

# WALSALL MBC FAIR COST OF CARE EXERCISE REPORT TO DHSC

## ANNEX B CARE HOMES FOR THE OVER 65

### 1. Aim

- 1.1 This report details the activities undertaken by Walsall MBC and the outputs associated with the national Fair Cost of Care Exercise locally in relation to Care Homes for the over 65 year olds provider market.
- 1.2 The report outlines the approach adopted by the Council in the following sections;
  - project management
  - engagement and involvement of local market sector providers
  - market response
  - analysis and modelling undertaken, and
  - outputs and considerations to be taken forward.

### 2. Project Management

- 2.1 The Council established an internal Task & Finish Group to coordinate and complete the Fair Cost of Care Exercise. Its remit is to:
  - provide coordination of the Fair Cost of Care Activities for the Council
  - be responsible for undertaking and completing set tasks as laid out in future programme plans
  - ensure all tasks are undertaken in a robust and timely manner in line with national reporting requirements and aligned to regional quality assurance processes
  - ensure representation for Walsall in regional working groups
  - receive updates on work programme, providing scrutiny and challenge
  - oversee wider communications and messaging with providers in regard to the exercise
  - provide shared learning and reflection within the Council
  - monitor the delivery of key milestones in line with the project timelines and review and agree amendments to those milestones and timelines as deemed necessary
  - agree reports and any recommendations for submission to the Senior Responsible Officer (SRO)
- 2.2 The Group is comprised of commissioning and finance team members with project management support and overseen by the SRO who is the Councils Adult Social Care Director of Commissioning. The team are actively involved in all regional/WM ADASS led events and benchmarking exercises, taking the opportunity to learn from our neighbouring trailblazer.
- 2.3 It was agreed to adopt the nationally developed tools for the Care Homes Exercise, reflecting on a similar exercise undertaken two years previously which had not resulted in information that could better inform the local market rates setting process.

### 3. Engagement and involvement of local market sector providers

- 3.1 The Council was clear in its intent with providers that this exercise was to be shared and owned by local providers as much as by the Council. To that end, a monthly cross adult social care market sector provider forum was established which together with the Councils 'Reimagining Care' programme of work forms the basis of our ongoing market engagement.

- 3.2 Having trailed the national exercise utilising existing market sector provider meetings, this all embracing provider forum commenced meeting in June 2022. In subsequent monthly meetings, the national and local Exercise processes have been shared and explained with providers; who have been encouraged to attend virtual sessions established by LGA/CHIP and IESE; the exercise tool provider, and complete their respective costing tool submissions.
- 3.3 Attendance at these monthly forums has been good overall, however, there has been a significant loss of engagement from the Care Homes sector. This is potentially because management staff are more active in service provision compared to other sectors but also that there is a greater sense within the sector that little will come of the exercise, there is little to gain from attendance and that as a sector they feel better rewarded than others within Walsall. Walsall compare more favourably in regard to their Care Home rates than their domiciliary care and supported living rates to neighbouring councils.
- 3.4 The Council did not offer any financial incentive to providers to complete this work as all the available grant funding of £966,482 was allocated to providers by way of an additional in year adjustment to the Council rates for 2022/23 (See Section 6.4 Table 9). This also meant that the commissioning and financial team input to undertake this exercise was done so by existing team members.
- 3.5 The Council established constructive working relations with providers through the pandemic and built upon the formalised routine market sector meetings. In addition to these and the cross-sector monthly provider forums, offer of national and regional support sessions were promoted and a fortnightly Provider Peer Review Group has also been established. Its remit is to;
- offer overview and assurance to the adult social care providers to the work that is being undertaken by the Council in regard to the Fair Cost of Care exercise,
  - offer constructive criticism and suggestions for improving the approach, technical assumptions, options and outcomes resulting from the findings of the exercise,
  - provide insights into the roll out of Phase 2 of the exercise locally, involving; supported living, day opportunities and Residential & Nursing for under 65s.
  - provide insight and assistance in developing the Market Sustainability Plan in conjunction with commissioners and other partners, including identification and solutions for key market issues
- 3.6 Members of this group are expected to represent their own market sectors interests not their specific organisation, and ensure those interests are assessed and presented fairly against the overall costs of all market sectors with the aim of informing the national Fair Cost of Care exercise and future budgeting for services in Walsall. Membership of the Group consist of at least two providers from each Adult Social Care market sectors, including supported living, under 65 year old residential and nursing and day opportunities which will also be undertaking a local Fair Cost of Care Exercise ahead of budget setting for 2023/24 in Walsall.
- 3.7 This group is a sub group and reports to the Councils Fair Cost of Care Project Group and Provider Forum and as such, will influence local market planning.

