

Annex B - Wirral Fair Cost of Care Exercise: Care Home (Residential)

1. Introduction

This report covers analysis of data collected from Care Home providers for the Fair Cost of Care exercise. Whilst it may inform such, it is not a fee setting exercise. There are several reasons why a median cost of care taken from this exercise may not form an appropriate fee, or even a sustainable fee rate for individual providers. When setting fees, particular circumstances of the provider may need to be considered. In particular, there may be economies of scale for larger providers which are not accessible to smaller organisations, or providers may be significantly affected by differing recruitment markets or occupancy rates.

Residential data collection was done using the CareCubed toolkit developed by IESE, which was completed by providers via an online platform, with one entry per home.

Wirral Council (the 'Council') commissioned CIPFA C.Co Ltd (C.Co) to support with the Fair Cost of Care exercise (FCOC). This entailed supporting Providers to engage with the exercise through delivery of workshops, one to one sessions and specific provider queries, as well as the validation of data returns and subsequent analysis to inform the exercise.

Wirral Council engaged directly with providers as part of its established provider forums and supported group and individual meetings with providers and with C.Co

Wirral Council have submitted a response informed by the Provider data returns. However, the decision was taken that the Return on Operations (ROO) and Return on Capital (ROC) figures which transpired from the data collection exercise were not reflective of the local market overall and have therefore decided to apply a 5% cap to ROO and ROC. No other adjustments have been made to the core data within the completed submissions.

Wirral Council has several concerns around the Provider data which further enhance the point that this is not data which should solely inform the future fee setting of the Council. Therefore, the data analysis required to ensure Annex B is comprehensive is included within this document, however, this is based upon the Provider Returns and is not an indication of future fee-setting.

Wirral Council's approach to taking forward the FCOC exercise is documented further in the following section '2. Approach to Fee-Setting'. The Council view on the discrepancies between the FCOC exercise and the Council's approach to fee-setting is documented within the section '3. Variances'.

2. Approach to Fee Setting

Wirral Council has a well established fee-setting approach. This has been the subject of previous collaborative Cost of Care exercises which have externally validated the model and informed the assumptions which underpin the Council's model calculations. The model used to inform the Council's fees for care is informed by assumptions based on factors such as care hours, hourly rates for care hours, non-care hours, premises costs, overheads, occupancy and expected returns.

The data collected from the FCOC exercise has been compared to the assumptions within the current fee-setting model. There are several discrepancies which have arisen from this analysis, some expected due to the context of the exercise, some which will be explored further as part of the Council's fee-setting exercise and finally some which the Council views are more appropriately covered by the current model and associated assumptions.

Section 3 'Variances' outlines some of the key differences between the FCOC data and the current assumptions which underpin the Council's fee-setting model.

3. Variances

1. The CareCubed toolkit apportions costs across active, occupied beds. Beds may be closed for a variety of reasons which would be considered during fee-setting.
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3. The cost per direct care hour also varies with the FCOC exercise indicating a higher cost of direct care than the living wage Wirral currently apply. This is likely due to the assumed apportion of Senior Carer hours as well as high agency usage in some homes.
4. Inflationary assumptions applied to Wirral's model also differ to the FCOC exercise, particularly for food, insurance, and utilities. The 3.1% applied by Wirral ordinarily would be considered a fair reflection of cost increases, however the exercise collates costs as at April 2022 and the inflationary elements are higher than 3.1%.
5. Head Office costs differ between the FCOC exercise and the Wirral model. Wirral Council has done a lot of work in this area previously to assure itself on the appropriateness of the current model assumptions which are felt to be more reflective of the local care market. Head Office costs are affected by provider size and type, and this figure is also likely affected by point one referenced above.
6. Wirral Council applies a 10% Return on Business as opposed to breaking down ROO and ROC assumptions. Wirral Council considers this a fair assumption which has been informed through engagement with the market.
7. The responses are from 60% of eligible providers, however, represent only 28% of commissioned beds. Wirral Council's Care Model and underpinning assumptions are informed by engagement and collaboration with Providers.

