



Telford & Wrekin
Co-operative Council

Protect, care and invest
to create a better borough

Adult Social Care Reforms Annex B: Cost of Care Report

Care Home

February 2023



Annex B Cost of Care Report

Care Home (Residential)

1.0 Introduction

As part of the governments reforms of adult social care, local authorities were required to start building strong foundations and prepare markets for wider charging reform and thereby increase market sustainability. In October 2022 Central Government announced a delay to the introduction of the financial elements of the Social Care Reforms until October 2025.

As a condition of the Market Sustainability and Fair Cost of Care Fund, local authorities were required to evidence the work they are doing to prepare their markets and undertake a cost of care exercise for 65+ Care Homes.

2.0 Engagement

Due to many providers delivering care across both Shropshire and Telford, in April 2022 we held a joint Shropshire and Telford & Wrekin care provider's event, attended by circa of 70 home care and residential care providers. The aim of the event was to seek the views of all partners on shaping our future care market and encouraging involvement in the cost of care exercise. In May 2022 we began the process of collecting costs from providers using the [iESE CareCubed](#) toolkit. All providers were given 4 weeks to initially complete, then in addition, a further 4 weeks was given to complete the toolkit and submit, therefore providers had a total of 8 weeks to complete the exercise.

To support providers in completing the exercise, a data sharing agreement, question and answer document was developed and circulated, along with weekly updates.

Within Telford & Wrekin we worked closely with Shropshire Partners in Care, a not for profit organisation representing approximately 240 independent Nursing, Residential, Supported Living and Domiciliary Care providers in Shropshire and Telford & Wrekin, to support completion on the Cost of Care exercise. Each provider was contacted by both Shropshire Partners in Care and Telford & Wrekin Council by email and phone calls to managers encouraging engagement and offering support for completion.

During the period between July and October, finance leads within the Council analysed and validated returns making contact with individual providers for clarification were needed. Clarification was sought from providers for omissions (clarifying a cell was intentionally blank or zero), confirmation of hourly rates and other general data entry errors. Where mistakes had been made, changes were made in agreement with providers.

3. Response Rate

Telford & Wrekin achieved a Care Home return rate of 50% of the in scope locations within the care market in the borough. In scope refers to care homes in the Borough providing residential and nursing care for people aged 65+.

4. Results

Appendix 1: Annex A, showing, median quartile rates.

Appendix 2: Table – 65+ Care home places without nursing - count of observations, lower quartile, median and upper quartile

Appendix 3: Table – 65+ Care home places without nursing, enhanced needs - count of observations, lower quartile, median and upper quartile

Appendix 4: Table – 65+ Care home places with nursing - count of observations, lower quartile, median and upper quartile

Appendix 5: Table – 65+ Care home places with nursing, enhanced needs - count of observations, lower quartile, median and upper quartile

5. Approach

- 5.1** Median values for the care home returns have been calculated on a cost line basis, with the sum of each median value being used to calculate an overall cost per resident, per week.

This approach enabled data to be analysed and interrogated on a line by line basis and allowed anomalies or outlying figures were easily identified and not disguised by other figures within an overall sub-total value.

- 5.2** Zero values have been included within the median calculations after taking into consideration all of the data submitted and being confident that these values were intentionally zero (some clarification was sought from providers where applicable).
- 5.3** As a result of the analysis of the data received and clarification being sought, the decision was made to exclude one outlying return from the exercise. This exclusion is reflected within the reported response rate of 50%.
- 5.4** Only one adjustment has been made to the data received when calculating the overall median rate.
- 5.4.1** Return on Capital (ROC) – Omissions in the data returned and the differences of the ROC data when compared between providers (and benchmarked figures) confirmed the figures provided required a large element of judgement from each provider and that the circumstances of each individual provider result in very different ROC assumptions and figures.

Due to this uncertainty and therefore level of confidence in the returned data, the decision was made to adopt the DHSC approach (2) using Local Housing Allowance rates as the basis for the ROC calculation. While this does provide a standardised median across all providers, we do accept each individual provider is different and will consider as part of the wider fee setting exercise the amount paid to any one provider once considerations such as building type have been taken into account.