#### **4. Market Response (cost template returns)**

- 4.1 Of the 47 Care Homes in Walsall identified by 'Carecubed' as eligible for this exercise the Council received 17 responses, 1 provider has since removed their submission so this reduces to 16. The initial deadline for submissions was set as 30 June 2022. Owing to a relatively low level of response and a number of queries related to the submissions

received, the Council extended this deadline first to 9 July 2022, and then to 23 July 2022 and made queries and requested submissions into September. During this period all providers in scope, both those who had registered with CareCubed and those that had not (additional 12), were reminded at regular meetings to submit and were also approached by email and by phone by the commissioning team, in an effort to encourage participation and submission of the costing tool.

- 4.2 The commissioning team coordinated efforts to clarify anomalies with the returns submitted by providers, where information was missing, appeared incorrect or appeared over or under stated.
- 4.3 All 16 returns were found to have at least a few queries which required attention from the provider, 5 of which had significant queries on their submission details. Some, but not all, providers responded to the queries raised by the project team, and this has had an impact on the quality of the data. Although the remaining provider data still had queries that were not corrected or confirmed, by using the median average this would have removed outliers.
- 4.4 Some of the issues were taken to the Provider Peer Review Group for consideration and discussion, these include issues such as inflation, variability of costs in energy and appropriateness of stated rates for Return on Capital Employed (ROCE) or Return on Operations (ROO).
- 4.5 In order to optimise the information available, all national and regional engagement and webinars were shared with providers. In addition arrangements were offered for both finance and commissioning colleagues to meet with providers to resolve outstanding queries. This, however, resulted in minimal feedback and clarification of information.
- 4.6 Of those providers not submitting returns, the predominant reasons were:
  - Providers were not prepared to spend the time or pay for additional Accountants' hours to complete the exercise
  - Providers felt that the exercise would not produce any change in the rates being paid by the Council
  - Some national providers from the outset made a decision not to engage with the process but without offering any explanation
- 4.7 The table below summarises the submissions received by the Council and the number which the Council has been able to use to inform the Exercise. It should be noted that some submissions could be used in part even though there were some unresolved issues with some aspect of the submission.

Table 1: Provider returns by market share (percentages)

|                         | <b>Providers CQC registered as within Walsall</b> |                          |
|-------------------------|---|--------------------------|
| Care Home (65+)         | 16/47 (36%)                                       | 216 of 652 clients (33%) |
| With submissions used   | 11/47 (23%)                                       | 193 of 652 clients (30%) |
| With unresolved queries | 9/17 (53%)  | 161 of 652 clients (25%) |

- 4.8 The data period for costs was set as at April 2022.
- 4.9 A number of reoccurring issues were identified amongst the providers' returns. These included:
  - Omitted/ negative ROO/ ROC figures
  - No 2022/23 inflationary uplift figures provided

- Cover costs added for all FTE's instead of per FTE
- Large amounts of data omitted
- Property rental included within expenditure breakdown

4.10 Benchmark data from across the West Midlands as at July 2022 placed the response rates for Walsall at the lower end of the range. This situation was exacerbated by the difficulties in clarifying queries with providers, and resulted in a low level of response being used and resulted in outputs based upon only a few homes for certain care home categories.

Table 2 - Showing of the 8 homes utilised which category they sit within

| <b>FCoC Category</b>        | <b>% response rate</b> | <b>No. of returns used</b> |
|-----------------------------|------------------------|----------------------------|
| Residential Care - Standard | 12 of 25 (44%)         | 11 of 12 (92%)             |
| Residential Care - Enhanced | 8 of 21 (29%)          | 8 of 8 (100%)              |
| Nursing Care – Standard     | 4 of 14 (28%)          | 3 of 4 (75%)               |
| Nursing Care – Enhanced     | 3 of 10 (20%)          | 3 of 3 (100%)              |

*nb Number of responses reflects multiple categories identified by providers*

4.11 There remains concern around the low number of returns provided for Nursing Care which is likely to have influenced the results below.

## 5. Analysis and modelling

### Care Home Cost of Care Exercise Results as at October 2022

5.1 The following table details the results of the exercise showing median values across cost items for the four categories of care homes in scope.

