

Annex B – Cost of Care Report for 65+ Care Homes in Cheshire West and Chester (October 2022)

Section 1 - Introduction

During 2021/22, Cheshire West and Chester (CW&C) undertook a Fair Cost of Care exercise for the 65+ care homes market which resulted in significant increases to our contract fee rates, which were implemented in April 2022. The percentage uplifts awarded as a result of this exercise are shown in Table 1 below. The Council made a commitment in 2016 to sign up to the principles of the unison ethical care charter and to ensure that the charter was embedded in all future commissions and recommissions. Therefore, the rates arrived at during this exercise supported the key charter commitment to ensure that those carers employed by our contracted care homes were paid Local Living Wage (LLW) as a minimum, as a stipulation of the contract.

Table 1 – Uplifts in Contract Rates (excl. Funded Nursing Care (FNC))

	21//22 Weekly Rate	22/23 Weekly Rate	Increase %
Residential	£485.02	£531.16	9.5%
Residential - enhanced needs	£548.11	£769.55	40.4%
Nursing	£551.29	£666.08	20.8%
Nursing - enhanced needs	£575.46	£776.89	35.0%

The rates for residential – enhanced needs, nursing, and nursing – enhanced needs reflect the fair cost of care arrived at in the exercise based on a weighted average analysis of data returns from providers. The exception is our residential rate which was held at a lower value to encourage the market to move away from this provision. This is due to both an over-supply of residential beds in CW&C and also the Council’s policy to support people in their own homes for longer. Therefore, the residential rate uplift is based only on an uplift in carer pay to LLW, and does not reflect data received from providers as part of the exercise.

As a result of the requirements of the Fair Cost of Care & Market Sustainability Fund, published in March 2022, CW&C undertook a review of our 2021/22 exercise to determine its compliance with the grant conditions. In doing so, we placed particular emphasis on how far the exercise we had conducted aligned with the three core Fund principles of consistency, transparency and partnership approach.

Following this review, including discussing the detail of our exercise with DHSC in May 2022, we concluded that the template used to gather information from providers, alongside the general level of provider engagement received, were of sufficient quality to enable us to use the data received to form the basis of our Annex A submission.

However, it was our determination that the subsequent data analysis performed, across all rates, but most notably residential, did not meet the requirements of the Fund. We therefore concluded that we would re-analyse the source data already provided, with a particular focus on:

1. Identifying the median values for each cost line (as opposed to using the arithmetic mean weighted by the proportion of our care commissioned with a home)

2. A review of our approach to Return on Operations and Return on Capital
3. A review of occupancy
4. A review of the 2022/23 inflationary uplift applied to the data gathered in 2021/22
5. Publishing the resulting rates for all care home types (including residential), recognising that the requirements of the fund to move towards these rates enable us to prioritise some areas of the market over others.

In addition, we sought to re-engage with our nursing – enhanced needs providers to obtain further data returns. This is because during our original exercise we received significantly less engagement from this segment of the market.

The details of the original data collection exercise and the new data analysis recently performed are set out below in sections 2 and 5.

Section 2 - Details of Original Exercise

Consultation with care homes began for this exercise in April 2021. Care homes were invited to engagement events held in April and May 2021 where we presented the local vision for the future and the direction of travel. All homes were additionally offered individual meetings with Council officers to discuss in confidence the issues their homes were encountering and their financial business models. 89% of the market engaged with us either through attendance at one of the engagement sessions or through the individual meetings.

We met with providers throughout May 2021 to co-design the template and once designed sought further feedback from larger providers for any further changes. The template was distributed to providers at the beginning of June 2021 to complete by 21 June 2021. Providers were given an initial window of 3 weeks to respond, but this was later extended to mid-August 2021 in order to maximise the number of returns received. Providers were offered support from within the Council to help complete the template. In many cases we met with providers to review their returns and any data validation queries we had, resulting in providers re-submitting their returns.

In total, we received returns from 19 of the 51 providers invited to take part which equates to an overall response rate of 37%. There are many providers who focus on the significant self-funder market within CW&C and our engagement efforts focused on those homes with a higher level of Council funded residents. Overall, the 19 submitted returns cover 47% of the care home bed days we are commissioning in 2022/23 (based on data as at September 2022), which represents a significant proportion of our market. However, it should be noted that the level of provider engagement did vary by care home type, as summarised in Table 2.