4. Provider engagement

Officers engaged with care home and domiciliary care providers through its established provider forums in June, July and August of 2022. In addition, officers have engaged directly with Care England (an organisation who represents care home providers) on two occasions between April and June 2022 and sent both group and individualised communications to care providers to encourage and support completion. Supplementary to the Council support, C.Co have hosted group workshops, 1-2-1 individual sessions and worked in partnership with Care England on Q & A sessions to aid providers to complete the toolkits in June, July, August 2022.

5. Data Collection

There are 79 Care Home locations in the Wirral area, of which one is marked as Out of Scope due to closure and not included in the analysis. Of the 79 locations, 43 are not registered with the CareCubed tool, meaning that there are 36 registered locations in scope of which could submit data and 35 when the out-of-scope location is removed. Of these 35, 21 have completed returns, which is a response rate of 60%.

The 21 returns represent approximately 28% of the current residential commissions. Of these 21 returns, there are outstanding data clarification queries on 5 care homes leaving 16 available for data analysis. Of the 16 available for analysis, five (four of which belong to the same parent group) have confirmed that they will not be providing sufficient data for April 22 costs to be calculated but are happy for the Council to apply reasonable uplift figures. For these homes, occupancy and care hour per resident are taken from the 2021-22 figures, whilst costs are taken from the 2021-22 figures and upgraded by the April 22 CPI figures on the same basis as proposed in the Future Uplift section.

A further home has provided April 22 figures, but insufficient background information to enable a Fair Cost of Care to be calculated. For this home, background data is taken from 2021-22 figures and costs from the April 22 estimate.

All statistical information must be considered with care as individual elements can affect the results, particularly if sample sizes are small.

The figures in this report are also likely to be significantly higher than current Wirral fee rates for several reasons:

- They are based on April 2022 figures, considering likely inflationary cost increases and pay rises
- They incorporate the effect of increases in Employer's National Insurance contributions
- Actual occupancy levels may be very different from assumptions in Wirral's fee setting process
- They consider desired levels of return, both for Return on Operations and Return on Capital, rather than achieved levels, or any assumptions made in Wirral's fee setting process
- Providers report self-funded residents to cross subsidise local authority funded residents, which means that costs per resident are higher than local authority fee rates anyway
- They are based on current/prior year occupancy rates, which are likely to be lower than rates incorporated in any fee setting process
- They include FNC which doesn't form part of the nursing rates paid by the Council

8. Common Errors

Each return was checked both for obvious errors inclusive and for areas where the data seemed out of line with other returns. Providers were given the opportunity to provide corrections through the CareCubed 'in query' function with supplementary clarification questions and follow up communications in terms of phone and email. Common issues included:

- lack of understanding of the tool and how to complete by providers
- Nursing beds with no nursing staff costs and vice versa
- Issues with inconsistent bed type allocations
- Significant amounts of missing data preventing accurate calculations, in particular missing figures for PPE, return on operations and return on capital
- Incorrect entries for national insurance contributions

- Incorrect entries for holiday, sickness, training and other cover cost values

9. Corrective action

The analysis only uses those returns where corrective action has been taken by the provider by an updated submission through CareCubed. The other homes where they remain 'in query' have generally been excluded from the analysis. However, if they have entered some underlying data which could be used to analyse underlying driver information, this has been considered.

Where analysis is separated into care types, this is based on homes which provide that particular care type (possibly alongside other care types). It is not based on homes which provide that care type exclusively.

10. Conceptual Data Analysis

The government guidelines require the assessment of the lower quartile, median and upper quartile figures for a range of cost areas which make up the overall cost of Care Homes per bed per week. However, there are certain mathematical issues with this approach. In particular, adding up the median figures for each cost area will give a different total median cost than taking the median of the total cost for each individual return.

The table below shows a considerable variance in the median cost of care per bed per week depending on the approach taken.

Option Summary	Occupied Residential beds	Occupied Residential beds , with Dementia	Occupied Nursing beds	Occupied Nursing beds, with Dementia
Option 1	974.63	964.91	1,265.09	1,444.83
Option 2	988.77	989.24	1,242.27	1,257.38
Option 3	968.89	967.24	1,240.52	1,245.57
Option 4	822.84	789.85	1,191.37	1,239.76

Option descriptions:

- Option 1 - Figures take the median of the total cost per bed per week from each return.
- Option 2 - Figures add together the median of the five key cost areas from each return – care worker costs, premises costs, supplies and services costs, head office costs and return on operations/capital.
- Option 3- Figures are the sum of the median for each cost category as defined by Annex A, Section 3 of the government guidance.
- Option 4 – recommended approach to the median (methodology outlined in section 7). This incorporates a cap on ROO and ROC of 5% respectively.

