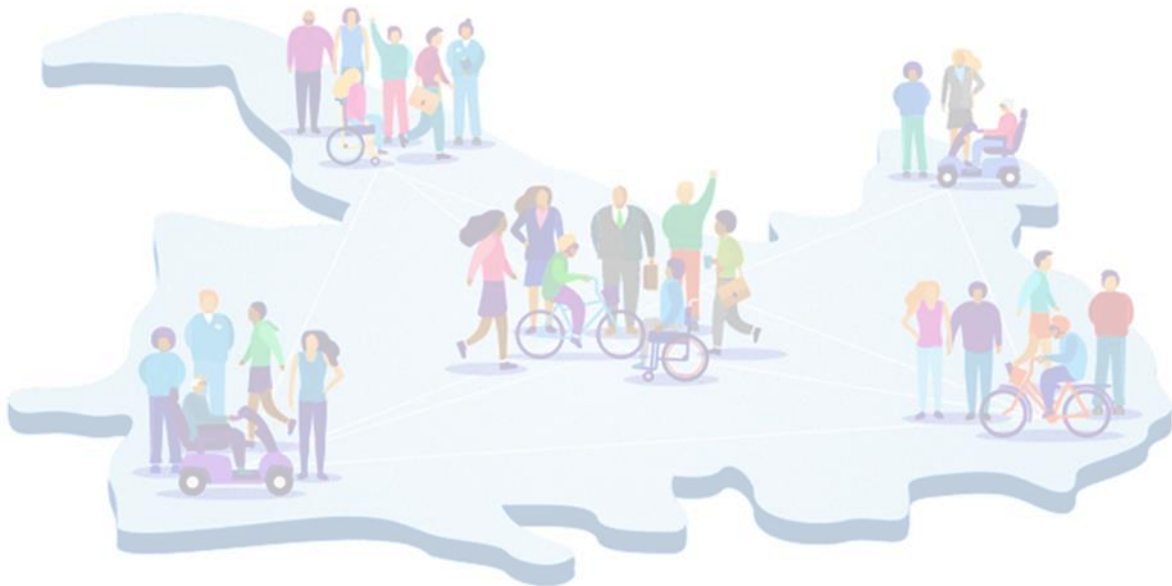


Adult Social Care 65+ Residential Care Cost of Care Report 2022



Introduction

As part of the [People at the Heart of Care: adult social care reform white paper](#), all local authorities are required to complete a [Fair Cost of Care](#) exercise to work with providers to arrive at a shared understanding of the local cost of providing care.

The exercise requires us to identify the lower quartile, median and upper quartile costs in Solihull for the following care categories:

65+ care homes

- (a) Standard residential care
- (b) Residential care for enhanced needs
- (c) Standard nursing care
- (d) Nursing care for enhanced needs

18+ domiciliary care (excluding short term or reablement provision)

For the purposes of this exercise the Department of Health and Social Care (DHSC) have determined that the 'Fair Cost' is the median costs of care across the market. We have calculated the median cost from the median rate for each individual cost line as this provides greater transparency of the costs included in the median calculation.

This report sets out how the cost of care estimates presented were arrived at.

We will give due regard to the outcomes and data obtained from the Fair Cost of Care exercise for future competitive tender processes and fee setting. The outcome of the cost of care exercise is not intended to be a replacement for the fee-setting element of local authority commissioning processes or individual contract negotiation. The Fair Cost of Care guidance states that: "as many local authorities move towards paying the fair cost of care, it is expected that actual fee rates paid may differ due to such factors as rurality, personalisation of care, quality of provision and wider market circumstances."

Data

All 30 residential and nursing home providers for people aged 65+ in Solihull were invited to submit the cost data using the [iESE Care Home Cost of Care Tool](#), a web-based tool, developed on behalf of ADASS and the LGA specifically for the purposes of this exercise. The majority of local authorities have used this tool which creates a consistent approach for providers.

The toolkit collects cost data under the following headings:

- Capacity and registration
- Expenditure
 - Staffing costs

- Supplies and services
- Premises costs
- Head Office related costs
- Home details and registered capacity
- Return on Operations / Return on Capital
- Home occupancy
- Staffing hours
- Direct staff costs

The data used for the exercise was received from providers between May and July 2022.