Table 2 – Provider Returns and Percentage of Commissioned Bed Days

	No. of Provider Returns	Percentage of Commissioned Bed Days
Residential	13	62%
Residential - enhanced needs	10	41%
Nursing	12	47%
Nursing - enhanced needs	5	38%
Unique Providers	19	47%

Overall, we are satisfied that the level of provider engagement is good (47% of our total market) and that we made significant attempts to maximise engagement with under-represented care home groups (notably nursing – enhanced needs). Therefore, we are satisfied the data is broadly representative of the CW&C market except for nursing – enhanced needs, which is underrepresented in the data. In the sections below, we detail how the data has been adjusted in response to this underrepresentation.

Section 3 - Description of Template

The template sent to providers was spreadsheet based, and alongside detailed instructions for completion and validation checks, collected information across eight key areas:

1. Company Information – including type of care home and locality
2. Assumptions – including number of beds and occupancy information populated with both current data and 2019/20 (pre-Covid data), profit percentage, property financial information to include buildings and land value and expected return on capital
3. Care staff costs – including number of staff employed, average hours per staff member, average hourly cost and on-cost percentages for pension, employer National Insurance Contributions, and allowances for annual leave, training and sickness. All data was collected individually across the Care Assistant, Senior Carer, Nursing Assistant, Nurse and Senior Nurse job categories.
4. Agency staff costs – including average agency rates paid and the percentage of staff time covered by agency workers, across each of the five job categories outlined above.
5. Non-carer staff costs – including number of staff, average annual salary and on-cost percentages across each of the following job categories; registered manager, supervisors, co-ordinators, other office-based employees, cleaning/laundry staff, cooking staff, gardening and maintenance staff, administrative staff.
6. Overhead costs – annual costs per year across 44 categories including recruitment, insurance, utilities, food, IT costs, external professional fees, head office costs, property maintenance and repair costs and resident activity costs.
7. Covid-19 related costs – these were optional to complete and excluded from later analysis on the basis they were fully funded from Covid-19 funding and would not form part of a provider’s actual median operating costs going forward.
8. 1:1 support costs – these were optional to complete and for information purposes only, as any additional 1:1 care required by a service user would be commissioned in addition to the basic rate for a placement.

The template has previously been submitted to DHSC as part of discussions in May 2022 on our exercise, and is available upon request. It is sufficiently detailed to enable us to map cost lines across to the breakdown required in Annex A.

Section 4 - Subsequent Provider Engagement

In June 2022 we wrote out to all CQC registered 65+ care home providers in CW&C explaining the requirements of the Fair Cost of Care and Market Sustainability Fund, and what, as a Local Authority, we were required to submit to DHSC and by when. We explained that the DHSC guidance permits Councils to submit exercises conducted in 2021/22 if they are satisfied it is robust, relevant and sufficiently detailed. We informed providers that following the conclusion of our review of the original exercise against the Fund conditions, and our discussions with DHSC, we were satisfied that we would not need to undertake a brand-new cost of care exercise.

However, we confirmed we would be reviewing our calculations and methodology prior to completion of the require cost of care report, to make sure they accurately reflect the fair cost of care in 2022/23. We noted that the costs for a number of items in the original exercise have increased beyond the value of the inflationary uplift allocated - for example energy costs, and therefore a full review of our inflationary assumptions would take place.

In addition, we explained that we would be re-engaging on our nursing – enhanced needs rate due to lower provider uptake in this area. We separately contacted those nursing – enhanced needs providers who did not take part in the original exercise, but who we currently commission care from. We gave them a further opportunity to complete the template, explaining that demand for this type of provision continues to grow and that we were keen to engage with as many nursing – enhanced needs providers as possible to fully understand the true cost of delivering this complex service. Providers were initially given a two week window to complete the return. Once the deadline had passed, we again wrote out to providers, extending the deadline by a further week. We again stressed the need for them to engage in the exercise. Unfortunately, despite these efforts we did not receive any additional returns from providers and so subsequent data analysis was performed only on the original data gathered during 2021.

Section 5 - Data Validation & Analysis

As outlined above, for this cost of care exercise we have taken the source data from completed provider templates received in summer 2021, but disregarded any previous analysis performed. Following mapping our data to the Annex A cost lines and determining the median value for each cost line, we made a number of key adjustments to the data to ensure they most accurately reflected current median actual operating costs, as outlined below.