- 5.4.2** While the adjustments made to the median rates have been minimal, they have been made to improve the accuracy and validity of the data and therefore ensure the final Annex A submission reflects actual median costs that are representative of the current market within Telford & Wrekin. All adjustments have been made based on evidence and local market intelligence and are consistent with the DHSC guidance. As the above points have stated the adjustments made are deemed by the Council to be the most appropriate action given the limited and varying data that was submitted.
- 5.5** Return on Operations – the median figure included in Annex A is the unadjusted median figure returned by providers.
- 5.6** The cost of care exercise for care homes asked providers to submit results for the financial year 1st April 2021 to 31st March 2022 but to also include inflationary factors to bring prices to 2022/23 levels. The figures included within Annex A are the inflated figures with 2022 occupancy levels. Therefore, no further inflationary adjustments have been made in the published Annex A figures.

Further reflection and analysis will be conducted over the coming months as part of the overall fee setting exercise to ensure the impact of the constantly changing picture of inflation is fully considered in the rates set for future years.

5.7 Funded Nursing Care – Additional clarification was sought from providers who submitted returns for care homes providing nursing care as to whether the data provided was gross of funded nursing care income. In each case it was confirmed that the gross cost of a nursing bed had been submitted.

5.8 Benchmarking of returned data has taken place using data from;

- LaingBuisson
- West Midlands Association of Directors of Adult Social Services
- Shropshire Partners in Care
- Local knowledge of providers
- Current fee rates

6. Limitations

The cost of care exercise is only a small part of the overall fee setting process and the result of the exercise (as published in Annex A - appendix 1) will be used as part of the fee setting process but not in isolation due to the limitations of the exercise as identified below;

- The data collected from providers is at a set point in time and may have varied from provider to provider. The period of data collection could also have included 'unusual' periods where expenditure may have been unusually high or low (impact of COVID - 19 grants for example)
- Response rate only representative of half of market
- Level of detail received from providers due to limiting factors such as expertise, time and resource available to complete exercise
- Provider interpretation – while engagement and support was available, some questions may have been interpreted in different ways from one provider to the next
- Differences in provider models and businesses
- Reliability of inflated figures (what has and hasn't been included in figures provided)
- Constantly changing situation with regards to inflationary increases

7. Conclusion

The Council has responded to the FCoC exercise as set out in the Department of Health & Social Care (DHSC) Market Sustainability and Fair Cost of Care Fund guidance for 2022/23.

Shropshire Partners in Care carried out a survey in November 2022 asking those members that had not completed the FCoC exercise reasons why? Lack of time and capacity were the main reasons cited. We thank our providers for their support in completing this Fair Cost of Care exercise and/or contributing to its findings.

We recognised some years ago that our in-borough care homes are very different in their business set up and have different cost pressures which has led, in some cases, to homes having different costs even for each resident. In response to this, the Council carried out its own 'Price Leveling' exercise with individual care home owners and managers in.

We therefore established a cost of care that was bespoke to them and their circumstances as well as being affordable for the Council. Where there were historically low fee rates, we agreed an uplift in return for high rates coming down to create a new usual fee rate for that home. This usual fee rate forms the basis for uplifts consideration.

With half our in borough providers responding to the current FCOC exercise, we do have a greater confidence in the outcome and it will form part of other work ongoing with regards fee setting for the coming years.

Appendix 1

Cost of care exercise results - £ per resident per week, MEDIANs.	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
Total Care Home Staffing	£492.85	£621.27	£771.37	£822.80
Nursing Staff	£0.00	£0.00	£230.54	£206.89
Care Staff	£337.99	£472.73	£344.04	£461.09
Therapy Staff (Occupational & Physio)	£0.00	£0.00	£0.00	£0.00
Activity Coordinators	£7.80	£7.80	£8.30	£7.82
Service Management (Registered Manager/Deputy)	£41.51	£41.85	£48.11	£41.46
Reception & Admin staff at the home	£12.31	£12.67	£12.03	£12.35
Chefs / Cooks	£40.57	£32.83	£23.38	£20.74
Domestic staff (cleaning, laundry & kitchen)	£41.05	£41.05	£53.62	£38.45
Maintenance & Gardening	£9.55	£10.27	£11.26	£12.31
Other care home staffing (please specify)	£2.07	£2.07	£40.09	£21.71
Total Care Home Premises	£47.23	£35.98	£50.75	£54.91
Fixtures & fittings	£20.88	£5.75	£21.20	£12.18
Repairs and maintenance	£17.33	£19.23	£17.33	£31.12
Furniture, furnishings and equipment	£9.02	£11.00	£12.22	£11.61
Other care home premises costs (please specify)	£0.00	£0.00	£0.00	£0.00
Total Care Home Supplies and Services	£119.04	£106.54	£138.72	£123.64
Food supplies	£42.22	£42.22	£35.13	£33.13
Domestic and cleaning supplies	£10.19	£9.65	£13.49	£13.96
Medical supplies (excluding PPE)	£2.60	£1.54	£3.44	£3.28
PPE	£0.59	£0.59	£13.34	£8.72
Office supplies (home specific)	£5.93	£5.83	£6.19	£7.19
Insurance (all risks)	£5.60	£3.27	£10.94	£6.98