We held a webinar, supported by the West Midlands Care Association, to explain the importance of the exercise, discuss any concerns the providers might have and demonstrate the costing tools being used. 22 people registered for the session, and 12 attended, with the remainder sent a video recording of the session. The 12 attendees represented 15 homes, which is half the local market.

We have used the Council's care provider bulletin repeatedly to draw attention to the exercise and local and national support and webinars. Meetings of the Solihull Care Association and routine contract and quality meetings with the care market have also been used to inform them of the purpose of the exercise and encourage providers to submit returns.

We met with each provider that submitted a useable return (see response rate below) to ensure that the toolkit had been completed in line with the guidance, to question and verify data to ensure consistency and to understand any costs highlighted as outliers when compared to other submissions. Where the meeting identified the need for changes, providers updated and submitted a revised version. We sent queries to incomplete submissions to encourage full completion.

Response Rate

Of the 30 care homes registered in Solihull for residential and nursing care for 65+ who were invited to take part in the Fair Cost of Care exercise, 29 are Solihull Council contracted providers.

We received 17 cost of care submissions of which 11 have been used for the purpose of calculating the median cost of care for residential and nursing care in Solihull. This accounts for 48.3% of Council contracted providers.

The 11 Fair Cost of Care submissions used in the exercise relate to 70.3% of residential placements through a Council contracted service and 67% of all residential placements in Solihull.

Submissions excluded from the work, where only partial information was provided, and the quality of that information was poor. This meant that the information was insufficient to understand an overall cost of care for each home, and what data was provided contain significant outliers which suggested errors in completion. Requests

for clarifications and additions did not improve the contents of these returns therefore they could not be reliably incorporated. This related to three providers but covered six homes.

Return on Operations and Return on Capital

The Fair Cost of Care data submitted showed a range from 4.3% to 16% for return on operations. Research and data provided by both Laing Buisson and iESE (independent organisations who have conducted extensive sector research) propose that a 5% return on operations is appropriate for the care sector. When calculating the median cost of care for Solihull we have applied a 5% return on operations.

The Fair Cost of Care data submitted showed a range from 1.7% to 53.2% for return on capital. Research and data provided by Laing Buisson and iESE propose that a 6% and 7% return on capital is appropriate for the care sector. When calculating the median cost of care for Solihull we have applied a 7% return on capital proposed by iESE.

Using 5% return on operations and 7% return on capital provides a median rate per bed per week as follows:

Care Type	Return on Operations (RoO) per bed per week	Return on Capital (RoC) per bed per week	Total RoO & RoC per bed per week
65+ care home places without nursing	£35.00	£48.99	£83.99
65+ care home places without nursing, enhanced needs	£39.86	£55.80	£95.66
65+ care home places with nursing	£46.30	£64.82	£112.12
65+ care home places with nursing, enhanced needs	£48.90	£68.46	£117.36

Table 1: Calculated median RoO and RoC cost for residential care.

Fair Cost of Care Exercise - Median Values

Our guiding principle for the cost of care exercise has been to include all cost data when calculating the median cost and only exclude outliers that make a material difference to the calculation.

Guidance from the DHSC states ‘Local authorities should scrutinise cost outliers, in collaboration with the provider, and consider where they should be removed’. For the purposes of the cost of care exercise we have determined outliers to be cost that are:

- Significantly higher than those submitted by other providers
- Incurred due to unique circumstances of individual care providers
- As a result of individual business models that are not representative of the local care market.

Discussions with providers following their data submissions enabled us to understand individual cost lines and limit the requirement to exclude outliers from the median cost of care calculations. The following individual cost line outliers have been excluded from the median cost of care calculation.

Cost Line Description	Rationale for Exclusion	Count of Observations Removed			
		65+ care home places without nursing	65+ care home places without nursing, enhanced needs	65+ care home places with nursing	65+ care home places with nursing, enhanced needs
Care home staffing	Where model for staffing was materially different in terms of support hours per person	1	1	1	1
Premises costs	Where the nature of the premises created unique costs. Some other rows merged due to inconsistent completion, but not excluded.	0	0	1	1
PPE	PPE is currently provided to providers free of	3	2	3	4

	charge through the Government portal.				
Insurance costs	Provider's costs were over 200% of the costs identified by other providers.	1	1	1	1

The table below provides a breakdown of the median cost line values for residential care for 65+ in Solihull. All costs are rounded to two decimal places and are calculated using National Insurance (NI) and tax rates in place at the time of the exercise.