One nursing – enhanced needs care home provided ‘zeros’ in the data to calculate nursing assistant, nurse and senior nurse pay. As it is clear a home of this type must have costs in this category, these zero values were excluded from calculation of the median value for nursing costs.

Basic carer pay contained in our data returns reflected actual rates of pay in June 2021 – these were broadly in line with the National Living Wage (NLW) at the time of £8.91. As previously mentioned, the contract rates subsequently implemented raised basic carer pay to LLW of £9.50 (at 21/22 rates) in order to support our commitment to the principles of the unison ethical care charter. It is now a stipulation of our contract that staff at contracted care homes receive LLW as a minimum. Therefore, in order to better reflect current contractual commitments, and thus current actual median operating costs of providers, we manually adjusted all staff pay to be a minimum of £9.50 in our data returns. This was then subsequently uplifted to the 2022/23 LLW of £9.90 as set out in section 6 on inflationary assumptions. The equivalent uplift in hourly pay was applied to all staff costs across the following categories:

1. Care Staff
2. Activity Coordinators
3. Reception & Admin staff at the home
4. Chefs / Cooks
5. Domestic staff (cleaning, laundry & kitchen)
6. Maintenance & Gardening

On review of our data returns, we identified that the number of nursing hours per resident per week was 7.67 for standard nursing placements but for nursing – enhanced needs placements it was 19% lower at 6.2. This anomaly is symptomatic of the lower number of returns we received from nursing

– enhanced needs providers and the corresponding issues which a small sample can cause with data quality. On review of benchmarking data from across the North West region, we determined that hours per week for our nursing placements were reasonable, but for our nursing – enhanced needs placements they were disproportionately low. We therefore manually amended nurse hours per resident per week for nursing – enhanced needs to 8.4, based on the average from the North West benchmarking data. This equates to 10% more nursing hours than our standard nursing placements, which is a reasonable premium considering the additional complexities of service users in nursing – enhanced needs placements. The amendment to hours increased our nursing – enhanced needs rate by £56.03 per week.

In our data template we gathered two sets of data on occupancy: current (i.e. June 2021) occupancy levels and average 2019/20 occupancy levels (i.e. pre-Covid). Given that the grant conditions require our Annex A submission to be based on either 2021/22 average occupancy, or current occupancy, we have manipulated the data received to reflect 90% occupancy for each care home type. It is our view that a 90% occupancy level is required to reflect an efficient market and not subsidise over-supply of beds in the market, while also allowing providers a sufficient margin of flexibility, acknowledging that 100% occupancy is neither realistic or desirable. This has been verified by looking at current occupancy levels as at 5th October 2022 per the NHS Capacity Tracker, as set out in Table 2 below.

Table 3 – Current Occupancy Rates

Bed Type	Occupancy as at 05/10/22
Residential	89%
Residential - enhanced needs	92%
Nursing	90%
Nursing - enhanced needs	85%

Overall occupancy levels are therefore around the 90% occupancy reflected in the cost of care exercise. While the occupancy level for nursing – enhanced needs is lower at 85% this is reflective of two new care homes which have recently opened in Borough which are not yet filled. Both new homes are targeted at the self-funder market and complex needs (i.e. Continuing Health Care funded clients) and we expect overall occupancy levels to rise over coming months. We are therefore satisfied that adjusting occupancy levels to 90% reflects the current state of provision within the Borough.

Section 6 - Inflationary Considerations

The data collected in our returns is based on costs during Quarter 1 of 2021/22. Therefore, following the mapping of our returns to Annex A, and the data validation and analysis described above, we applied inflationary uplifts to all cost lines in order to arrive at rates as at April 2022. The inflationary uplifts applied are shown in Table 4 below.

Table 4 - Inflationary uplifts applied

Annex A line	Inflation Index	Inflation Percentage
All Care Home Staffing lines		4.21%

Central / Regional Management	Percentage uplift applied equivalent to the increase in the Real Living Wage from £9.50 to £9.90	
Support Services (finance / HR / legal / marketing etc.)		
Electricity, Gas & Water	Percentage uplift applied equivalent to the increase in the energy price cap for domestic customers between April 2021 (£1,138) and April 2022 (£1,977).	73.20%
All Care Home Premises lines	Percentage uplift applied based on April 2022 CPI	9.00%
All other Care Home Supplies and Services lines		
All other Head Office lines		
Return on Operations	As this is based on a percentage of the above costs, it was automatically uplifted for inflation based on the above	N/A
Return on Capital	Market valuations of land and buildings uplifted in line with North West average house price increases in year to April 2022 per ONS	13.30%

Note that following the announcement in September 2022 of the removal of the additional NI rate increase, we have not manually amended returns to base our Employer's NI rate on the 15.05% which was in effect from April to October 2022. Both the original data returns and the median cost of care rates submitted in Annex A reflect the standard rate of 13.8%. This will therefore not require any further adjustment when the fair cost of care rate is revised for 2023/24.