Registration fees	£3.26	£3.25	£3.65	£3.44
Telephone & internet	£1.11	£0.98	£1.60	£1.53
Council tax / rates	£0.82	£0.69	£0.82	£0.62
Electricity, Gas & Water	£37.30	£29.20	£37.30	£31.67
Trade and clinical waste	£5.81	£5.81	£6.98	£6.78
Transport & Activities	£1.72	£1.59	£2.33	£1.96
Other care home supplies and services costs (please specify)	£1.89	£1.92	£3.51	£4.40
Total Head Office	£23.89	£32.54	£29.85	£40.11
Central / Regional Management	£13.46	£22.11	£13.46	£19.62
Support Services (finance / HR / legal / marketing etc.)	£8.76	£8.76	£6.68	£11.90
Recruitment, Training & Vetting (incl. DBS checks)	£1.67	£1.67	£7.71	£6.46
Other head office costs (please specify)	£0.00	£0.00	£2.00	£2.14
Total Return on Operations	£47.56	£62.37	£93.86	£88.84
Total Return on Capital	£44.82	£56.07	£41.30	£37.15
TOTAL (including FNC)	£775.46	£914.85	£1,125.94	£1,167.52

Supporting information on important cost drivers used in the calculations:	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	7	7	3	4
Number of locations eligible to fill in the survey (excluding those found to be ineligible)	22	22	22	22
Number of residents covered by the responses	115	143	114	125
Number of carer hours per resident per week	25	31	27	31
Number of nursing hours per resident per week	0	0	9	8
Average carer basic pay per hour	£9.97	£10.07	£10.55	£10.32
Average nurse basic pay per hour	£0.00	£0.00	£18.64	£19.07
Average occupancy as a percentage of active beds	89%	90%	96%	96%
Freehold valuation per bed	£48,750	£50,709	£55,263	£80,599

Appendix 2

65+ care home places without nursing	Count of Observations	Median (£)	Lower Quartile (£)	Upper Quartile (£)
Care home staffing:		492.85	413.99	577.05
Nursing Staff	0	-	-	-
Care Staff	7	337.99	293.10	360.87
Therapy Staff (Occupational & Physio)	0	-	-	-
Activity Coordinators	5	7.80	2.72	8.77
Service Management (Registered Manager/Deputy)	6	41.51	36.34	47.74
Reception & Admin staff at the home	6	12.31	10.82	29.06
Chefs / Cooks	7	40.57	28.93	41.31
Domestic staff (cleaning, laundry & kitchen)	7	41.05	33.98	54.95
Maintenance & Gardening	6	9.55	7.22	10.49
Other care home staffing (please specify)	6	2.07	0.90	23.87
Care home premises:		47.23	24.70	72.35
Fixtures & fittings	7	20.88	5.23	27.57
Repairs and maintenance	7	17.33	14.85	22.36
Furniture, furnishings and equipment	7	9.02	4.62	17.81
Other care home premises costs (please specify)	3	-	-	4.62
Care home supplies and services:	7	119.04	86.54	151.50
Food supplies	7	42.22	33.62	45.53
Domestic and cleaning supplies	7	10.19	8.58	14.07
Medical supplies (excluding PPE)	6	2.60	0.88	3.32
PPE	4	0.59	-	1.97
Office supplies (home specific)	7	5.93	4.37	7.83
Insurance (all risks)	6	5.60	2.14	8.82
Registration fees	7	3.26	3.09	3.64
Telephone & internet	7	1.11	0.82	2.45
Council tax / rates	5	0.82	0.35	1.19
Electricity, Gas & Water	7	37.30	27.47	50.44