Cost of care exercise results - all cells should be £ per resident per week, MEDIANS.	65+ care home places without nursing	65+ care home places without nursing, enhanced needs	65+ care home places with nursing	65+ care home places with nursing, enhanced needs
Total Care Home Staffing	£457.53	£562.96	£684.39	£732.78
Nursing Staff	£0.00	£0.00	£243.18	£287.43
Care Staff	£318.50	£423.83	£310.03	£310.03
Therapy Staff (Occupational & Physio)	£0.00	£0.00	£0.00	£0.00
Activity Coordinators	£11.59	£9.92	£10.34	£12.83
Service Management (Registered Manager/Deputy)	£32.00	£29.15	£30.37	£23.30
Reception & Admin staff at the home	£14.91	£14.07	£15.26	£14.56
Chefs / Cooks	£32.26	£36.38	£28.16	£36.36
Domestic staff (cleaning, laundry & kitchen)	£39.69	£39.69	£40.03	£39.69
Maintenance & Gardening	£8.58	£9.92	£7.02	£8.58
Other care home staffing	£0.00	£0.00	£0.00	£0.00
Total Care Home Premises	£48.95	£40.40	£27.74	£23.45
Fixtures & fittings	£0.00	£0.00	£0.00	£0.00
Repairs and maintenance	£21.53	£27.44	£19.91	£19.91
Furniture, furnishings and equipment	£27.42	£12.96	£7.83	£3.54
Other care home premises costs	£0.00	£0.00	£0.00	£0.00
Total Care Home Supplies and Services	£112.14	£100.60	£129.41	£136.00
Food supplies	£34.96	£34.96	£33.62	£33.62

Domestic and cleaning supplies	£5.86	£5.62	£5.25	£5.23
Medical supplies (excluding PPE)	£4.26	£1.02	£10.49	£16.18
PPE	£0.00	£0.00	£0.00	£0.00
Office supplies (home specific)	£3.03	£3.26	£2.73	£3.03
Insurance (all risks)	£6.54	£5.86	£6.61	£6.61
Registration fees	£3.47	£3.39	£3.41	£3.63
Telephone & internet	£1.56	£1.62	£1.61	£1.60
Council tax / rates	£0.56	£0.64	£0.55	£0.56
Electricity, gas & water	£42.70	£35.70	£55.55	£57.15
Trade and clinical waste	£5.57	£6.40	£5.38	£5.62
Transport & Activities	£1.29	£1.35	£1.23	£1.23
Other care home supplies and services costs	£2.34	£0.78	£2.98	£1.54
Total Head Office	£81.30	£93.23	£84.45	£85.77
Central / Regional Management	£40.63	£40.19	£44.98	£44.98
Support Services (finance / HR / legal / marketing etc.)	£22.63	£35.30	£21.40	£22.63
Recruitment, Training & Vetting (incl. DBS checks)	£1.77	£1.47	£1.41	£1.11
Other head office costs	£16.27	£16.27	£16.66	£17.05
Total Return on Operations	£35.00	£39.86	£46.30	£48.90
Total Return on Capital	£48.99	£55.80	£64.82	£68.46
TOTAL	£783.91	£892.85	£1,037.11	£1,095.36

Table 2: Median cost line values for residential care for 65+.

Count of Observations

Data submitted by providers for the Fair Cost of Care exercise has been used to calculate the lower quartile, median and upper quartile costs for each cost line. The tables below show the calculated figures and count of observations (the number of values) used in the calculation of the median cost for each residential care type.

65+ care home places without nursing

Cost Line	Lower Quartile	Median	Upper Quartile	Count of Observations
	£ per resident week	£ per resident week	£ per resident week	
Nursing staff	0	0	0	7
Care staff	258.3	318.5	353.41	6
Therapy Staff (Occupational & Physio)	0	0	0	7
Activity Coordinators	9.39	11.59	13.04	7
Service Management (Registered Manager / Deputy)	23.27	32	35.24	6
Reception & Admin staff at the home	12.03	14.91	24.98	7
Chefs / Cooks	16.86	32.26	45.23	6
Domestic staff (cleaning, laundry & kitchen)	35.55	39.69	51.17	7
Maintenance & Gardening	5.64	8.58	14.34	6
Other care home staffing	0	0	0	5
Fixtures & Fittings	0	0	0	4
Repairs & Maintenance	13.49	21.53	25.89	7
Furniture, furnishings, and equipment	3.5	27.42	48.7	7
Other care home premises costs	0	0	0	4
Food supplies	26.01	34.96	37.76	7
Domestic and cleaning supplies	5.23	5.86	13.92	7
Medical supplies excluding PPE	0.29	4.26	14.05	7
PPE	0	0	0	4
Office supplies (Home specific)	2.7	3.03	3.93	7