Our proposed approach for future inflationary uplifts to the care home rates submitted in Annex A is in line with the current methodology used to uplift our care home contract rates each April, and is set out in Table 5 below. Note that in some instances this deviates from the inflationary indexes applied to obtain the April 2022 median costs, as set out in Table 4 above. This balances the need to arrive at a detailed and accurate baseline for our Annex A submission, with the need to have a simple approach to inflationary uplifts which does not single out individual cost lines. We reserve the right to adjust the inflationary uplifts as required to account for any extraordinary items e.g. the soaring cost of energy in our 2022/23 uplift.

Table 5 – Future Approach to Inflationary Uplifts

Annex A line	Inflationary approach
All Care Home Staffing lines	Percentage uplift applied equivalent to the percentage uplift on the Real Living Wage
Central / Regional Management	
Support Services (finance / HR / legal / marketing etc.)	
All Care Home Premises lines	Percentage uplift applied based on October CPI
All Care Home Supplies and Services lines	
All other Head Office lines	
Return on Capital	

Return on Operations	As this is based on a percentage of the above costs, it will be automatically uplifted for inflation based on the above
----------------------	---

Note that uplifts for the following April will be based on data usually announced in November (both Real Living Wage and October CPI), in order to facilitate the Council's Budget Setting process for the subsequent financial year.

Section 7 - Approach to Return on Operations

The return on operations value quoted in Annex A is based on applying a 4% margin to all care home staffing, premises, supplies & services and head office costs. In arriving at the 4% value, we considered a variety of information.

We took part in benchmarking exercises across the North West and nationally which provided assurance that 4% was a reasonable basis on which to set return on operations, balancing the need for providers to make a reasonable profit with the obligation on Local Authorities to achieve value for money in their commissioning arrangements.

Furthermore, in the Supported Living fair cost of care exercise undertaken by CW&C during 2021, we arrived at a return on operations level of 4% based on the average of provider returns. This was further supported in our recent 18+ domiciliary care cost of care exercise which also identified 4% as the median profit percentage based on provider returns. In order to ensure fairness across the care sector, and avoid favouring one part of the sector, we have chosen to take a consistent approach to the return on operation percentage. It should be noted that while care homes are a significantly different business model to supported living and domiciliary care, the additional return on capital built into the care homes rate reflects this.

Section 8 - Approach to Return on Capital

As part of the original exercise conducted in 2021 we decided to base our return on capital approach on applying a percentage to the average land and buildings value of a care home. In our data template providers were asked to supply the current market value of their care homes, the ownership status (owned outright, leased, rented, mortgaged) and an expected return on capital. We therefore gathered sufficient data on the market value of all care homes who participated in the exercise, in order to use this as an accurate way of determining a return on capital value for both our current contract rates and our Annex A submission.

In 2021 we determined a fair percentage would be 7%, however as part of our review of the exercise we have now reduced this to 5.5% in line with current market conditions. The 5.5% is a percentage of the capital value that an operator would have to pay to rent a care home, or that a care home building's owner could charge when letting it to an operator. The 5.5% represents the current (April 2022) rate at which a leasing deal would be agreed and is derived mainly from deals that have taken place. The return should be the same whether the operator bought the home in the 1980s and has no debt, or whether they bought it last year with a 100 per cent mortgage. The method we have described above effectively assumes that all the homes are 100 per cent mortgaged or leased, and that banks must be paid their interest. If they are not 100 per cent mortgaged, the return on capital represents the owner's opportunity cost of selling the assets and investing the capital from the sale elsewhere.

Compared to our current contract rates, there is a change in Annex A whereby the return on capital percentage is now applied to the median care home value instead of the weighted average care home value.