Trade and clinical waste	7	5.81	3.65	6.87
Transport & Activities	7	1.72	0.82	2.08
Other care home supplies and services costs (please specify)	6	1.89	0.78	3.31
Head office:		23.89	13.86	59.60
Central / Regional Management	6	13.46	10.52	21.93
Support Services (finance / HR / legal / marketing etc.)	5	8.76	3.34	22.17
Recruitment, Training & Vetting (incl. DBS checks)	4	1.67	-	7.75
Other head office costs (please specify)	3	-	-	7.76
Return on Operations	7	47.56	45.23	71.07
Return on Capital	5	44.82	6.00	140.01
TOTAL (including FNC)		775.46	590.30	1,071.57

Appendix 3

65+ care home places without nursing, enhanced needs	Count of Observations	Median (£)	Lower Quartile (£)	Upper Quartile (£)
Care home staffing:		621.27	484.06	675.68
Nursing Staff	0	-	-	-
Care Staff	7	472.73	360.87	484.05
Therapy Staff (Occupational & Physio)	0	-	-	-
Activity Coordinators	5	7.80	3.81	9.07
Service Management (Registered Manager/Deputy)	6	41.85	39.67	46.17
Reception & Admin staff at the home	6	12.67	12.17	24.20
Chefs / Cooks	7	32.83	26.87	40.92
Domestic staff (cleaning, laundry & kitchen)	7	41.05	34.16	54.90
Maintenance & Gardening	6	10.27	6.46	10.89
Other care home staffing (please specify)	5	2.07	0.07	5.49
Care home premises:		35.98	30.46	65.19
Fixtures & fittings	7	5.75	5.03	21.04
Repairs and maintenance	7	19.23	17.50	25.98
Furniture, furnishings and equipment	7	11.00	7.93	17.81
Other care home premises costs (please specify)	2	-	-	0.36
Care home supplies and services:	7	106.54	79.56	135.22
Food supplies	7	42.22	31.17	45.53
Domestic and cleaning supplies	7	9.65	7.43	15.35
Medical supplies (excluding PPE)	6	1.54	0.76	2.57
PPE	4	0.59	-	2.35
Office supplies (home specific)	7	5.83	2.72	6.15
Insurance (all risks)	6	3.27	1.33	7.64
Registration fees	7	3.25	3.05	3.41
Telephone & internet	7	0.98	0.56	1.36
Council tax / rates	5	0.69	0.25	0.87
Electricity, Gas & Water	7	29.20	27.47	37.71
Trade and clinical waste	7	5.81	2.93	6.98

Transport & Activities	7	1.59	0.82	2.03
Other care home supplies and services costs (please specify)	6	1.92	1.08	3.31
Head office:		32.54	15.66	71.49
Central / Regional Management	7	22.11	12.32	28.44
Support Services (finance / HR / legal / marketing etc.)	5	8.76	3.34	25.00
Recruitment, Training & Vetting (incl. DBS checks)	4	1.67	-	10.22
Other head office costs (please specify)	3	-	-	7.84
Return on Operations	7	62.37	43.27	75.18
Return on Capital	5	56.07	6.00	149.49
TOTAL (including FNC)		914.85	659.00	1,172.24