Table 3 - Care Home Cost of Care Exercise (median values for 65+ care home places)

| Type                                      | Cost of care exercise results – all cells should be £ per resident per week, MEDIANS | Without nursing | Without nursing, enhanced needs | With nursing   | With nursing, enhanced needs |
|---|--|-----------------|---------------------------------|----------------|------------------------------|
| <b>Care home staffing</b>                 | <b>Total costs for care home staffing</b>  | <b>£459.99</b>  | <b>£490.95</b>                  | <b>£697.48</b> | <b>£790.21</b>               |
|   | Nursing staff  | £0.00           | £0.00                           | £229.08        | £261.80                      |
|   | Care staff   | £357.30         | £394.59                         | £323.59        | £383.60                      |
|   | Therapy staff (Occupational & physio)  | £0.00           | £0.00                           | £0.00          | £0.00                        |
|   | Activity co-ordinators   | £0.00           | £0.00                           | £12.89         | £12.89                       |
|   | Service management (registered manager/deputy)                                       | £41.02          | £41.57                          | £26.53         | £26.53                       |
|   | Reception & admin staff at the home  | £2.05           | £1.03                           | £14.90         | £14.90                       |
|   | Chefs/cooks  | £23.25          | £20.28                          | £32.07         | £32.07                       |
|   | Domestic staff (cleaning, laundry & kitchen)   | £25.65          | £23.65                          | £46.92         | £46.92                       |
|   | Maintenance & gardening  | £10.33          | £9.65                           | £10.33         | £10.33                       |
| Other care home staffing (please specify) | £0.39  | £0.20           | £1.17                           | £1.17          |                              |
| <b>Care home premises</b>                 | <b>Total costs for care home premises</b>  | <b>£28.74</b>   | <b>£26.33</b>                   | <b>£21.74</b>  | <b>£21.74</b>                |
|   | Fixtures & fittings  | £0.00           | £0.00                           | £0.00          | £0.00                        |
|   | Repairs and maintenance  | £21.71          | £19.28                          | £21.71         | £21.71                       |
|   | Furniture, furnishing & equipment  | £7.03           | £7.05                           | £0.03          | £0.03                        |
|   | Other care home premises costs (please specify)                                      | £0.00           | £0.00                           | £0.00          | £0.00                        |
| <b>Care home supplies and services</b>    | <b>Total costs for care home supplies and services</b>                               | <b>£89.68</b>   | <b>£92.63</b>                   | <b>£108.11</b> | <b>£108.11</b>               |
|   | Food supplies  | £29.19          | £32.52                          | £29.16         | £29.16                       |
|   | Domestic and cleaning supplies   | £8.41           | £9.16                           | £9.13          | £9.13                        |
|   | Medical supplies (excluding PPE)   | £2.09           | £2.19                           | £11.62         | £11.62                       |
|   | PPE  | £0.00           | £0.00                           | £0.00          | £0.00                        |
|   | Office supplies  | £3.06           | £1.63                           | £5.45          | £5.45                        |
|   | Insurance (all risks)  | £5.28           | £4.85                           | £5.99          | £5.99                        |
|   | Registration fees  | £3.45           | £3.43                           | £3.45          | £3.45                        |
|   | Telephone & internet   | £1.55           | £2.49                           | £0.99          | £0.99                        |
| Council tax / rates                       | £1.33  | £1.42           | £1.41                           | £1.41          |                              |

| Type        | Cost of care exercise results – all cells should be £ per resident per week, MEDIANS | Without nursing | Without nursing, enhanced needs | With nursing   | With nursing, enhanced needs |
|-------------|--|-----------------|---------------------------------|----------------|------------------------------|
|             | Electricity, gas & water   | £25.20          | £24.37                          | £24.29         | £24.29                       |
|             | Trade & clinical waste   | £4.08           | £4.00                           | £5.60          | £5.60                        |
|             | Transport & activities   | £1.22           | £1.20                           | £2.19          | £2.19                        |
|             | Other care home supplies and service costs (please specify)                          | £4.82           | £5.41                           | £8.83          | £8.83                        |
|             | <b>Total costs for head office</b>   | <b>£12.84</b>   | <b>£10.92</b>                   | <b>£67.56</b>  | <b>£67.56</b>                |
| Head office | Central/ regional management   | £0.00           | £0.00                           | £11.90         | £11.90                       |
|             | Support services (finance/ HR/ legal/ marketing)                                     | £7.60           | £6.34                           | £46.10         | £46.10                       |
|             | Recruitment, training & vetting (inc. DBS checks)                                    | £5.24           | £4.59                           | £9.56          | £9.56                        |
|             | Other head office costs (please specify)   | £0.00           | £0.00                           | £0.00          | £0.00                        |
| Total       | <b>Total return on operations</b>  | <b>£29.56</b>   | <b>£31.04</b>                   | <b>£44.74</b>  | <b>£49.38</b>                |
|             | <b>Total return on capital</b>   | <b>£35.48</b>   | <b>£37.24</b>                   | <b>£53.70</b>  | <b>£59.26</b>                |
|             | <b>TOTAL</b>   | <b>£656.29</b>  | <b>£689.11</b>                  | <b>£993.33</b> | <b>£1,096.26</b>             |