Section 9 - Approach to calculation of overall rate; use of subtotals and individual cost lines

The original Annex A published by DHSC based the overall rate on the sum of the medians of the individual cost lines included within the detailed breakdown. After evaluating the flexibility subsequently made available to Local Authorities by DHSC to base the overall rate on other calculations e.g. the sum of the median of subtotals, CW&C have elected to use the original methodology. As such the overall rate is based on the sum of the medians of the individual cost lines; a decision taken for multiple reasons.

Firstly, given that we were using data gathered during an exercise completed prior to the announcement of the Market Sustainability and Fair Cost of Care Fund, we have had to manipulate the data received from providers to achieve the cost line breakdowns within Annex A. This primarily relates to the mapping of cost lines from our original data template to Annex A, and then the subsequent inflationary uplift applied which was considered on a line-by-line basis. Given these two key processes arrived at to reach the cost lines in Annex A, it did not feel appropriate to then base the overall rate on the sum of subtotals.

Furthermore, the use of the median of subtotals would increase the overall rate by between 6% and 23% dependent on care home type. Based on market intelligence both locally and regionally this did not seem representative of the actual median operating costs being incurred by providers of care home placements in CW&C. The approach to use the sum of the medians of the individual cost lines is also consistent with the decision taken for our 18+ domiciliary care exercise.

Finally, we identified that basing the overall rate on individual cost lines would enable us to better interrogate and inform the rate both now and in future. It will give us the ability to:

1. Minimise any exclusions of provider data to individual cost lines; any analysis of outliers could be performed in much greater detail when analysing which data may need to be excluded.
2. Apply inflation at individual cost line level.
3. More easily alter for any changes in employer pay costs e.g. NI thresholds or minimum pension contributions

Therefore, the overall rates reported in Annex A agrees to the total of the individual cost lines within Annex A.

Section 10 - Summary of results

Table 6 below shows the full table from Annex A, Section 3 with one column of median values for each care home type.

Table 6 – Analysis of Provider Returns by Cost Line Detail

	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:	427.13	521.05	634.19	795.88
Nursing Staff	0.00	0.00	154.75	213.95
Care Staff	275.01	337.44	297.46	400.79
Therapy Staff (Occupational & Physio)	0.00	0.00	0.00	0.00
Activity Coordinators	8.64	14.26	9.11	14.76
Service Management (Registered Manager/Deputy)	25.33	28.12	25.45	24.76
Reception & Admin staff at the home	22.25	32.26	26.53	21.99
Chefs / Cooks	38.48	35.87	19.94	42.72
Domestic staff (cleaning, laundry & kitchen)	47.86	59.35	44.36	60.14
Maintenance & Gardening	9.23	13.74	55.72	15.37
Other care home staffing (Front of House, Hospitality staff)	0.34	0.00	0.87	1.39
Care home premises:	16.39	17.28	19.78	19.88
Fixtures & fittings	0.00	0.00	0.00	0.00
Repairs and maintenance	16.39	17.28	19.78	19.88
Furniture, furnishings and equipment	0.00	0.00	0.00	0.00
Other care home premises costs (please specify)	0.00	0.00	0.00	0.00
Care home supplies and services:	88.85	83.58	92.14	88.87
Food supplies	29.05	31.42	31.35	32.94
Domestic and cleaning supplies	4.52	5.02	4.49	4.89
Medical supplies (excluding PPE)	3.36	1.62	3.32	1.56
PPE	0.72	0.94	0.76	0.80
Office supplies (home specific)	2.68	3.00	2.88	2.32
Insurance (all risks)	8.22	6.97	8.47	7.14
Registration fees	3.64	3.47	4.03	4.39
Telephone & internet	1.94	1.02	1.27	0.90
Council tax / rates	0.89	0.83	0.95	0.77
Electricity, Gas & Water	28.56	24.91	28.93	29.20
Trade and clinical waste	3.97	2.71	4.04	2.95
Transport & Activities	1.30	1.61	1.65	1.02
Other care home supplies and services costs (Pest control, document storage and disposal, GDPR, security)	0.00	0.06	0.00	0.00
Head office:	44.93	43.35	44.40	43.55
Central / Regional Management	39.14	37.98	38.00	36.83
Support Services (finance / HR / legal / marketing etc.)	2.66	2.67	2.81	2.66
Recruitment, Training & Vetting (incl. DBS checks)	3.13	2.70	3.60	4.06
Other head office costs (please specify)	0.00	0.00	0.00	0.00
Return on Operations	23.09	26.61	31.62	37.93
Return on Capital	79.09	88.10	70.45	82.99