Option 4 is the recommended approach to calculate the median, as it is likely to:

- minimise the impact of outliers and inaccurate data issues
- reflect the actual cost drivers
- allow for easy updating of the results as driver data (such as Employer's NI rates and thresholds) changes

- allow an authority to incorporate matters of principle (such as NLW, LLW) into the calculations

Whilst it is recognised there are various approaches to calculating the median and the Department of Health and Social Care are not setting a prescribed approach, Option 4 is felt by the Council to be the most accurate representation of provider costs. Therefore, this approach has been adopted by Wirral as:

- It is consistent with the approach taken previously to informing care fee rate setting
- It is consistent with the approach taken to previous cost of care exercises within Wirral
- It minimises the impact of outliers and inaccurate data issues
- It reflects the actual cost drivers
- It allows for easy updating of the results as cost driver data changes (such as employers NI rates and thresholds)
- It allows an authority to incorporate matters of principle (such as NMW, RLW) into the calculations.

11. Recommended approach

The recommended approach to establishing a median rate from the submissions is as follows (for median also read lower and upper quartiles):

Care Home Staffing – Nurses and Care Staff

- a. Basic Pay: The returns provide the average hourly pay rates for each of these staff types, along with the hours per resident per week. This approach uses the medians of these figures to calculate the pay cost per hour which is then adjusted for oncosts as shown below.
- b. All non-contact time: Use the median percentage oncost/statutory minimum percentage oncost multiplied by the hourly rate. Where the data is available this is based on the median days per full time employee (FTE), as collected in the data collection tool. Where a provider has given figures for some of these categories but not all, it is assumed that the entry for the other categories is zero.
- c. National Insurance: Calculate from first principles, assuming full time staff and April 2022 contribution rates and thresholds. This gives a higher figure than is likely but gives a sufficient cost of care that providers are not constrained in employment options.
- d. Pension: Calculate from first principles, assuming a contribution rate of 3% and 100% take up. This gives a higher figure than is likely but again ensures that providers are not constrained in employment options.
- e. Agency Cost Adjustment: The data collection tool provides details of agency rates and weekly hours from which the median figures can be calculated. Employed staff pay costs are then reduced as appropriate.

Care Home Staffing – Other Staff

For other staff, the data collection tool does not provide pay rates nor working hours. It is recommended that the median figure for each element of the other staff costs is identified, with outliers removed, and all blanks treated as zeros.

Care Home Premises

It is recommended that the median figure for each element of premises costs is identified, with outliers removed, and all blanks treated as zeros. However, the median used for the Fair cost of care exercise should be the median of the totals from each return (as in Option 2). This should minimise the impact of any differences in definition and how costs are treated by individual providers.

Care Home Supplies and Services

It is recommended that the median figure for each element of supplies and services costs is identified, with outliers removed, and all blanks treated as zeros. However, the median used for the Fair cost of care exercise should be the median of the totals from each return (as in Option 2). This should minimise the impact of any differences in definition and how costs are treated by individual providers.

Care Home Head Office Costs

It is recommended that the median figure for each element of head office costs is identified, with outliers removed, and all blanks treated as zeros. However, the median used for the Fair cost of care exercise should be the median of the totals from each return (as in Option 2). This should minimise the impact of any differences in definition and how costs are treated by individual providers.

Return on Operations/Return on Capital

Providers may have defined return on operations as a percentage of operating cost, or may have inserted a required return figure. However, the required return figure can be converted to a percentage. The median of these percentages is then applied to the operating costs to model the required return on operations.

Equally, providers may have defined return on capital as a figure per bed per week, or as a percentage of the home valuation. It is not possible to convert these back to a percentage if the provider has not supplied a home valuation, therefore it is recommended that the median of the figure per bed per week is used in this case.

For Option 4, ROO has been set at 5% of operating costs. ROC has been set at 5% of the median freehold valuation per bed for that particular care type.