\*Minor rounding errors may occur in final totals as a result of aggregated data

5.2 Of the 16 provider returns, 5 providers were excluded; two were out of scope (Under 65s/ LD care home), and 3 providers omitted a substantial amount of data rendering the returns inadequate. The remaining 11 returns were reviewed in detail and queries were submitted to all of the remaining care homes.

5.3 There remains concern around the number of outstanding queries and in effect the quality of the data used to calculate the Fair Cost of Care. 9 of the care homes have outstanding queries. These queries included:

- Property rental included within expenditure breakdown
- A negative ROC provided
- No ROC provided
- Confirmation/ reasoning of high cost figures/ inflationary uplifts
- Omitted data

5.4 The first two errors stated above have been removed for the purpose of the FCOC calculation to ensure that an accurate FCOC can be calculated. To avoid distortion of the providers' returns, no other adjustments have been made. To ensure outliers do not impact the results and to reduce the effect of the final three errors/ queries, the weekly cost of care for each of the categories has been calculated through median values as per national guidance.

5.5 Additionally a median value has been calculated for each expenditure line in Table 3. The calculation for the median value includes zero values to take account of any providers who do not generate a cost within that area of expenditure, or who may have included the cost within a different area in the return.

5.6 These subtotals have been added together to calculate the total cost for providers within each care home category.

#### Approach to Return on Capital (ROC)/ Return on Operations (ROO)

5.7 Providers submitted a very broad range of ROC and ROO ranging from 13% to 53%. In one case a provider also submitted a minus ROC rate (this value has been omitted from the calculations). The overall total average for ROO & ROC being presented in submissions was 28%. Given these figures reflect such a low proportion of the market and that in some cases they are a reflection of the overall size of care home providers, no firm conclusion could be reached as the applicability of the average approach.

- 5.8 The Council also considered the application of the two rates suggested nationally, namely the national benchmark set by Laing Buisson of 11% and the local Housing Allowance rate for Walsall of £91.82 (9-15%). The two latter options produced similar weekly values.
- 5.9 The Provider Peer Review Group agreed that ROC and ROO can be very variable between providers, and that often it was a by-product of existing fee rates and income.
- 5.10 To achieve consistency across the providers, the Council concluded to follow national guidance and adopted the Laing Buisson benchmark of 5% ROO and 6% ROC rates (net 11%) for the care home market.

#### Approach to inflation

- 5.11 All figures quoted are based upon provider returns as at April 2022, and do not take into account the impact of inflation beyond the point the data collection exercise was undertaken. The findings from this exercise combined with any further impacts of inflation will be considered alongside available resources, including further grant allocations attached to this exercise, when setting future fee rates and the Councils 3 year market uplifts strategy.

#### Cost Drivers as at October 2022

- 5.12 The table below demonstrates the average values for a range of key cost drivers.

Table 4 – Key cost drivers for care homes (65+ care home places)

| Supporting information on important cost drivers used in the calculations | Without nursing | Without nursing, enhanced needs | With nursing | With nursing, enhanced needs |
|---|-----------------|---------------------------------|--------------|------------------------------|
| Number of location level survey responses received                        | 12              | 8                               | 4            | 3                            |
| Number of locations eligible to fill in the survey (excluding those found | 25              | 21                              | 14           | 10                           |
| Number of residents covered by the responses                              | 134             | 116                             | 103          | 33                           |
| Number of care hours per resident per week                                | 318             | 249                             | 78           | 82                           |
| Number of nursing hours per resident per week                             | 0               | 0                               | 29           | 30                           |
| Average care basic pay per hour   | £9.67           | £9.70                           | £9.60        | £9.60                        |
| Average nurse basic pay per hour  |                 |                                 | £18.55       | £18.55                       |
| Average occupancy as a percentage of active beds                          | 90%             | 92%                             | 80%          | 80%                          |
| Freehold valuation per bed  | £65,646.09      | £71,041.83                      | £92,320.73   | £92,320.73                   |

- 5.13 To complete the table above the following assumptions have been made:
- All responses, excluding the number of location level survey responses received, have been calculated using only the eligible returns
  - The average nursing basic pay per hour for care homes without nursing has been omitted as wouldn't expect nursing resources required in these settings.
  - The freehold valuation per bed has been calculated as an average per care home type. This average excludes zero values to account for those providers in a rental property.