TOTAL	679.49	779.96	892.59	1,069.11
--------------	---------------	---------------	---------------	-----------------

Zero values are recorded for some cost lines for the following reasons:

1. Therapy staff (occupational & physio) – on our data template this was not a line as we would not expect any therapy staff to form part of a standard care home placement commissioned by us as a Local Authority because these are health services. No providers submitted costs for therapy staff in the ‘other staff’ section of our data template.
2. Fixtures & fittings – the cost categories in our data template do not exactly align with the Annex A cost lines. All relevant premises costs for each care home have been mapped to the ‘repairs and maintenance’ line.
3. Furniture, furnishings and equipment – the cost categories in our data template do not exactly align with the Annex A cost lines. All relevant premises costs for each care home have been mapped to the ‘repairs and maintenance’ line.

Table 7 replicates the information on key cost drivers behind the overall rate, as provided in Annex A (Section 3). Note that the number of locations eligible and local level responses received relate to the number of individual care homes, and therefore differ from the number of providers quoted in Section 2.

Key Cost Driver	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
Number of location level survey responses received	20	17	13	7
Number of locations eligible to fill in the survey (excluding those found to be ineligible)	31	32	30	17
Number of residents covered by the responses	362	304	316	180
Number of carer hours per resident per week	17.70	23.64	23.20	24.34
Number of nursing hours per resident per week	N/A	N/A	7.67	8.40
Average carer basic pay per hour	£9.90	£9.90	£9.90	£9.90
Average nurse basic pay per hour	N/A	N/A	£18.50	£17.98
Average occupancy as a percentage of active beds	90%	90%	90%	90%
Freehold valuation per bed	£74,981.80	£83,520.77	£66,786.54	£78,676.65

Tables 8 - 11 below show the count of observations, lower quartile, median and upper quartile of all items in Annex A, Section 3, as arrived at following the process set out above.

Table 8 - Analysis of Provider Returns - 65+ care home places without nursing

	Count of Observations	Lower Quartile	Median	Upper Quartile
Care home staffing:		339.62	427.13	622.11
Nursing Staff	0	0.00	0.00	0.00
Care Staff	13	225.89	275.01	391.90
Therapy Staff (Occupational & Physio)	13	0.00	0.00	0.00
Activity Coordinators	13	7.32	8.64	12.20
Service Management (Registered Manager/Deputy)	13	24.31	25.33	33.27
Reception & Admin staff at the home	13	9.43	22.25	50.27
Chefs / Cooks	13	26.59	38.48	46.57
Domestic staff (cleaning, laundry & kitchen)	13	38.69	47.86	69.45
Maintenance & Gardening	13	7.38	9.23	16.26
Other care home staffing (Front of House, Hospitality staff)	13	0.00	0.34	2.20
Care home premises:		14.11	16.39	20.82
Fixtures & fittings	0	0.00	0.00	0.00
Repairs and maintenance	13	14.11	16.39	20.82
Furniture, furnishings and equipment	13	0.00	0.00	0.00
Other care home premises costs (please specify)	0	0.00	0.00	0.00
Care home supplies and services:		74.39	88.85	106.63
Food supplies	13	25.69	29.05	32.52
Domestic and cleaning supplies	13	3.76	4.52	5.41
Medical supplies (excluding PPE)	13	1.74	3.36	4.75
PPE	13	0.58	0.72	0.97
Office supplies (home specific)	13	2.28	2.68	3.56
Insurance (all risks)	13	6.47	8.22	9.25
Registration fees	13	3.42	3.64	4.39
Telephone & internet	13	0.90	1.94	2.35
Council tax / rates	13	0.60	0.89	1.09
Electricity, Gas & Water	13	25.41	28.56	32.99
Trade and clinical waste	13	2.79	3.97	4.52
Transport & Activities	13	0.75	1.30	4.82
Other care home supplies and services costs (Pest control, document storage and disposal, GDPR, security)	0	0.00	0.00	0.00
Head office:		26.79	44.93	62.50
Central / Regional Management	13	24.75	39.14	50.83
Support Services (finance / HR / legal / marketing etc.)	13	0.21	2.66	6.17
Recruitment, Training & Vetting (incl. DBS checks)	13	1.83	3.13	5.50
Other head office costs (please specify)	0	0.00	0.00	0.00
Return on Operations	13	18.20	23.09	32.48
Return on Capital	13	62.04	79.09	107.90
TOTAL		535.14	679.49	952.44

