

**Stoke on Trent City
Council**

Annex B

**Fair Cost of Care
Report**

65+ Care Homes

General

Challenges in the Data

The Fair Cost of Care Exercise required by the DHSC is driven by provider costs and has not enabled commissioners to challenge and interrogate the data in sufficient depth, resulting in a number of issues in relation to data accuracy which need to be taken into account:

Accuracy of data

Although validation has allowed for some interrogation of costs, it is not possible to completely verify that these costs are truly reflective of incurred costings without open book accounting and providers' management accounts

Future approach to inflation

As the rate of inflation is unpredictable and continuously changing, and the inflation rate for 2022/23 is not a reliable benchmark for determining fees in future financial years; the City Council will need to work with providers in more depth as part of local fee setting to better understand actual costs.

Introduction

The Cost of Care exercise undertaken by Stoke on Trent City Council accounts for costs in a full breakdown, and is based on providers with generally high levels of occupancy and across the range of the size of local homes, mainly medium sized homes with less than 50 beds. Given its small geographic footprint there is no significant geographical variation in Stoke on Trent.

Engagement

Initially at the outset of the engagement we identified 38 care homes in scope of the Cost of Care exercise located across the city. The City Council contracts with all of these care providers and they were all invited to engage and participate with the exercise. This represented 26 Residential and 12 Nursing Homes.

Positive relationships which had been enhanced throughout the course of the pandemic with care homes meant that engagement was made easier in relation to this exercise.

Ongoing engagement with this market has been undertaken since June 2022 when the national iESE Fair Cost of Care toolkit was launched, through webinars, bespoke sessions for individual providers, individual contact and follow up. Follow up was made with not only those providers who had not registered to use the iESE toolkit but also those who had registered but not

submitted a return.

The deadline for submissions was extended twice to encourage greater participation in the exercise.

In addition to the webinars, the City Council held monthly meetings with the Staffordshire Care Association (SARCP) which represent Care Providers across Stoke on Trent, who ensure that their members are given representation in the sector. SARCP also provided additional training sessions for their members on the use of the iESE toolkit, as one of their Executive Committee members had themselves become a “super user” of the toolkit.

Fortnightly Provider E Bulletins have also included regular information and updates during the Fair Cost of Care exercise.

In Scope

During the course of the exercise one large nursing home closed in August 2022, and one nursing home which had opened in February 2022 was assessed as out of scope for the exercise as they were unable to provide full 21/22 figures. That resulted in 36 care homes in scope.

Return Rate

Despite the intensive engagement and support offered only 16 returns were received from the 36 care homes in scope:

- 3 of these returns were unable to be used
 - 2 were from national organisations who had submitted data but hadn't used the national iESE toolkit or provided very limited data.
 - 1 is a regional organisation which only part completed the toolkit and failed to respond to frequent follow ups

13 of the 36 providers in scope did not register to use the toolkit and the remaining 7 registered to use the toolkit but did not submit a return.

It is recognised that this is a voluntary process for providers. Although the return rate was lower than expected, 13 of the returns received represented 35% of providers in scope in our total market

- 36 % of residential providers
- 33% of nursing providers

This is in line with the national average for return rates from care home providers.

Outliers

Initially the numbers of returns provided a good level of confidence in the statistical significance of the sample size although, following further interrogation one of the 4 returns relating to nursing home provision was identified as an outlier, which meant only 3 from 12 nursing providers have informed the median costs.

The City Council has therefore excluded one nursing home return due to the specialist nature of their provision, which was skewing the figures. The provider was asked if they could adjust their submission for the significant amount of 1:1 hours of support they provide. They were unable to do this and comply with the extended deadline, but the City Council would engage further with them in the context of ongoing market engagement with the care home sector, in order to inform local fee setting post 14 October 2022.

Standard and enhanced nursing needs

The result of removing the outlier has impacted on median nursing rates, and has also resulted in little difference between the medians for nursing and enhanced nursing categories of care. The City Council is aware through local, regional and national networks, that many Councils have been unable to gather data that differentiates **standard** needs and **enhanced** needs. However, in our case this is exacerbated by the fact that the calculation of the medians is based on minimal returns (3 nursing homes from 12 in scope). In terms of local fee setting in the future we will need to consider if we can utilise other/benchmarking data to arrive at nursing rates for enhanced categories of care.

