# Fair Cost of Care Oldham - Annex B - Care Homes 65+

**Contents**

[How we conducted the Fair Cost of Care exercise 1](#_Toc125980011)

[Response rate 5](#_Toc125980012)

[Our approach to validating the data 6](#_Toc125980013)

[Limitations of the data 7](#_Toc125980014)

[Data summary 8](#_Toc125980015)

How we conducted the Fair Cost of Care exercise

In Oldham, independent consultants were commissioned to conduct an online survey for both care home 65+ and domiciliary care 18+ providers operating across Oldham. The survey was conducted using Survey Monkey. Providers also had the option to submit via the two national tools (IESE Care Cubed for care homes and LGA toolkit for domiciliary care). The decision was made to use the independent consultant’s survey because of the number of providers in the borough who are smaller local providers, who may have found completion of the national tools more challenging.

The survey was initially open from the 15 June to 13 July 2022, then extended to 20 July 2022 and was widely promoted via regular provider newsletters, at provider forums, including a Forum on the 30 June attended by the Care Providers Alliance, direct emails from the council and by follow up communications from the independent consultants. An email address and telephone number were provided by the independent consultants, who were available to offer support and clarification guidance for completion of the survey. The independent consultants also conducted two workshops to provide further support and facilitate discussions which would help gather information to shape the Market Sustainability Plan, though these sessions were not well attended by providers.

It was felt to be beneficial to have the survey conducted by an external consultancy service to give providers confidence of the independence of the data collection. The fact that support and advice on completion of the survey was also available from the independent consultants was felt to be advantageous given the profile of providers, who we felt may struggle to engage with the national tool.

The full list of questions asked in the online survey was:

Questions asked in the survey:

1. What is the name of your care home?
2. Are you part of a wider group?
3. Name of the group?
4. Do you provide? (tick all that apply)
   1. +65 Residential Care
   2. +65 Residential Care, Enhanced Needs
   3. +65 Residential Care with Nursing
   4. +65 Residential Care with Nursing, Enhanced Needs
5. What is your total expenditure for the following areas for the year 2021-22, including staﬀ on-costs and agency staﬀ costs
   1. Registered Nursing Staﬀ
   2. Nursing assistants, associates, or equivalents (non RGN)
   3. Senior Carer (or equivalents)
   4. Carer
   5. Therapy staﬀ (Occupational and Physio)
   6. Activity Coordinators
   7. Registered Manager
   8. Deputy
   9. Reception & Admin staﬀ at the home
   10. Chefs/Cooks
   11. Domestic staﬀ (cleaning, laundry & kitchen/catering not included above)
   12. Maintenance & Gardener
   13. Other care home staﬀing (please specify)
6. What is the percentage increase in costs for each of these staﬀ roles you have seen since April 2022? (answer as a percentage)
   1. Registered Nursing Staﬀ
   2. Nursing assistants, associates, or equivalents (non RGN)
   3. Senior Carer (or equivalents)
   4. Carer
   5. Therapy staﬀ (Occupational and Physio)
   6. Activity Coordinators
   7. Registered Manager
   8. Deputy
   9. Reception & Admin staﬀ at the home
   10. Chefs/Cooks
   11. Domestic staﬀ (cleaning, laundry & kitchen/catering not included above)
   12. Maintenance & Gardener
   13. Other care home staﬀing (please specify)
7. Please provide the following annual cost information about your care home overheads for 2021/22
   1. Food Supplies
   2. Domestic and cleaning supplies
   3. Medical supplies excluding PPE
   4. PPE
   5. Oﬀice supplies (home speciﬁc)
   6. Insurance
   7. Registration fees
   8. Telephone and internet
   9. Council tax / rates
   10. Electricity
   11. Gas / Oil / LPG
   12. Water
   13. Trade and clinical waste
   14. Transport and activities
   15. Other care home supplies and services
8. What is the percentage increase in costs for each of these areas you have seen since April 2022? (answer as a percentage)
   1. Food Supplies
   2. Domestic and cleaning supplies
   3. Medical supplies excluding PPE
   4. PPE
   5. Oﬀice supplies (home speciﬁc)
   6. Insurance
   7. Registration fees
   8. Telephone and internet
   9. Council tax / rates
   10. Electricity
   11. Gas / Oil / LPG
   12. Water
   13. Trade and clinical waste
   14. Transport and activities
   15. Other care home supplies and services
9. Please provide information on the total expenditure on your premise for 2021/22
   1. Fixtures and Fittings
   2. Repairs and Maintenance (excluding any employee costs)
   3. Furniture, Furnishings and Equipment
   4. Other premises costs
10. What is the percentage increase in costs for each of these areas you have seen since April 2022? (answer as a percentage)
    1. Fixtures and Fittings
    2. Repairs and Maintenance (excluding any employee costs)
    3. Furniture, Furnishings and Equipment
    4. Other premises costs
11. What is your total expenditure for 2021/22 for the following Head Oﬀice costs? (For some smaller providers, the home manager may fulﬁl a number of these functions and therefore these costs are already included in management costs)
    1. Central / Regional Management (Directors’ costs and operational management above registered manager level)
    2. Support Services (ﬁnance / HR / legal / marketing etc.)
    3. Recruitment, Training & Vetting (incl. DBS checks)
    4. Other head oﬀice costs (please specify)
12. Please tell us the following ﬁnancial information for your care home for the latest full ﬁnancial year?
    1. Total Turnover
    2. Total Overhead
    3. Proﬁt / Surplus (before tax)
13. What is you approach to Return on Operations?
    1. % mark-up on operating costs
    2. total value for the home per annum Total salary cost
14. What is your percentage markup applied to operating costs (%)
15. What is your total Return on Operations (£) for the Care Home per annum
16. Is the property rented?
17. If YES, Rental amount p/a (£)
18. Do you wish to provide your Return on Capital ﬁgure as a per resident per week value for the care home OR as a % of property valuation?
    1. Per resident per week ROCE value
    2. % of property valuation
19. What is your Per resident per week ROCE value?
20. What is your Return on Capital %?
21. What is the freehold valuation of your Care Home?
22. What year was the valuation made?
23. Was the valuation an oﬀicial RICS red book evaluation?
24. Is the home purpose built?
25. What year was the home built (approx)
26. How many rooms are en-suites? (includes just a w/c and basin, through to a full wet room)
27. How many rooms are wet-rooms?
28. What is the average room size? (in m2)
29. How many active beds does your care home have in total?
30. How many active beds out of commission does your care home have? (Beds that are not de-registered that you cannot fulﬁl)
31. Please provide average resident occupancy for 2021-22 for the diﬀerent categories below:
    1. +65 Residential Care
    2. +65 Residential Care, Enhanced Needs
    3. +65 Residential Care with Nursing
    4. +65 Residential Care with Nursing, Enhanced Needs
32. Please provide average resident occupancy by funding source
    1. Number of Local authority funded (in area and out of area)
    2. Number of Joint funded residents (LA and Health /NHS)
    3. Number of self funders / privately funded
    4. Number of Continuing Health Care (CHC) funded beds (NHS)
    5. Other
33. Please can you tell us your weekly charge for self-funders for the following categories that you provide service to? (in £/week, use an average charge if it varies by room size)
    1. +65 Residential Care
    2. +65 Residential Care, Enhanced Needs
    3. +65 Residential Care with Nursing
    4. +65 Residential Care with Nursing, Enhanced Needs
34. What is the average number of Registered Nursing staﬀ hours per week?
35. What is the average number of Nursing assistant staﬀ hours / week?
36. What is the average number of Senior Carer staﬀ hours per week?
37. What is the average number of Carer staﬀ hours / week?
38. Please tell us your average basic rates of pay for the following roles as of April 2022 (£/hour)
    1. Registered Nursing Staﬀ
    2. Nursing assistants, associates, or equivalents (non RGN)
    3. Senior Carer (or equivalents)
    4. Carer
39. What is your current employers NI contribution as a % on direct staﬀ payroll costs as of April 2022?
40. What is your current employers pension contribution as a % on direct staﬀ payroll costs as of April 2022?
41. What is your average apprenticeship levy contribution % as of April 2022
42. What is the average number of holiday days per year per FTE?
43. What is the average number of training/supervision days per year per FTE
44. What is the average number of sickness days per year per FTE?
45. What is the average number of maternity/paternity/adoption allowance days per year per FTE
46. What is the average number of suspension allowance – days per year per FTE.
47. Please tell us the average agency costs for the following roles as of April 2022 (£/hour)
    1. Registered Nursing Staﬀ
    2. Nursing assistants, associates, or equivalents (non RGN)
    3. Senior Carer (or equivalents)
    4. Carer
48. Please tell us the average weekly agency hours for the following roles as of April 202 (£/hour)
    1. Registered Nursing Staﬀ
    2. Nursing assistants, associates, or equivalents (non RGN)
    3. Senior Carer (or equivalents)
    4. Carer
49. Address

Providers also had the option to submit their information through the national IESE Care Cubed tool.

Response rate

In total 15 homes submitted data for the survey, this included a mixture of residential only (9), dual registered (4) and nursing only (2) homes. The homes completing the survey included small independent providers, smaller local groups, regional and national providers. They were also geographically spread across the borough. They ranged in size from 17 beds up to 150 beds.

**Table 1 – Response rate from care homes in scope**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **Residential** | **Residential Dementia** | **Nursing** | **Nursing Dementia** |
| **Completed Submission** | 12 | 6 | 6 | 3 |
| **Homes in scope** | 38 | 19 | 10 | 6 |
| **Percentage Completed** | 32% | 31% | 60% | 50% |

Following completion of the survey a workshop was held with providers who did express that they had found the process both difficult and time consuming and we believe that this impacted on our response rate. Again, we feel that this relates to our provider base as we have a very small number of care homes owned by the larger national providers who may have found it easier to engage with the process.