12. Summary Results

Using the recommended approach above gives the following figures (the table is separated into residential with and without Dementia and Nursing care with and without Dementia for ease of display).

Residential Care Homes with/without Dementia summary table:

	Residential Care			Residential Care with Dementia		
	Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile
Direct Care Staff						
Senior Carers Inc Agency	48.88	83.49	103.08	58.22	81.62	103.54
Carers Inc Agency	195.81	255.74	355.59	196.04	236.99	384.52
Total Direct Care Staff	244.68	339.23	458.67	254.27	318.61	488.06
Non Direct Care Staff						
Therapy Staff (Occupational & Physio)	0.00	0.00	0.00	0.00	0.00	0.00
Activity Coordinators	0.00	6.67	9.95	0.00	6.12	8.15
Service Management (Registered Manager / Deputy)	33.10	47.17	58.17	33.15	47.17	52.99
Reception & Admin staff at the home	0.00	11.53	16.83	0.00	11.85	16.22
Chefs / Cooks	29.05	33.94	60.85	30.77	35.12	60.85
Domestic staff (cleaning, laundry & kitchen)	33.43	38.68	62.36	38.50	40.11	62.36
Maintenance & Gardening	6.50	11.65	15.30	6.21	9.55	12.93
Other care home staffing	0.01	1.54	41.71	0.01	0.53	13.06
Total Non Direct Care Staff	102.08	151.18	265.16	108.64	150.45	226.56
Total Staffing Costs	346.77	490.41	723.83	362.90	469.07	714.62
Premises Costs	37.05	52.50	72.83	37.05	41.60	78.43
Supplies and Services Costs	105.08	114.19	140.65	105.08	114.19	138.58
Head Office Costs	45.20	79.20	91.13	63.64	80.00	91.13
Total Operations Costs	534.08	736.29	1,028.44	568.66	704.86	1,022.76
Return on Operations	26.70	36.81	51.42	28.43	35.24	51.14
Return on Capital	41.38	49.73	75.34	38.10	49.75	70.02
Cost Per Bed Per Week	602.17	822.84	1,155.20	635.19	789.85	1,143.92

The calculations and figures above are based on the date shown in the table below.

	Residential Care			Residential Care with Dementia		
	Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile
ROO as % of Operating Costs	5.0	5.0	5.0	5.0	5.0	5.0
Carer Hours per resident per week	17.6	21.7	25.6	17.4	20.1	27.9
Carer Basic Pay	9.97	10.37	10.50	10.08	10.39	10.50
Senior Carer hours per resident per week	4.1	6.4	7.7	4.8	6.4	7.8
Senior Carer basic pay	10.74	11.62	11.86	10.87	11.37	11.86
Holiday Days per FTE per year	28.0	28.0	28.0	28.0	28.0	28.0
Training Days per FTE per year	5.0	5.0	6.7	5.0	5.0	8.5
Sick Days per FTE per year	4.0	5.0	8.0	3.0	5.0	6.0
Other Non Contact Days per FTE per year	0.0	0.0	4.0	0.0	1.0	3.0
Percentage Carer Hours supplied by Agency	1.1	4.0	27.1	1.4	4.0	24.9
Percentage Senior Carer Hours supplied by Agency	0.0	0.0	0.0	0.0	0.0	0.0
Senior Carer Agency Hourly Rate	20.00	20.00	20.00	20.00	20.00	20.00
Carer Agency Hourly Rate	15.63	18.00	19.73	16.00	18.00	20.02
NI Threshold	9,100	9,100	9,100	9,100	9,100	9,100
NI Percentage	15.05	15.05	15.05	15.05	15.05	15.05
Pension Percentage	3	3	3	3	3	3
ROC as a percentage of Freehold Valuation	5.0	5.0	5.0	5.0	5.0	5.0
Freehold valuation per bed	43,036	51,724	78,352	39,620	51,739	72,820

Nursing Care Homes with/without Dementia summary table:

	Nursing Care			Nursing Care with Dementia		
	Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile
Direct Care Staff						
Nurses Inc Agency	207.01	285.87	540.77	188.00	217.61	450.11
Nursing Assistants inc Agency	0.00	0.00	0.00	0.00	0.00	29.14
Senior Carers Inc Agency	36.22	70.41	98.53	6.91	49.23	76.30
Carers Inc Agency	280.46	322.92	512.48	268.38	404.38	507.49
Total Direct Care Staff	523.69	679.21	1,151.78	463.29	671.23	1,063.04
Non Direct Care Staff						
Therapy Staff (Occupational & Physio)	0.00	0.00	0.00	0.00	0.00	0.00
Activity Coordinators	7.17	9.24	11.51	6.91	8.24	9.44
Service Management (Registered Manager / Deputy)	30.84	39.47	49.49	38.18	43.52	49.49
Reception & Admin staff at the home	10.67	12.89	17.67	12.14	13.47	14.83
Chefs / Cooks	25.52	29.63	54.46	24.21	27.85	53.81
Domestic staff (cleaning, laundry & kitchen)	31.91	38.36	63.02	40.34	51.23	63.02
Maintenance & Gardening	11.93	13.77	16.52	12.85	13.77	16.09
Other care home staffing	0.00	22.92	65.62	4.74	21.13	60.05
Total Non Direct Care Staff	118.03	166.27	278.29	139.37	179.20	266.72
Total Staffing Costs	641.72	845.48	1,430.07	602.66	850.42	1,329.77
Premises Costs	40.91	64.69	81.43	62.72	74.66	84.23
Supplies and Services Costs	104.00	125.31	158.22	114.00	141.50	158.22
Head Office Costs	38.19	53.38	80.80	45.84	63.64	80.89
Total Operations Costs	824.82	1,088.85	1,750.52	825.22	1,130.21	1,653.10
Return on Operations	41.24	54.44	87.53	41.26	56.51	82.66
Return on Capital	34.82	48.08	57.22	36.48	53.03	144.68
Cost Per Bed Per Week	900.89	1,191.37	1,895.27	902.97	1,239.76	1,880.44

The supporting data for homes with nursing care follows.

	Nursing Care			Nursing Care with Dementia		
	Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile
ROO as % of Operating Costs	5.0	5.0	5.0	5.0	5.0	5.0
Nursing Hours Per Resident Per week	8.41	11.16	16.32	7.56	8.40	15.19
Nursing Basic Pay	18	18.12	19.025	18.08	18.53	19.35
Carer Hours per resident per week	21.8	22.9	30.4	20.4	27.9	32.0
Carer Basic Pay	9.91	10.05	10.37	9.89	10.35	10.38
Senior Carer hours per resident per week	2.7	4.9	6.2	0.5	3.4	4.9
Senior Carer basic pay	10.60	10.87	11.37	10.89	11.13	11.35
Nursing Assistant hours per resident per week	0.0	0.0	0.0	0.0	0.0	1.8
Nursing Assistant basic pay	12.00	12.00	12.00	11.64	11.92	12.21
Holiday Days per FTE per year	28.0	28.0	28.0	28.0	28.0	28.0
Training Days per FTE per year	4.3	5.0	12.5	4.0	5.0	7.5
Sick Days per FTE per year	3.0	5.5	9.0	3.0	4.0	5.3
Other Non Contact Days per FTE per year	0.0	0.0	3.5	0.0	0.0	5.3
Percentage Nursing Hours supplied by Agency	7.5	12.4	30.5	9.0	9.5	13.8
Percentage Nursing Assistant Hours supplied by Agency	0.0	0.0	0.0	0.0	0.0	0.0
Percentage Carer Hours supplied by Agency	5.1	20.5	37.9	9.7	18.8	24.9
Percentage Senior Carer Hours supplied by Agency	0.0	0.0	0.0	0.0	0.0	0.0
Nursing Agency Hourly Rate	35.00	35.00	46.35	35.00	37.50	46.76
Nursing Assistant Agency Hourly Rate	30.00	30.00	30.00	0.00	0.00	0.00
Senior Carer Agency Hourly Rate	20.00	20.00	20.00	20.00	20.00	22.00
Carer Agency Hourly Rate	15.63	18.00	20.76	17.38	19.01	21.44
NI Threshold	9,100	9,100	9,100	9,100	9,100	9,100
NI Percentage	15.05	15.05	15.05	15.05	15.05	15.05
Pension Percentage	3	3	3	3	3	3
ROC as a percentage of Freehold Valuation	5.0	5.0	5.0	5.0	5.0	5.0
Freehold valuation per bed	36,218	50,000	59,506	37,943	55,156	150,466

The government returns also require underlying data which is given below.