Validation of Data and Queries

In the main provider data was used with minimal adjustments. No assumptions were made on a “subtotal” level and all line items sum to the resulting Median.

A significant amount of time was spent on validation of data, (including data omissions, queries on how costs had been attributed, checking of zero values), in order that an accurate reflection of costs consistent across the submissions could be derived.

One residential provider had very low occupancy at 70% throughout 21/22 for a number of reasons and costs were flexed (at 96% average for the cohort) to allow for this.

Temporary additional costs relating to pandemic management have been removed where possible (e.g. those supported by non-recurring grants).

As stated above, one nursing provider, who support a significant number of more complex and challenging residents with a high level of 1:1 support, was assessed as an outlier and the medians recalculated following this.

Return on Capital (ROC)

An amount for return on capital (the owner’s ‘reward’ for investing in the capital asset of the home) which allows for 6% return, has been applied given the significant variation in the returns submitted. This was benchmarked as being reasonable for the industry. ROC was calculated at 6% of the average Freehold valuations submitted by the providers

Return on Operations (ROO)

As with ROC given the significant variation in the returns submitted an allowance at a market standard rate of 5% for return on operations has also been applied – this is the operator’s ‘reward’ for the effective delivery of the care operation, and its associated financial and operational risks.

Inflation

The iESE returns were used for 21/22 data before uplifts as not all providers had entered uplifts to bring prices up to April 22. Inflation uplifts applied have been derived from a mixture of feedback from providers and comparison with CPI quarterly rates (last published in June 2022).

Appendix 1: Table to show the count of observations, lower quartile, median and upper quartile for 65+ care home places without nursing

65+ care home places without nursing				
Cost of care exercise results - all cells should be £ per resident per week	Count	Lower Quartile	MEDIAN	Upper Quartile
Care home staffing:	7	£313.26	£396.63	£493.83
Nursing Staff	0		£0.00	
Care Staff	7	£207.99	£252.50	£308.65
Therapy Staff (Occupational & Physio)	0		£0.00	
Activity Coordinators	6	£4.66	£8.23	£10.10
Service Management (Registered Manager/Deputy)	8	£24.49	£33.82	£41.32
Reception & Admin staff at the home	6	£9.24	£11.10	£11.56
Chefs / Cooks	8	£18.35	£31.67	£34.34
Domestic staff (cleaning, laundry & kitchen)	8	£33.78	£37.72	£39.66
Maintenance & Gardening	8	£6.27	£9.42	£10.86
Other care home staffing	5	£8.48	£12.16	£37.33
Care home premises:	8	£30.71	£38.99	£68.68
Fixtures & fittings	4	£8.16	£10.10	£10.62
Repairs and maintenance	8	£15.36	£18.50	£28.94
Furniture, furnishings and equipment	7	£3.66	£6.04	£7.48
Other care home premises costs	3	£3.52	£4.35	£21.64
Care home supplies and services:	8	£82.36	£104.98	£128.09
Food supplies	8	£28.62	£29.72	£32.62
Domestic and cleaning supplies	8	£4.11	£7.26	£9.19
Medical supplies (excluding PPE)	8	£4.24	£6.12	£8.35
PPE	5	£2.20	£2.97	£3.59
Office supplies (home specific)	8	£1.74	£3.21	£3.55
Insurance (all risks)	8	£4.00	£5.51	£6.14
Registration fees	8	£3.15	£3.49	£4.50
Telephone & internet	8	£1.26	£2.82	£3.08
Council tax / rates	8	£0.63	£0.69	£0.92
Electricity, Gas & Water	8	£23.84	£28.94	£32.64
Trade and clinical waste	8	£4.10	£4.68	£6.03
Transport & Activities	8	£1.13	£2.18	£3.13
Other care home supplies and services costs	7	£3.35	£7.38	£14.37
Head office:	7	£48.29	£71.60	£91.16
Central / Regional Management	6	£22.69	£28.24	£33.90
Support Services (finance / HR / legal / marketing etc.)	6	£15.45	£27.42	£37.93

65+ care home places without nursing				
Cost of care exercise results - all cells should be £ per resident per week	Count	Lower Quartile	MEDIAN	Upper Quartile
Recruitment, Training & Vetting (incl. DBS checks)	5	£1.82	£6.79	£8.27
Other head office costs	4	£8.33	£9.16	£11.06
Return on Operations 5%	8	£22.68	£28.91	£31.38
Return on Capital 6%	6	£71.21	£71.21	£71.21
TOTAL with ROO/ROC Adj	8	£568.51	£712.33	£884.35

