.20	£6.03	£5.03	£6.33
o Transport & Activities	£1.52	£0.82	£9.27	£0.78
o <i>Other care home supplies and services costs (please specify)</i>	£12.30	£4.62	£21.78	£3.41
Head office:	£87.44	£32.35	£134.36	£117.27
o Central / Regional Management	£23.47	£4.10	£28.99	£6.51
o Support Services (finance / HR / legal / marketing etc.)	£52.53	£16.81	£58.49	£16.81
o Recruitment, Training & Vetting (incl. DBS checks)	£5.95	£5.95	£17.92	£26.17
o <i>Other head office costs (please specify)</i>	£5.49	£5.49	£28.98	£67.78

Cost of care exercise results - all cells should be £ per resident per week	65+ care home places without nursing	65+ care home places without nursing, enhanced needs	65+ care home places with nursing	65+ care home places with nursing, enhanced needs
Return on Operations	£165.85	£238.26	£104.89	£209.77
Return on Capital	£151.00	£126.73	£170.24	£151.00
TOTAL	£1,239.92	£1,388.60	£1,859.22	£1,707.86
Supporting information on important cost drivers used in the calculations:	NA	NA	NA	NA
o Number of location level survey responses received	11	7	6	3
o Number of locations eligible to fill in the survey (excluding those found to be ineligible)	15	9	11	5
o Number of residents covered by the responses	161	129	139	56
o Number of carer hours per resident per week	28.3	36.3	30.8	24.0
o Number of nursing hours per resident per week	n/a	n/a	10.8	9.9
o Average carer basic pay per hour	10.58	10.22	10.57	10.33
o Average nurse basic pay per hour	n/a	n/a	20.82	20.18
o Average occupancy as a percentage of active beds	92.4	92.4	92.0	92.4
o Freehold valuation per bed	94,299	141,948	92,444	92,444

15. Future Uplifts

The Council must ensure that through this exercise the costs that are submitted are representative of a care market for which it is reasonable to expect the public purse to fund. As detailed in section 6, the median ranges across all types of care are significantly above the actual Council rates paid as at April 2022. In contradiction to the requirements of the exercise, it is evident that in many cases costs that result in desired rates and/or rates already uplifted post April as opposed to the actual costs of care in April 2022 may have been submitted.

The Council is committed to paying a fair rate of pay for care and in particular to ensure that staff delivering care benefit from this. However, Adult Social Care has been historically underfunded and the Council is only able to commit within the parameters of the funding available to it, any future uplifts awarded by the Council need to be considered in line with budget availability and affordability.

People at the Heart of Care introduce a number of additional duties on the local authority. These reforms have not been matched by the required funding needed to

meet the demand on the system. The reforms outlined within this consultation will have a significant impact on local government and place additional pressure on our ability to meet our statutory requirements. The timescales within these reforms further exacerbates this pressure and are fundamentally unworkable. We do not have the required infrastructure, workforce or funding to meet the reforms set out.

The Council, whilst using data from the cost of care exercise to inform the uplifts, will also be placing weight on a number of other factors to discharge Care Act duties, including use of evidence of an evaluative and not empirical nature in deciding on care home fee rates. The cost of care exercise is not intended to be a replacement for the fee setting element of local authority commissioning processes or individual contract renegotiation. The cost of care is one factor that informs the Council's approach to fees and primary factors will include:

- (a) experience of local closures, or relative lack of closures, along with the reasons for any such closures;
- (b) evaluation that there is current oversupply in the market, or that present rates have contributed to over supply;
- (c) experience that providers are still entering the market; including by acquisition. This may include consideration of the nature and type of new providers opening, and which part of the market those are focused on;
- (d) rates paid by other comparable local authorities and whether there is anything to explain why the cost of providing care in the local authority's own area should be materially higher than elsewhere in the region;
- (e) consideration of open book accounting and of management accounts from providers, or any other specific information requested, and any refusal to permit review of management accounts;
- (f) taking account of the position of those providers with whom it was able to reach agreement and the evidence that they had provided as to how they had determined that the proposed rates would enable them to meet the actual costs of care;
- (g) change or lack of change in CQC ratings over time, as evidence of the quality provided over a period of time;
- (h) localised cost movements by matters such as the locally advertised rates for jobs in the sector, rates of local job vacancies, and patterns or rates of staff turnover. The Skills for Care, National Minimum Data Set for Social Care also provides reliable and potentially relevant information on cost movements.

It is important to note that the uplift process applies to existing placements. As the Council does not set annual fees for beds, we are finding that the rates at which we can discharge our duty now compared with April 2022 are already much higher, therefore this demonstrates that most providers have applied an additional mid-year increase to their cost modelling for 22/23. Our annual uplifts should be applied to rates for 12 months previous, not to rates negotiated during the year.

It is fundamental that the starting point for any future uplifts is realistic and representative of the current position of the market. As in previous years, the Council will give consideration to factors such as:

- a. All staffing costs: increase annually by the same percentage increase as the national living wage. However, national insurance and pension costs will also have to be varied to reflect any change in statutory requirements and thresholds.
- b. Premises costs: increase annually by CPI figure for category 05, Furniture, Household Equipment, and Maintenance
- c. Supplies and Services Costs with the exception of those detailed below : increase annually by CPI figure for category 12, Miscellaneous Goods and Services
- d. Food Supplies: increase annually by CPI figure for category 01, Food and Non Alcoholic Beverages
- e. Domestic and cleaning supplies: increase annually by CPI figure for category 05.6.2, Domestic and Household Services
- f. Medical supplies excluding PPE: increase annually by CPI figure for category 06.1, Medical Products, Appliances, and Equipment
- g. PPE: increase annually by CPI figure for category 03, Clothing and Footwear (alternatively combine with medical supplies)
- h. Insurance: Increase annually by CPI figure for category 12.5, Insurance
- i. Telephone and Internet: increase annually by CPI figure for category 08.2/3, Telephone and Telefax Equipment and Services
- j. Electricity, Gas and Water: Increase annually by CPI figure for category 04.5, Electricity, Gas and Other Fuels

- k. Transport and Activities: Increase annually by CPI figure for category 07, Transport
- l. Head Office Costs: increase annually by CPI figure for category 12, Miscellaneous Goods and Services
- m. Return on Operations and Return on Capital: Increase by weighted average of above figures.

The uplift process gives providers an opportunity to appeal if they feel that the amount is insufficient to continue in a sustainable way and Commissioners will engage in dialogue with individual providers on a one to one basis.

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