#### Lower/ Median/ Upper Quartiles

- 5.14 The following tables demonstrate the 25<sup>th</sup>, 50<sup>th</sup> and 75<sup>th</sup> median quartiles

Table 5 – 25<sup>th</sup> median quartile (65+ care home places)

| Type  | Lower quartile  | Without nursing                           | Without nursing, enhanced needs | With nursing   | With nursing, enhanced needs |
|---|---|---|---------------------------------|----------------|------------------------------|
| <b>Care home staffing</b>                       | <b>Total costs for care home staffing</b>                   | <b>£430.42</b>                            | <b>£430.42</b>                  | <b>£574.61</b> | <b>£574.61</b>               |
|   | Nursing staff   | £0.00                                     | £0.00                           | £124.83        | £124.83                      |
|   | Care staff  | £311.74                                   | £311.74                         | £276.36        | £276.36                      |
|   | Therapy staff (Occupational & physio)                       | £0.00                                     | £0.00                           | £0.00          | £0.00                        |
|   | Activity co-ordinators                                      | £0.00                                     | £0.00                           | £15.13         | £15.13                       |
|   | Service management (registered manager/deputy)              | £62.01                                    | £62.01                          | £53.28         | £53.28                       |
|   | Reception & admin staff at the home                         | £0.00                                     | £0.00                           | £12.10         | £12.10                       |
|   | Chefs/cooks   | £23.25                                    | £23.25                          | £37.86         | £37.86                       |
|   | Domestic staff (cleaning, laundry & kitchen)                | £21.64                                    | £21.64                          | £40.94         | £40.94                       |
|   | Maintenance & gardening                                     | £11.78                                    | £11.78                          | £12.94         | £12.94                       |
|   | Other care home staffing (please specify)                   | £0.00                                     | £0.00                           | £1.17          | £1.17                        |
|   | <b>Care home premises</b>                                   | <b>Total costs for care home premises</b> | <b>£17.18</b>                   | <b>£17.18</b>  | <b>£88.74</b>                |
| Fixtures & fittings                             |   | £1.76                                     | £1.76                           | £0.00          | £0.00                        |
| Repairs and maintenance                         |   | £8.39                                     | £8.39                           | £46.82         | £46.82                       |
| Furniture, furnishing & equipment               |   | £7.03                                     | £7.03                           | £0.03          | £0.03                        |
| Other care home premises costs (please specify) |   | £0.00                                     | £0.00                           | £41.89         | £41.89                       |
| <b>Care home supplies and services</b>          | <b>Total costs for care home supplies and services</b>      | <b>£81.09</b>                             | <b>£81.09</b>                   | <b>£90.56</b>  | <b>£90.56</b>                |
|   | Food supplies   | £24.93                                    | £24.93                          | £28.64         | £28.64                       |
|   | Domestic and cleaning supplies                              | £8.31                                     | £8.31                           | £6.03          | £6.03                        |
|   | Medical supplies (excluding PPE)                            | £2.93                                     | £2.93                           | £2.09          | £2.09                        |
|   | PPE   | £0.00                                     | £0.00                           | £2.33          | £2.33                        |
|   | Office supplies   | £0.88                                     | £0.88                           | £5.28          | £5.28                        |
|   | Insurance (all risks)                                       | £5.03                                     | £5.03                           | £5.99          | £5.99                        |
|   | Registration fees   | £2.94                                     | £2.94                           | £3.99          | £3.99                        |
|   | Telephone & internet  | £4.10                                     | £4.10                           | £0.99          | £0.99                        |
|   | Council tax / rates   | £1.68                                     | £1.68                           | £1.41          | £1.41                        |
|   | Electricity, gas & water                                    | £25.20                                    | £25.20                          | £24.29         | £24.29                       |
|   | Trade & clinical waste                                      | £3.92                                     | £3.92                           | £7.06          | £7.06                        |
|   | Transport & activities                                      | £1.17                                     | £1.17                           | £2.19          | £2.19                        |
|   | Other care home supplies and service costs (please specify) | £0.00                                     | £0.00                           | £0.87          | £0.87                        |
| <b>Head office</b>                              | <b>Total costs for head office</b>                          | <b>£6.66</b>                              | <b>£6.66</b>                    | <b>£57.20</b>  | <b>£57.20</b>                |
|   | Central/ regional management                                | £0.00                                     | £0.00                           | £0.00          | £0.00                        |
|   | Support services (finance/ HR/ legal/ marketing)            | £2.93                                     | £2.93                           | £46.10         | £46.10                       |
|   | Recruitment, training & vetting (inc. DBS checks)           | £3.73                                     | £3.73                           | £11.10         | £11.10                       |
|   | Other head office costs (please specify)                    | £0.00                                     | £0.00                           | £0.00          | £0.00                        |
| <b>Total</b>                                    | <b>Total return on operations</b>                           | <b>£26.77</b>                             | <b>£26.77</b>                   | <b>£40.56</b>  | <b>£40.56</b>                |
|   | <b>Total return on capital</b>                              | <b>£32.12</b>                             | <b>£32.12</b>                   | <b>£48.67</b>  | <b>£48.67</b>                |
|   | <b>TOTAL</b>  | <b>£594.24</b>                            | <b>£594.24</b>                  | <b>£900.33</b> | <b>£900.33</b>               |