Insurance (all risks)	5.19	6.54	7.05	6
Registration fees	3.2	3.47	4.09	7
Telephone & Internet	0.8	1.56	2.47	6
Council tax / rates	0.52	0.56	0.66	6
Electricity, gas & water	16.62	42.7	60.59	6
Trade and clinical waste	3.17	5.57	5.82	6
Transport & Activities	0.72	1.29	2.01	6
Other care home supplies	0.48	2.34	3.74	6
Central / regional management	15.13	40.63	50.77	7
Support services (finance / HR / legal / marketing)	16.02	22.63	30.96	7
Recruitment, Training & Vetting (inc. DBS checks)	0.78	1.77	3.87	6
Other head office costs	0.57	16.27	17.76	6
Return on operations	£23.77	£35.00	£43.57	7
Return on capital	£33.28	£48.99	£61.00	7
Total	£532.51	£783.91	£976.02	

Table 3: Calculated lower quartile, median, upper quartile costs and count of observations used to calculate the median costs for 65+ care home places without nursing

65+ care home places without nursing, enhanced needs

Cost Line	Lower Quartile	Median	Upper Quartile	Count of Observations
	£ per resident week	£ per resident week	£ per resident week	
Nursing staff	0	0	0	5
Care staff	262.5	423.83	536.79	5
Therapy Staff (Occupational & Physio)	0	0	0	5
Activity Coordinators	9.64	9.92	15.74	5
Service Management (Registered Manager / Deputy)	23.2	29.15	39.64	4
Reception & Admin staff at the home	11.73	14.07	34.06	5
Chefs / Cooks	30.21	36.38	42.4	4
Domestic staff (cleaning, laundry & kitchen)	34.39	39.69	66.04	5

Maintenance & Gardening	7.84	9.92	19.92	4
Other care home staffing	0	0	0	4
Fixtures & Fittings	0	0	0	
Repairs & Maintenance	15.93	27.44	35.75	5
Furniture, furnishings, and equipment	3.44	12.96	69.04	5
Other care home premises costs	0	0	0	
Food supplies	29.82	34.96	44.01	5
Domestic and cleaning supplies	5.24	5.62	20.07	5
Medical supplies excluding PPE	0.49	1.02	14.74	5
PPE	0	0	0	
Office supplies (Home specific)	2.77	3.26	5.47	5
Insurance (all risks)	3.06	5.86	6.63	4
Registration fees	3.24	3.39	4.76	5
Telephone & Internet	1.37	1.62	6.25	5
Council tax / rates	0.53	0.64	1.1	5
Electricity, gas & water	17.23	35.7	55.99	4
Trade and clinical waste	2.48	6.4	7.49	5
Transport & Activities	0.81	1.35	3.71	5
Other care home supplies	0.42	0.78	8.06	5
Central / regional management	11.17	40.19	44.54	5
Support services (finance / HR / legal / marketing)	10.7	35.3	44.9	5
Recruitment, Training & Vetting (inc. DBS checks)	0.35	1.47	5.55	5
Other head office costs	0.19	16.27	18.99	4
Return on operations	£24.44	£39.86	£57.58	5
Return on capital	£34.21	£55.80	£80.61	5
Total	£547.40	£892.85	£1,289.83	

Table 4: Calculated lower quartile, median, upper quartile costs and count of observations used to calculate the median costs for 65+ care home places without nursing, enhanced needs.