	Occupied Residential beds	Occupied Residential beds, with Dementia	Occupied Nursing beds	Occupied Nursing beds, with Dementia
Number of residents covered by the responses	273	81	171	107
Number of carer hours per resident per week	21.7	20.1	22.9	27.9
Number of nursing hours per resident per week	n/a	n/a	11.2	8.4
Average carer basic pay per hour	10.37	10.39	10.05	10.35
Average nurse basic pay per hour	n/a	n/a	18.12	18.53
Average occupancy as a percentage of active beds	90.3	85.4	91.9	72.5
Freehold valuation per bed	51,724	51,739	50,000	55,156

13. Occupancy

The occupancy rates shown below, are based only on the homes with those particular care types. As such, they are affected by small sample size. In general, median occupancy appears to be around 89% overall. Homes with dementia care appear to have lower occupancy rates but the difference is statistically small and affected by small sample sizes.

Occupancy Rates	Lower Quartile	Median	Upper Quartile	Minimum	Maximum
Occupied Residential beds	68.7	90.3	98.3	58.8	100.0
Occupied Residential beds, with Dementia	66.9	85.4	97.4	58.8	100.0
Occupied Nursing beds	65.0	91.9	100.0	58.8	100.0
Occupied Nursing beds, with Dementia	61.9	72.5	90.2	58.8	100.0

Occupancy levels affect the weekly cost per bed to the extent that various cost lines do or do not vary as the number of occupants varies. Nursing and Care staff costs are not affected as they are calculated on hours per resident. Equally, for example, food costs are likely to vary only with the number of residents and therefore remain static per resident per week whatever the occupancy level. However, other costs, for example head office costs or repairs and maintenance, will have the same total value however many residents there are. This means that they must be recovered over a greater or lesser number of residents depending on occupancy levels, and so are affected by such. Wirral Council may need to take a view on whether the occupancy levels reported are a fair reflection of future levels or whether figures will need to be adjusted.

The recommended approach allows for the development of a model which can incorporate different occupancy levels.

If it is felt that the reported occupancy levels are not representative, then further analysis will be required to identify and agree which cost lines do and do not vary with occupancy. Additionally, to alter the figures for the government returns, justification of changes to the reported occupancy levels will be required. This will have to be based on local knowledge rather than return data, and will be considered as part of fee setting

14. Staffing Costs

Staffing costs for care and nursing staff are primarily a function of pay rates and hours care per resident per week. Summary below:

- Hourly rates for nursing care range from £17 to £20 per hour and tend to be slightly higher in homes with dementia care (median of £18.53 to £18.12)
- Hours nursing care per resident per week ranges from 6 to 21 hours with an overall median of 9 hours. They tend to be higher in nursing homes without dementia care (11.2 hours compared with 8.4 hours)
- Hourly rates for carers range from £9.50 to £11.23 with an overall median of £10.35. Rates do not vary significantly across care types.
- Carer hours per resident per week range from 9 to 50 hours, with an overall median of 21.9 hours. Hours are higher in homes with nursing care, and significantly higher in homes with nursing care with dementia.
- Senior Carer rates range from £10.40 to £14.05 with an overall median figure of £11.34. Rates tend to be lower in homes that have nursing care but no dementia care.
- Senior Care hours per resident per week range from zero to 14, with an overall median of 5.9. Hours are significantly lower in homes with nursing care, particularly those with nursing care with dementia.
- Median levels of holiday (28 days), training (5 days), sickness (5 days) and other leave/non contact time (0 days) are consistent across care types.
- Agency usage tends to be for nurses and carers only. For nursing staff this has a median level of around 10.5% of shifts. For carers this is around 12.7% of shifts, although this is noticeably higher in nursing homes (median of 19-20% of shifts) compared with residential homes (4%).