Table 9 – Analysis of Provider Returns - 65+ care home places without nursing, enhanced needs

	Count of Observations	Lower Quartile	Median	Upper Quartile
Care home staffing:		358.17	521.05	682.96
Nursing Staff		0.00	0.00	0.00
Care Staff	10	238.67	337.44	423.82
Therapy Staff (Occupational & Physio)	10	0.00	0.00	0.00
Activity Coordinators	10	6.60	14.26	16.11
Service Management (Registered Manager/Deputy)	10	25.47	28.12	44.47
Reception & Admin staff at the home	10	17.35	32.26	47.49
Chefs / Cooks	10	24.22	35.87	57.44
Domestic staff (cleaning, laundry & kitchen)	10	38.16	59.35	73.55
Maintenance & Gardening	10	7.68	13.74	18.28
Other care home staffing (Front of House, Hospitality staff)	10	0.00	0.00	1.79
Care home premises:		14.44	17.28	20.51
Fixtures & fittings	0	0.00	0.00	0.00
Repairs and maintenance	10	14.44	17.28	20.27
Furniture, furnishings and equipment	10	0.00	0.00	0.24
Other care home premises costs (please specify)	0	0.00	0.00	0.00
Care home supplies and services:		71.24	83.58	104.71
Food supplies	10	24.91	31.42	34.42
Domestic and cleaning supplies	10	4.12	5.02	8.07
Medical supplies (excluding PPE)	10	1.14	1.62	3.03
PPE	10	0.67	0.94	1.07
Office supplies (home specific)	10	2.29	3.00	3.82
Insurance (all risks)	10	6.27	6.97	9.03
Registration fees	10	3.39	3.47	4.23
Telephone & internet	10	0.78	1.02	1.88
Council tax / rates	10	0.64	0.83	1.33
Electricity, Gas & Water	10	24.14	24.91	29.04
Trade and clinical waste	10	2.15	2.71	3.90
Transport & Activities	10	0.74	1.61	3.96
Other care home supplies and services costs (Pest control, document storage and disposal, GDPR, security)	10	0.00	0.06	0.96
Head office:		28.13	43.35	57.78
Central / Regional Management	10	26.08	37.98	47.91
Support Services (finance / HR / legal / marketing etc.)	10	0.85	2.67	5.95
Recruitment, Training & Vetting (incl. DBS checks)	10	1.20	2.70	3.93
Other head office costs (please specify)	0	0.00	0.00	0.00
Return on Operations	10	18.88	26.61	34.64
Return on Capital	10	67.35	88.10	95.40
TOTAL		558.21	779.96	996.00

Table 10 – Analysis of Provider Returns - 65+ care home places with nursing

	Count of Observations	Lower Quartile	Median	Upper Quartile
Care home staffing:		515.51	634.19	881.63
Nursing Staff	12	117.79	154.75	217.82
Care Staff	12	255.34	297.46	401.51
Therapy Staff (Occupational & Physio)	12	0.00	0.00	0.00
Activity Coordinators	12	7.00	9.11	12.51
Service Management (Registered Manager/Deputy)	12	21.78	25.45	32.30
Reception & Admin staff at the home	12	21.89	26.53	35.65
Chefs / Cooks	12	16.04	19.94	46.26
Domestic staff (cleaning, laundry & kitchen)	12	34.19	44.36	65.04
Maintenance & Gardening	12	41.48	55.72	68.13
Other care home staffing (Front of House, Hospitality staff)		0.00	0.87	2.41
Care home premises:		15.89	19.78	23.26
Fixtures & fittings	0	0.00	0.00	0.00
Repairs and maintenance	12	15.89	19.78	23.18
Furniture, furnishings and equipment	12	0.00	0.00	0.08
Other care home premises costs (please specify)	0	0.00	0.00	0.00
Care home supplies and services:		77.27	92.14	112.49
Food supplies	12	28.01	31.35	34.69
Domestic and cleaning supplies	12	3.64	4.49	6.09
Medical supplies (excluding PPE)	12	1.64	3.32	5.69
PPE	12	0.53	0.76	0.99
Office supplies (home specific)	12	2.43	2.88	3.57
Insurance (all risks)	12	6.84	8.47	9.53
Registration fees	12	3.61	4.03	4.52
Telephone & internet	12	0.74	1.27	2.32
Council tax / rates	12	0.59	0.95	1.32
Electricity, Gas & Water	12	25.66	28.93	33.61
Trade and clinical waste	12	2.61	4.04	4.53
Transport & Activities	12	0.97	1.65	5.42
Other care home supplies and services costs (Pest control, document storage and disposal, GDPR, security)	12	0.00	0.00	0.20
Head office:		22.28	44.40	54.53
Central / Regional Management	12	18.57	38.00	42.80
Support Services (finance / HR / legal / marketing etc.)	12	1.91	2.81	6.09
Recruitment, Training & Vetting (incl. DBS checks)	12	1.81	3.60	5.65
Other head office costs (please specify)	0	0.00	0.00	0.00
Return on Operations	12	25.24	31.62	42.88
Return on Capital	12	51.22	70.45	86.71
TOTAL		707.42	892.59	1,201.49