\*Minor rounding errors may occur in final totals as a result of aggregated data

Table 6 – 50<sup>th</sup> median quartile (65+ care home places)

| Type                      | Median quartile                                | Without nursing | Without nursing, enhanced needs | With nursing   | With nursing, enhanced needs |
|---------------------------|--|-----------------|---------------------------------|----------------|------------------------------|
| <b>Care home staffing</b> | <b>Total costs for care home staffing</b>      | <b>£560.62</b>  | <b>£509.30</b>                  | <b>£695.58</b> | <b>£788.31</b>               |
|                           | Nursing staff                                  | £0.00           | £0.00                           | £229.08        | £261.80                      |
|                           | Care staff                                     | £412.65         | £391.68                         | £323.59        | £383.60                      |
|                           | Therapy staff (Occupational & physio)          | £0.00           | £0.00                           | £0.00          | £0.00                        |
|                           | Activity co-ordinators                         | £12.89          | £0.00                           | £11.55         | £11.55                       |
|                           | Service management (registered manager/deputy) | £26.53          | £57.28                          | £17.94         | £17.94                       |
|                           | Reception & admin staff at the home            | £14.90          | £2.05                           | £16.70         | £16.70                       |
|                           | Chefs/cooks                                    | £16.49          | £30.25                          | £32.07         | £32.07                       |
|                           | Domestic staff (cleaning, laundry & kitchen)   | £68.09          | £20.83                          | £46.92         | £46.92                       |
|                           | Maintenance & gardening                        | £9.07           | £6.82                           | £10.33         | £10.33                       |
|                           | Other care home staffing (please specify)      | £0.00           | £0.39                           | £7.40          | £7.40                        |
| <b>Care</b>               | <b>Total costs for care home premises</b>      | <b>£16.59</b>   | <b>£29.80</b>                   | <b>£34.98</b>  | <b>£34.98</b>                |