Our approach to validating the data

The independent consultants translated the information from the surveys into the national tools for collation and conducted verification and validation of the data with providers. The information was then provided to the council. Following further analysis of this data it was noted that further verification was required. Accounts information was requested from providers but insufficient information was received to allow such validation to take place.

To ensure consistency of approach we then reviewed the data and made the following adjustments:

* For ‘Return on Capital’ a rate has been applied based on the DHSC guidance; Local Housing Allowance rate (Cat B for 1 bedroom) less the fixtures and fittings and repairs and maintenance costs.
* ‘Return on Operations’ was applied at a rate of 5% following guidance from the Local Government Agency and NW ADASS.
* Subtotals excluding zeros were used for all weekly fee rates
* All premises costs were amalgamated across the 4 categories to apply one consistent rate as these costs were felt to apply in the same way across the different categories, therefore giving a more accurate picture for those categories with lower response rates
* For 2022/23 nursing staff costs were inflated based on the agreed NHS increases of 4% for 2022/23 as data submitted was prior to the agreement
* Care staff costs were inflated to £9.90 from October 2022 and £10.90 from April 2023, due to the implementation of Living Wage Foundation rate in Oldham from this time.
* Head Office costs were amalgamated across the 4 categories to apply one consistent rate.
* Supplies and Services costs were reviewed to establish a consistent rate for residential and a higher rate for nursing based on the rationale that medical supplies, cleaning supplies and trade and clinical waste are likely to be a higher cost for this sector. All other elements of the supplies and service section were consistent across the 4 categories.
* PPE costs were excluded. PPE was free the national and local portals during the period reported on. We will work with providers to understand what the true costs for this will be for fee setting for 2023/24 once the national portal closes.
* The total cost for both the nursing rates is assumed to include the Funded Nursing Care element within it

During the course of undertaking the Fair Cost of Care exercise, localities across Greater Manchester and North West Association of Directors Adult Social Services engaged in collaborative discussions, to better inform our approaches to the treatment of certain cost items and interpretation of the guidance. It is anticipated that these discussions will continue as we work towards fee setting for 2023/24, so as to be cognisant of any potential impact, particularly on the market sustainability of neighbouring boroughs.

Through this collaboration the variation in costs across localities was above what would be expected or can be explained by local differences. This raised concerns regarding the overall quality and representativeness of the cost information received through the exercise.

Limitations of the data

During the course of analysing the data provided to us by the independent consultants we became aware that further validation of our data was required. As stated above we wrote to providers to seek copies of last years’ accounts and current years’ management accounts but did not receive a sufficient response to allow us to fully verify the data. However, we have benchmarked our outputs across the North West and Greater Manchester. Our outputs are in the lower quartile, and this is consistent with how our fee rates have traditionally benchmarked and would appear consistent in relation to our demographics and employment profile as a borough.

It is noted that the costs during the required year of 2021/22 will have included some cost lines which would have been impacted by extraordinary costs incurred during the COVID pandemic, which were supported by one off funding. Through this exercise it has not always been possible to identify and isolate these costs; this risks the figures being distorted or overstated.

It needs be recognised that care homes often provide a mix of support across a broad range of support types and complexity of need. This includes homes who also provide more specialist provision, where services and staffing ratios can be significantly above what is usually required within the four categories identified for the Fair Cost of Care exercise.

It has not always been possible for providers to separately identify, accurately assign or exclude such costs and the additionality. Therefore, for homes who also provide more specialist provision, there is risk that the comparison of reported costs against the fees required from local authorities across the four care categories, are overstated.

Often more specialist provision, including one-to-one support, is paid separately and in addition to usual fees.

There is a risk that the costing tools may have overstated reported costs. This may include:

* The allocation of nursing assistants across both residential and nursing care for dual registered homes;
* Potential over-allowance for sick pay cover costs as most providers do not operate enhanced sick pay schemes.

Data summary

The iBCF rates provided in Annex A only include those cohorts in scope of this exercise as per the guidance.

Tables 2 to 5 below show the median, lower and upper quartile cost breakdown by expenditure type for the four categories of residential care that are required to be submitted. The data was collected for the 2021/22 financial year, costs submitted are at 2022/23 rates with the following inflation assumptions applied:

* Living Wage Foundation rate of £9.90 for 2022-23 for care staff costs, effective from October 2022
* 4% for nursing staff costs based on NHS pay increase for 2022-23
* 6.4% for all other pay and non-pay elements based on the median value from provider returns
* We will be consulting with providers as part of our usual fee setting approach, the information from Fair Cost of Care will be fed into this process, but will not in itself form our fees, given the limitations noted above.

No adjustments were made to occupancy. The data was collected for the year April 2021-April 2022. Full tables are included in Annex A, Section 3 with one column of median values for each care type.

**Table 2- Residential Care**

Table showing breakdown of costs for standard residential care

**Table 3- Residential Care 65+: Enhanced Needs**

Table showing the breakdown of costs for enhanced residential care

**Table 4- Residential Care 65+ with Nursing**

Table showing the breakdown of costs for nursing care

**Table 5- Residential Care 65+ with Nursing: Enhanced Needs**

Table showing the breakdown of costs for enhanced nursing care