Appendix 4

65+ care home places with nursing	Count of Observations	Median (£)	Lower Quartile (£)	Upper Quartile (£)
Care home staffing:		771.37	701.70	967.39
Nursing Staff	3	230.54	214.92	274.65
Care Staff	3	344.04	341.02	411.26
Therapy Staff (Occupational & Physio)	0	-	-	-
Activity Coordinators	3	8.30	7.51	14.17
Service Management (Registered Manager/Deputy)	3	48.11	43.03	48.15
Reception & Admin staff at the home	3	12.03	10.82	19.89
Chefs / Cooks	3	23.38	15.86	35.36
Domestic staff (cleaning, laundry & kitchen)	3	53.62	38.50	71.63
Maintenance & Gardening	3	11.26	9.18	12.31
Other care home staffing (please specify)	3	40.09	20.88	79.98
Care home premises:		50.75	36.70	99.65
Fixtures & fittings	2	21.20	10.60	36.47
Repairs and maintenance	3	17.33	16.86	36.90
Furniture, furnishings and equipment	3	12.22	9.24	22.03
Other care home premises costs (please specify)	1	-	-	4.26
Care home supplies and services:	3	138.72	110.42	188.59
Food supplies	3	35.13	28.83	35.58
Domestic and cleaning supplies	3	13.49	13.39	14.07
Medical supplies (excluding PPE)	3	3.44	3.32	3.64
PPE	3	13.34	8.33	34.03
Office supplies (home specific)	3	6.19	4.79	10.40
Insurance (all risks)	3	10.94	7.11	12.13
Registration fees	3	3.65	3.29	3.97
Telephone & internet	3	1.60	1.13	2.47
Council tax / rates	2	0.82	0.41	1.58
Electricity, Gas & Water	3	37.30	28.70	42.88
Trade and clinical waste	3	6.98	6.67	10.53

Transport & Activities	3	2.33	2.08	4.21
Other care home supplies and services costs (please specify)	3	3.51	2.40	13.14
Head office:		29.85	23.38	73.35
Central / Regional Management	3	13.46	11.74	43.21
Support Services (finance / HR / legal / marketing etc.)	3	6.68	5.95	14.36
Recruitment, Training & Vetting (incl. DBS checks)	3	7.71	4.69	8.03
Other head office costs (please specify)	2	2.00	1.00	7.76
Return on Operations	3	93.86	70.06	97.18
Return on Capital	3	41.30	76.96	112.40
TOTAL (including FNC)		1,125.94	1,019.21	1,538.55

Appendix 5

65+ care home places with nursing, enhanced needs	Count of Observations	Median (£)	Lower Quartile (£)	Upper Quartile (£)
Care home staffing:		822.80	705.72	949.70
Nursing Staff	4	206.89	182.62	240.56
Care Staff	4	461.09	423.09	474.17
Therapy Staff (Occupational & Physio)	0	-	-	-
Activity Coordinators	3	7.82	5.04	11.69
Service Management (Registered Manager/Deputy)	4	41.46	34.16	45.76
Reception & Admin staff at the home	4	12.35	10.80	16.44
Chefs / Cooks	4	20.74	15.65	24.14
Domestic staff (cleaning, laundry & kitchen)	4	38.45	22.03	62.55
Maintenance & Gardening	4	12.31	9.84	14.38
Other care home staffing (please specify)	3	21.71	2.49	60.03
Care home premises:		54.91	30.94	83.37
Fixtures & fittings	3	12.18	2.37	21.81
Repairs and maintenance	4	31.12	18.76	46.37
Furniture, furnishings and equipment	4	11.61	9.81	13.07
Other care home premises costs (please specify)	1	-	-	2.13
Care home supplies and services:	4	123.64	97.17	169.25
Food supplies	4	33.13	28.31	37.33
Domestic and cleaning supplies	4	13.96	12.84	16.13
Medical supplies (excluding PPE)	4	3.28	2.97	3.54
PPE	3	8.72	3.07	23.69
Office supplies (home specific)	4	7.19	5.62	9.67
Insurance (all risks)	4	6.98	4.03	10.00
Registration fees	4	3.44	3.03	3.81
Telephone & internet	4	1.53	1.21	2.04
Council tax / rates	3	0.62	0.38	1.13
Electricity, Gas & Water	4	31.67	25.89	40.09
Trade and clinical waste	4	6.78	5.46	8.92

Transport & Activities	4	1.96	1.22	3.27
Other care home supplies and services costs (please specify)	4	4.40	3.16	9.66
Head office:		40.11	27.00	73.39
Central / Regional Management	4	19.62	15.35	34.82
Support Services (finance / HR / legal / marketing etc.)	4	11.90	6.31	21.89
Recruitment, Training & Vetting (incl. DBS checks)	4	6.46	3.85	9.42
Other head office costs (please specify)	3	2.14	1.50	7.26
Return on Operations	4	88.84	80.50	95.52
Return on Capital	4	37.15	121.16	170.22
TOTAL (including FNC)		1,167.52	1,062.49	1,541.45