| Type                            | Median quartile   | Without nursing | Without nursing, enhanced needs | With nursing     | With nursing, enhanced needs |
|---------------------------------|---|-----------------|---------------------------------|------------------|------------------------------|
| home premises                   | Fixtures & fittings   | £0.00           | £0.00                           | £13.27           | £13.27                       |
|                                 | Repairs and maintenance                                     | £8.64           | £22.74                          | £21.71           | £21.71                       |
|                                 | Furniture, furnishing & equipment                           | £7.95           | £7.06                           | £0.00            | £0.00                        |
|                                 | Other care home premises costs (please specify)             | £0.00           | £0.00                           | £0.00            | £0.00                        |
| Care home supplies and services | <b>Total costs for care home supplies and services</b>      | <b>£142.65</b>  | <b>£95.01</b>                   | <b>£144.89</b>   | <b>£144.89</b>               |
|                                 | Food supplies   | £39.41          | £36.62                          | £29.16           | £29.16                       |
|                                 | Domestic and cleaning supplies                              | £9.90           | £1.06                           | £9.13            | £9.13                        |
|                                 | Medical supplies (excluding PPE)                            | £21.81          | £11.31                          | £11.62           | £11.62                       |
|                                 | PPE   | £0.00           | £0.00                           | £0.00            | £0.00                        |
|                                 | Office supplies   | £6.78           | £1.53                           | £5.45            | £5.45                        |
|                                 | Insurance (all risks)                                       | £9.30           | £3.15                           | £5.74            | £5.74                        |
|                                 | Registration fees   | £4.37           | £3.45                           | £3.45            | £3.45                        |
|                                 | Telephone & internet  | £6.18           | £3.40                           | £0.52            | £0.52                        |
|                                 | Council tax / rates   | £2.06           | £0.70                           | £0.44            | £0.44                        |
|                                 | Electricity, gas & water                                    | £23.53          | £13.40                          | £60.91           | £60.91                       |
|                                 | Trade & clinical waste                                      | £5.22           | £5.70                           | £5.60            | £5.60                        |
|                                 | Transport & activities                                      | £5.26           | £1.13                           | £1.02            | £1.02                        |
|                                 | Other care home supplies and service costs (please specify) | £8.83           | £13.56                          | £11.85           | £11.85                       |
| Head office                     | <b>Total costs for head office</b>                          | <b>£41.56</b>   | <b>£81.63</b>                   | <b>£80.61</b>    | <b>£80.61</b>                |
|                                 | Central/ regional management                                | £16.60          | £23.90                          | £11.90           | £11.90                       |
|                                 | Support services (finance/ HR/ legal/ marketing)            | £7.38           | £39.37                          | £66.73           | £66.73                       |
|                                 | Recruitment, training & vetting (inc. DBS checks)           | £9.56           | £8.78                           | £1.98            | £1.98                        |
|                                 | Other head office costs (please specify)                    | £8.02           | £9.58                           | £0.00            | £0.00                        |
| Total                           | <b>Total return on operations</b>                           | <b>£38.07</b>   | <b>£35.79</b>                   | <b>£47.80</b>    | <b>£52.44</b>                |
|                                 | <b>Total return on capital</b>                              | <b>£45.69</b>   | <b>£42.94</b>                   | <b>£57.36</b>    | <b>£62.93</b>                |
|                                 | <b>TOTAL</b>  | <b>£799.49</b>  | <b>£794.47</b>                  | <b>£1,061.23</b> | <b>£1,164.16</b>             |

\*Minor rounding errors may occur in final totals as a result of aggregated data

Table 7 – 75<sup>th</sup> median quartile (65+ care home places)

| Type                                      | Median quartile  | Without nursing | Without nursing, enhanced needs | With nursing   | With nursing, enhanced needs |
|---|--|-----------------|---------------------------------|----------------|------------------------------|
| Care home staffing                        | <b>Total costs for care home staffing</b>              | <b>£732.07</b>  | <b>£732.07</b>                  | <b>£932.69</b> | <b>£932.69</b>               |
|   | Nursing staff  | £0.00           | £0.00                           | £372.07        | £372.07                      |
|   | Care staff   | £595.81         | £595.81                         | £412.65        | £412.65                      |
|   | Therapy staff (Occupational & physio)                  | £0.00           | £0.00                           | £0.00          | £0.00                        |
|   | Activity co-ordinators                                 | £16.61          | £16.61                          | £12.89         | £12.89                       |
|   | Service management (registered manager/deputy)         | £46.00          | £46.00                          | £26.53         | £26.53                       |
|   | Reception & admin staff at the home                    | £0.00           | £0.00                           | £14.90         | £14.90                       |
|   | Chefs/cooks  | £33.35          | £33.35                          | £16.49         | £16.49                       |
|   | Domestic staff (cleaning, laundry & kitchen)           | £25.65          | £25.65                          | £68.09         | £68.09                       |
|   | Maintenance & gardening                                | £10.23          | £10.23                          | £9.07          | £9.07                        |
| Other care home staffing (please specify) | £4.42  | £4.42           | £0.00                           | £0.00          |                              |
| Care home premises                        | <b>Total costs for care home premises</b>              | <b>£26.63</b>   | <b>£26.63</b>                   | <b>£16.59</b>  | <b>£16.59</b>                |
|   | Fixtures & fittings                                    | £5.27           | £5.27                           | £0.00          | £0.00                        |
|   | Repairs and maintenance                                | £15.82          | £15.82                          | £8.64          | £8.64                        |
|   | Furniture, furnishing & equipment                      | £5.27           | £5.27                           | £7.95          | £7.95                        |
|   | Other care home premises costs (please specify)        | £0.00           | £0.00                           | £0.00          | £0.00                        |
| Care home supplies and services           | <b>Total costs for care home supplies and services</b> | <b>£98.02</b>   | <b>£98.02</b>                   | <b>£142.65</b> | <b>£142.65</b>               |
|   | Food supplies  | £33.97          | £33.97                          | £39.41         | £39.41                       |
|   | Domestic and cleaning supplies                         | £4.07           | £4.07                           | £9.90          | £9.90                        |
|   | Medical supplies (excluding PPE)                       | £7.12           | £7.12                           | £21.81         | £21.81                       |
|   | PPE  | £2.54           | £2.54                           | £0.00          | £0.00                        |
|   | Office supplies  | £0.66           | £0.66                           | £6.78          | £6.78                        |
|   | Insurance (all risks)                                  | £4.03           | £4.03                           | £9.30          | £9.30                        |
|   | Registration fees                                      | £3.40           | £3.40                           | £4.37          | £4.37                        |
|   | Telephone & internet                                   | £1.55           | £1.55                           | £6.18          | £6.18                        |
|   | Council tax / rates                                    | £1.81           | £1.81                           | £2.06          | £2.06                        |
| Electricity, gas & water                  | £34.13   | £34.13          | £23.53                          | £23.53         |                              |