	Count	Lower Qtle	Median	Upper Qtle
Supporting information on important cost drivers used in the calculations:				
Number of location level survey responses received			9	
Number of locations eligible to fill in the survey (excluding those found to be ineligible)			25	
Number of residents covered by the responses	8		193	
Number of carer hours per resident per week	7	21.6	24.8	27.1
Number of nursing hours per resident per week				
Average carer basic pay per hour	7	£9.78	£10.04	£10.36
Average nurse basic pay per hour				
Average occupancy as a percentage of active beds	8	94.1%	96.3%	100.0%
Freehold valuation per bed	6	£54,063	£67,102	£79,655

Appendix 2: Table to show the count of observations, lower quartile, median and upper quartile for 65+ care home places without nursing, enhanced needs

65+ care home places without nursing, enhanced needs				
Cost of care exercise results - all cells should be £ per resident per week	Count	Lower Quartile	MEDIAN	Upper Quartile
Care home staffing:	7	£384.28	£442.64	£474.48
Nursing Staff	0		£0.00	
Care Staff	7	£263.85	£306.23	£312.63
Therapy Staff (Occupational & Physio)	0		£0.00	
Activity Coordinators	6	£6.67	£7.23	£8.78
Service Management (Registered Manager/Deputy)	8	£30.09	£35.34	£45.39
Reception & Admin staff at the home	6	£8.75	£10.01	£11.51
Chefs / Cooks	8	£30.13	£33.03	£36.07
Domestic staff (cleaning, laundry & kitchen)	8	£32.29	£34.33	£36.11
Maintenance & Gardening	8	£5.58	£7.99	£11.84
Other care home staffing	5	£6.93	£8.48	£12.16
Care home premises:	8	£34.65	£39.68	£72.44
Fixtures & fittings	4	£8.16	£10.10	£16.02
Repairs and maintenance	8	£16.09	£18.50	£38.13
Furniture, furnishings and equipment	5	£6.04	£6.73	£9.02
Other care home premises costs	3	£4.35	£4.35	£9.26
Care home supplies and services:	8	£79.95	£98.70	£118.68
Food supplies	8	£27.28	£29.19	£33.12
Domestic and cleaning supplies	8	£4.25	£7.21	£8.48
Medical supplies (excluding PPE)	8	£3.91	£6.98	£8.35
PPE	3	£0.95	£1.36	£2.68
Office supplies (home specific)	8	£1.17	£1.53	£2.23
Insurance (all risks)	8	£3.88	£5.31	£6.40
Registration fees	8	£3.16	£3.49	£4.48
Telephone & internet	8	£0.85	£1.55	£3.70
Council tax / rates	8	£0.63	£0.72	£0.97
Electricity, Gas & Water	8	£24.41	£28.52	£30.62
Trade and clinical waste	8	£3.38	£4.33	£6.03
Transport & Activities	8	£1.13	£2.08	£3.29
Other care home supplies and services costs	6	£4.95	£6.43	£8.34
Head office:	7	£51.29	£71.45	£98.94
Central / Regional Management	5	£23.20	£31.49	£33.27
Support Services (finance / HR / legal / marketing etc.)	6	£15.45	£19.75	£33.24

65+ care home places without nursing, enhanced needs				
Cost of care exercise results - all cells should be £ per resident per week	Count	Lower Quartile	MEDIAN	Upper Quartile
Recruitment, Training & Vetting (incl. DBS checks)	5	£3.40	£7.38	£8.27
Other head office costs	4	£9.23	£12.82	£24.16
Return on Operations 5%	8	£23.44	£28.85	£31.05
Return on Capital 6%	8	£71.21	£71.21	£71.21
TOTAL with ROO/ROC Adj	8	£644.82	£752.53	£866.80

	Count	Lower Qtle	Median	Upper Qtle
Supporting information on important cost drivers used in the calculations:				
Number of location level survey responses received			8	
Number of locations eligible to fill in the survey (excluding those found to be ineligible)			25	
Number of residents covered by the responses	8		174	
Number of carer hours per resident per week	7	22.6	24.8	27.1
Number of nursing hours per resident per week				
Average carer basic pay per hour	7	£9.53	£9.88	£10.16
Average nurse basic pay per hour				
Average occupancy as a percentage of active beds	8	94.1%	96.3%	100.0%
Freehold valuation per bed	7	£38,536	£53,922	£70,685