Table 11 – Analysis of Provider Returns - 65+ care home places with nursing, enhanced needs

	Count of Observations	Lower Quartile	Median	Upper Quartile
Care home staffing:		591.60	795.88	888.59
Nursing Staff	4	115.62	213.95	214.25
Care Staff	5	330.49	400.79	407.38
Therapy Staff (Occupational & Physio)	5	0.00	0.00	0.00
Activity Coordinators	5	8.54	14.76	26.58
Service Management (Registered Manager/Deputy)	5	15.08	24.76	30.10
Reception & Admin staff at the home	5	15.54	21.99	39.45
Chefs / Cooks	5	40.68	42.72	65.29
Domestic staff (cleaning, laundry & kitchen)	5	53.67	60.14	68.66
Maintenance & Gardening	5	11.96	15.37	18.31
Other care home staffing (Front of House, Hospitality staff)	5	0.00	1.39	18.57
Care home premises:		15.44	19.88	21.14
Fixtures & fittings	0	0.00	0.00	0.00
Repairs and maintenance	5	15.44	19.88	20.82
Furniture, furnishings and equipment	5	0.00	0.00	0.31
Other care home premises costs (please specify)	0	0.00	0.00	0.00
Care home supplies and services:		72.75	88.87	119.60
Food supplies	5	28.60	32.94	39.96
Domestic and cleaning supplies	5	2.11	4.89	11.66
Medical supplies (excluding PPE)	5	1.17	1.56	1.80
PPE	5	0.37	0.80	0.91
Office supplies (home specific)	5	1.95	2.32	3.32
Insurance (all risks)	5	5.96	7.14	9.05
Registration fees	5	4.12	4.39	4.60
Telephone & internet	5	0.79	0.90	1.71
Council tax / rates	5	0.60	0.77	1.41
Electricity, Gas & Water	5	24.42	29.20	35.48
Trade and clinical waste	5	2.08	2.95	4.21
Transport & Activities	5	0.61	1.02	5.36
Other care home supplies and services costs (Pest control, document storage and disposal, GDPR, security)	5	0.00	0.00	0.12
Head office:		34.12	43.55	47.36
Central / Regional Management	5	30.07	36.83	39.14
Support Services (finance / HR / legal / marketing etc.)	5	2.65	2.66	3.96
Recruitment, Training & Vetting (incl. DBS checks)	5	1.40	4.06	4.27
Other head office costs (please specify)	0	0.00	0.00	0.00
Return on Operations	5	28.56	37.93	43.07
Return on Capital	5	50.63	82.99	85.67
TOTAL		793.10	1,069.11	1,205.42

Section 11 - Overall assessment of reliability of data

Overall, we are satisfied that the levels of provider engagement received, and data validation work performed have enabled us to perform a satisfactory cost of care exercise for the 65+ care home market, and that therefore the resulting Annex A submission represents a reasonable estimate of the median actual operating costs for delivering care in CW&C in April 2022. The exception to this is care home placements for nursing – enhanced needs, where despite our best efforts to secure additional provider returns, engagement remains significantly below that received for the other three care home sectors. However, through the adjustment to nursing hours per resident per week as set out in section 5 above, we are satisfied the rate submitted in Annex A is the best estimate available of actual median operating costs for this care home type in April 2022.

However, it should be noted that while the cost of care information submitted in Annex A will be one contributor to future fee setting exercises, any future changes to contract rates will differ once other factors have also been taken into consideration. These include, but are not limited to, different rates required for different providers and across different areas of the borough, as well as wider market sustainability and financial considerations, as covered in more detail in Annex C (Market Sustainability Plan).