| Type               | Median quartile   | Without nursing | Without nursing, enhanced needs | With nursing | With nursing, enhanced needs |
|--------------------|---|-----------------|---------------------------------|--------------|------------------------------|
|                    | Trade & clinical waste                                      | £3.16           | £3.16                           | £5.22        | £5.22                        |
|                    | Transport & activities                                      | £1.58           | £1.58                           | £5.26        | £5.26                        |
|                    | Other care home supplies and service costs (please specify) | £0.00           | £0.00                           | £8.83        | £8.83                        |
| <b>Head office</b> | <b>Total costs for head office</b>                          | £13.21          | £13.21                          | £41.56       | £41.56                       |
|                    | Central/ regional management                                | £0.00           | £0.00                           | £16.60       | £16.60                       |
|                    | Support services (finance/ HR/ legal/ marketing)            | £7.77           | £7.77                           | £7.38        | £7.38                        |
|                    | Recruitment, training & vetting (inc. DBS checks)           | £5.44           | £5.44                           | £9.56        | £9.56                        |
|                    | Other head office costs (please specify)                    | £0.00           | £0.00                           | £8.02        | £8.02                        |
| <b>Total</b>       | <b>Total return on operations</b>                           | £43.48          | £43.48                          | £56.67       | £56.67                       |
|                    | <b>Total return on capital</b>                              | £52.18          | £52.18                          | £68.01       | £68.01                       |
|                    | <b>TOTAL</b>  | £965.32         | £965.32                         | £1,190.16    | £1,190.16                    |

\*Minor rounding errors may occur in final totals as a result of aggregated data

5.15 The data contained in the tables above highlights how some providers were unable to differentiate costs between their basic or enhanced needs placements.

5.16 The return on operations and return on capital values have been adjusted to Laing Buisson benchmark in line with the ROC/ ROO approach adopted.

## 6. Outputs and Considerations

6.1 The outputs of the exercise are summarised in the table below which details a comparison of the existing market rates in Walsall with those generated by the exercise.

Table 8: Current market rates and prices paid compared to Fair Cost of Care rates (based upon application of LaingBuisson's 11% ROC/ ROO benchmark)

| AVERAGE PRICES Vs CURRENT PRICES     | OP residential £/week | OP residential dementia £/week | OP nursing £/week | OP nursing dementia £/week |
|--------------------------------------|-----------------------|--------------------------------|-------------------|----------------------------|
| Standard price                       | £523.85               | £591.51                        | £614.06           | £690.95                    |
| Current average price                | £588.75               | £699.98                        | £690.06           | £963.15                    |
| FCoC price                           | £656.29               | £689.11                        | £993.33           | £1,096.26                  |
| Percentage increase on average price | 12%                   | -2%                            | 44%               | 14%                        |

6.2 The actual gap between average price paid and FCOC is different because for Older People nursing dementia, and to a lesser extent Older People residential dementia, a significant number are negotiated/ off standard rate agreements between the Council and care homes, and these placements tend to better identify the costs for additional nursing support.

6.3 The Council allocated the full grant value of £966,482 to market uplifts as follow:

Table 9 – 2022/23 FCOC Grant Allocation Spend

| Market Sector           | £              |
|-------------------------|----------------|
| Care Homes (65+)        | 412,652        |
| Home Care               | 553,830        |
| <b>TOTAL ALLOCATION</b> | <b>966,482</b> |

- 6.4 The Council recognises that the median operating costs which have arisen from this cost of care exercise do not necessarily represent the cost of care for each provider in the area. The Council will use this cost of care exercise to inform future fee setting as part of the Council's budget setting process but recognise that further work is required to improve the quality and quantity of returns in order for this exercise to be meaningful.
- 6.5 The Council has undertaken calculations which identifies a significant financial pressure from the application of the home care exercise rate above. The progress in working towards this rate will be dependent on the national allocations which are unknown at this time.