Appendix 3: Table to show the count of observations and Median for 65+ care home places with nursing and with nursing enhanced needs

		65+ care home places with nursing		65+ care home places with nursing, enhanced needs
Cost of care exercise results - all cells should be £ per resident per week	Count	MEDIAN	Count	MEDIAN
Care home staffing:	3	£714.28	2	£694.06
Nursing Staff	3	£118.99	2	£99.41
Care Staff	3	£477.74	2	£490.61
Therapy Staff (Occupational & Physio)	0	£0.00	0	£0.00
Activity Coordinators	3	£6.82	2	£8.00
Service Management (Registered Manager/Deputy)	3	£23.55	2	£23.61
Reception & Admin staff at the home	3	£11.22	2	£12.72
Chefs / Cooks	3	£33.95	2	£26.06
Domestic staff (cleaning, laundry & kitchen)	3	£34.12	2	£27.03
Maintenance & Gardening	3	£6.82	2	£6.62
Other care home staffing	1	£1.07	0	£0.00
Care home premises:	3	£31.15	2	£33.37
Fixtures & fittings	1	£2.74	1	£2.74
Repairs and maintenance	3	£23.87	2	£21.62
Furniture, furnishings and equipment	2	£4.55	1	£9.02
Other care home premises costs	1	£0.00	0	£0.00
Care home supplies and services:	3	£105.10	2	£131.18
Food supplies	3	£29.79	2	£29.68
Domestic and cleaning supplies	3	£6.56	2	£8.99
Medical supplies (excluding PPE)	3	£10.31	2	£23.46
PPE	2	£1.78	1	£1.36
Office supplies (home specific)	3	£3.14	2	£3.63
Insurance (all risks)	3	£5.69	2	£5.25
Registration fees	3	£3.20	2	£2.17
Telephone & internet	3	£1.46	2	£1.20
Council tax / rates	3	£0.98	2	£1.06
Electricity, Gas & Water	3	£30.12	2	£39.64
Trade and clinical waste	3	£6.50	2	£8.49
Transport & Activities	3	£3.66	2	£3.67
Other care home supplies and services costs	3	£1.91	2	£2.58
Head office:	3	£63.24	2	£57.83
Central / Regional Management	2	£38.69	1	£34.11

		65+ care home places with nursing		65+ care home places with nursing, enhanced needs
Cost of care exercise results - all cells should be £ per resident per week	Count	MEDIAN	Count	MEDIAN
Support Services (finance / HR / legal / marketing etc.)	1	£17.76	1	£17.76
Recruitment, Training & Vetting (incl. DBS checks)	3	£6.79	2	£5.96
Other head office costs	0	£0.00	0	£0.00
Return on Operations 5%	3	£40.80	2	£41.85
Return on Capital 6%	2	£71.21	2	£71.21
TOTAL with ROO/ROC Adj	3	£1,025.78	2	£1,029.51

Appendix 4: Table to show supporting information for 65+ care home places with nursing and with nursing enhanced needs.

		65+ care home places with nursing			65+ care home places with nursing, enhanced needs
Supporting information on important cost drivers used in the calculations:					
Number of location level survey responses received		6			5
Number of locations eligible to fill in the survey (excluding those found to be ineligible)		11			11
Number of residents covered by the responses	3	140		2	60
Number of carer hours per resident per week	3	32.1		2	37.2
Number of nursing hours per resident per week	3	6.3		2	6.0
Average carer basic pay per hour	3	£9.94		2	£9.80
Average nurse basic pay per hour	3	£13.03		2	£13.50
Average occupancy as a percentage of active beds	3	95.4%		2	95.0%
Freehold valuation per bed	2	£72,014		2	£72,014

Appendix 5: one column of median values for each care type

	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		
Cost of care exercise results - all cells should be £ per resident per week	Count of Observations	Lower Quartile	MEDIAN	Upper Quartile	Count of Observations	Lower Quartile	MEDIAN	Upper Quartile	Count of Observations	MEDIAN	Count of Observations	MEDIAN
TOTAL from Returns with ROO/ROC Adj	8	£568.51	£712.33	£884.35	8	£644.82	£752.53	£866.80	3	£1,025.78	2	£1,029.51