Within other staff costs, points to note are:

- No home in the sample has Therapy Staff
- Not all homes have defined staff duties in the same way as they do not all hold the data to separate out costs. At least one home has included registered manager salary in care staff, as they provide a significant proportion of direct care (not uncommon in small or independent homes)
- In general non care staff costs do not vary significantly with care type, and variances are most likely due to relatively small sample sizes. However,
 - Activity coordinator costs per resident per week tend to be higher in homes with nursing care (possibly due to individual nature of activities)
 - Chef/cook costs per resident per week tend to be lower in homes with nursing care
 - Domestic staff cost per resident per week tend to be higher in homes with dementia care
 - Other staff costs tend to be higher in homes with nursing care

15. Premises Costs

Not all homes have defined the different categories of premises costs in the same way, or they have not been able to separate out costs to the defined categories. This is why it is recommended that the total for premises costs is used as this will minimise the impact of such differences.

Overall premises costs range from c £14 to £146 per bed per week with an overall median figure of £56.63. They are particularly affected by provider decisions on repairs and maintenance etc, during the pandemic in which some providers put these on hold and are now catching up, others took the opportunity to do more work. Though these approaches should balance out with use of median figures.

In terms of different care types, costs appear higher in homes with nursing care, likely due to increased equipment requirements, specialist training and care.

These are costs where the cost per bed per week figure is likely to be impacted by occupancy levels.

16. Supplies and Services Costs

Again, not all homes will have defined the different categories of costs in the same way, or they may not have been able to separate out costs to the defined categories, a number of homes are unable to separate out PPE costs from medical costs for example. This is why it is recommended that the total for supplies and services costs is used, as this will minimise the impact of such differences.

Overall supplies and services costs range from c£95 to £258 per bed per week, with an overall median figure (option 2/4) of £120.74. The largest impacts are from food costs and utility costs, with utility costs in particular, these can be affected by when a provider last renewed contracts and so these can vary significantly without being outliers.

For different care types, supplies and services costs appear to be higher in homes with nursing provision, particularly if those are also covering nursing with dementia care. This is not due to food costs (which tend to be lower in nursing homes) or utility costs (which are reasonably independent of care type), but due to other generally unspecified costs in these homes.

These are costs where the per bed per week figure is likely to be impacted by occupancy levels in some but not all cases.

17. Head Office Costs

Again, not all homes will have defined the different categories of costs in the same way, or they may not have been able to separate out costs to the defined. This is why it is recommended that the total for head office costs is used, as this will minimise the impact of such differences.

Overall head office costs range from c£27 to £196 per bed per week, with an overall median figure of £71.51. These are impacted by the way in which parent groups allocate costs, and the relative size of homes. In this category there are not considered to be any significant outliers.

In terms of different care types, head office costs appear lower per bed per week in nursing homes, this is probably because nursing homes tend to be larger and so the costs are allocated across a greater number of beds.

These are costs where the per bed per week figure is likely to be impacted by occupancy. Sometimes this is also not just occupancy in the home, but across the parent group as head office cost may be allocated by either total bed numbers or resident numbers.

18. Return on Operations (ROO)/Return on Capital (ROC)

Again, not all homes have defined these in the same way, with different options also being available within the data collection tool. Some homes (especially charities) have entered figures of zero particularly for return on operations, others have combined the two figures.

Where a percentage figure is available or can be calculated for ROO, it ranges from zero to almost 19%. The overall median figure is 11.4%. This figure does vary across home types, being higher in homes with dementia care, and significantly lower in homes with nursing care. However, it is very vulnerable to distortion from individual homes and should be treated with care.

Having considered the range of responses, Wirral have decided to use a ROO figure of 5% of operating costs and this has been incorporated in the figures given above.

The percentage figure for ROC is between 0% and 20% with an overall median figure of 5.7%, but this can have very different cash values due to different home valuations. In cash terms, this gives a range of £0 to £741, with an overall median of £125.38. This figure tends to be higher for homes with nursing care, again because the homes are likely to be larger and therefore have higher valuations.

Having considered the range of responses, Wirral have decided to use an ROC figure of 5% of freehold bed valuation. This has been applied to the median freehold bed valuation for each care type and incorporated in the figures given above.

These are costs where the per bed per week figure is likely to be impacted by occupancy.

19. Annex A Section 3 Table

The cost tables in section 6 above, along with the underlying data table provided at the end of that section should provide sufficient information to fulfil the government return requirements. They are

not quite in the same format as the provided template for Annex A Section 3 due to the slightly different approach which is recommended.

A table which complies exactly with the current format of the template is provided below.

Cost of care exercise results - all cells should be £ per resident per week	65+ care Residential home places	65+ care Residential home places, enhanced needs	65+ care Nursing home places	65+ care Nursing home places with enhanced needs
Care home staffing:	£490.41	£469.07	£845.48	£850.42
o Nursing Staff	£0.00	£0.00	£285.87	£217.61
o Care Staff	£339.23	£318.61	£393.34	£453.62
o Therapy Staff (Occupational & Physio)	£0.00	£0.00	£0.00	£0.00
o Activity Coordinators	£6.67	£6.12	£9.24	£8.24
o Service Management (Registered Manager/Deputy)	£47.17	£47.17	£39.47	£43.52
o Reception & Admin staff at the home	£11.53	£11.85	£12.89	£13.47
o Chefs / Cooks	£33.94	£35.12	£29.63	£27.85
o Domestic staff (cleaning, laundry & kitchen)	£38.68	£40.11	£38.36	£51.23
o Maintenance & Gardening	£11.65	£9.55	£13.77	£13.77
o <i>Other care home staffing (please specify)</i>	£1.54	£0.53	£22.92	£21.13
Care home premises:	£52.50	£41.60	£64.69	£74.66
o Fixtures & fittings	£9.29	£0.00	£16.69	£16.69
o Repairs and maintenance	£25.63	£29.81	£19.63	£27.14
o Furniture, furnishings and equipment	£7.40	£7.40	£5.92	£10.66
o <i>Other care home premises costs (please specify)</i>	£0.00	£0.00	£0.00	£1.70
Care home supplies and services:	£114.19	£114.19	£125.31	£141.50
o Food supplies	£38.09	£39.45	£28.66	£32.24
o Domestic and cleaning supplies	£5.95	£5.95	£6.84	£6.84
o Medical supplies (excluding PPE)	£4.03	£4.87	£2.98	£3.58
o PPE	£0.62	£0.00	£1.75	£2.81
o Office supplies (home specific)	£2.21	£2.21	£2.33	£2.85
o Insurance (all risks)	£6.32	£6.74	£7.88	£6.78
o Registration fees	£3.83	£4.09	£3.88	£4.01
o Telephone & internet	£4.31	£3.52	£2.63	£2.12
o Council tax / rates	£1.02	£0.93	£0.97	£0.86
o Electricity, Gas & Water	£35.34	£35.34	£35.03	£40.44
o Trade and clinical waste	£5.66	£4.57	£6.17	£4.93
o Transport & Activities	£1.93	£3.02	£1.53	£1.96
o <i>Other care home supplies and services costs (please specify)</i>	£4.86	£4.00	£10.42	£6.67
Head office:	£79.20	£80.00	£53.38	£63.64
o Central / Regional Management	£23.43	£24.19	£11.46	£19.36
o Support Services (finance / HR / legal / marketing etc.)	£29.51	£38.20	£23.07	£23.78

o Recruitment, Training & Vetting (incl. DBS checks)	£8.51	£8.52	£5.19	£5.19
o Other head office costs (please specify)	£6.00	£6.04	£4.87	£5.82
Return on Operations	£36.81	£35.24	£54.44	£56.51
Return on Capital	£49.73	£49.75	£48.08	£53.03
TOTAL	£822.84	£789.85	£1,191.37	£1,239.76
Supporting information on important cost drivers used in the calculations:	NA	NA	NA	NA
o Number of location level survey responses received	14	11	9	6
o Number of locations eligible to fill in the survey (excluding those found to be ineligible)				
o Number of residents covered by the responses	273	81	171	107
o Number of carer hours per resident per week	21.7	20.1	22.9	27.9
o Number of nursing hours per resident per week	n/a	n/a	11.2	8.4
o Average carer basic pay per hour	10.37	10.39	10.05	10.35
o Average nurse basic pay per hour	n/a	n/a	18.12	18.53
o Average occupancy as a percentage of active beds	90.3	85.4	91.9	72.5
o Freehold valuation per bed	51,724	51,739	50,000	55,156

Summary

The Council has undertaken a transparent exercise with its residential and nursing care provider market, and will need to ensure going forward best value and affordability. The council will take in to account any future funding allocations to support its journey towards a fair cost of care.