65+ care home places with nursing

Cost Line	Lower Quartile	Median	Upper Quartile	Count of Observations
	£ per resident week	£ per resident week	£ per resident week	
Nursing staff	215.03	243.18	260.88	5
Care staff	270.44	310.03	360.28	5
Therapy Staff (Occupational & Physio)	0	0	0	5
Activity Coordinators	9.32	10.34	13.26	5
Service Management (Registered Manager / Deputy)	23.23	30.37	38.56	5
Reception & Admin staff at the home	14.32	15.26	15.69	5
Chefs / Cooks	9.06	28.16	42.04	5
Domestic staff (cleaning, laundry & kitchen)	37.31	40.03	80.04	6
Maintenance & Gardening	5.68	7.02	9.98	6
Other care home staffing	0	0	0	4
Fixtures & Fittings	0	0	0	5
Repairs & Maintenance	11.17	19.91	22.12	5
Furniture, furnishings and equipment	3.47	7.83	48.7	6
Other care home premises costs	0	0	0	3
Food supplies	25.67	33.62	37.29	5
Domestic and cleaning supplies	5.12	5.25	8.94	5
Medical supplies excluding PPE	6.16	10.49	20.49	6
PPE	0	0	0	3
Office supplies (Home specific)	1.9	2.73	3.15	5
Insurance (all risks)	5.12	6.61	7.35	5
Registration fees	3.19	3.41	4.09	6
Telephone & Internet	1.27	1.61	4.36	6
Council tax / rates	0.52	0.55	0.7	6
Electricity, gas & water	32.41	55.55	62.42	5
Trade and clinical waste	4.6	5.38	5.62	5

Transport & Activities	0.51	1.23	1.6	5
Other care home supplies	0.48	2.98	12.57	6
Central / regional management	34.28	44.98	56.02	6
Support services (finance / HR / legal / marketing)	9.86	21.4	24.4	5
Recruitment, Training & Vetting (inc. DBS checks)	0.75	1.41	5.09	5
Other head office costs	0	16.66	17.76	6
Return on operations	£36.54	£46.30	£58.17	6
Return on capital	£51.16	£64.82	£81.44	6
Final total	£818.57	£1,037.11	£1,303.01	

Table 5: Calculated lower quartile, median, upper quartile costs and count of observations used to calculate the median costs for 65+ care home places with nursing.

65+ care home places with nursing, enhanced needs

Cost Line	Lower Quartile	Median	Upper Quartile	Count of Observations
	£ per resident week	£ per resident week	£ per resident week	
Nursing staff	214.78	287.43	345.79	4
Care staff	264.42	310.03	409.2	3
Therapy Staff (Occupational & Physio)	0	0	0	3
Activity Coordinators	9.39	12.83	13.68	3
Service Management (Registered Manager / Deputy)	23.16	23.3	30.37	3
Reception & Admin staff at the home	14.07	14.56	15.9	3
Chefs / Cooks	28.16	36.36	47.71	3
Domestic staff (cleaning, laundry & kitchen)	35.55	39.69	40.37	3
Maintenance & Gardening	6.29	8.58	11.03	4
Other care home staffing	0	0	0	3
Fixtures & Fittings	0	0	0	4
Repairs & Maintenance	11.95	19.91	21.53	3
Furniture, furnishings and equipment	3.4	3.54	36.34	4

Other care home premises costs	0	0	0	3
Food supplies	26.01	33.62	37.19	3
Domestic and cleaning supplies	5	5.23	5.25	3
Medical supplies excluding PPE	9.77	16.18	20.62	4
PPE	0	0	0	0
Office supplies (Home specific)	2.73	3.03	3.26	3
Insurance (all risks)	5.26	6.61	6.69	3
Registration fees	3.17	3.63	4.14	4
Telephone & Internet	1.52	1.6	1.62	3
Council tax / rates	0.52	0.56	0.91	4
Electricity, gas & water	49.66	57.15	64.26	4
Trade and clinical waste	5.11	5.62	9.22	4
Transport & Activities	0.93	1.23	1.35	3
Other care home supplies	0.35	1.54	3.24	4
Central / regional management	40.18	44.98	53.68	4
Support services (finance / HR / legal / marketing)	21.4	22.63	26.16	3
Recruitment, Training & Vetting (inc. DBS checks)	0.73	1.11	13.16	4
Other head office costs	4.07	17.05	19.18	4
Return on operations	£39.38	£48.90	£62.09	4
Return on capital	£55.13	£68.46	£86.93	4
Total	£882.09	£1,095.36	£1,390.87	

Table 6: Calculated lower quartile, median, upper quartile costs and count of observations used to calculate the median costs for 65+ care home places with nursing, enhanced needs.

Price Base

Results were collected during July and August 2022. The majority of useable returns were submitted at 2022 prices, including the providers' assumptions for the full year for costs such as utility bills and covered the current earnings. One home within the submissions had not produced a full cost update, however their costs were in line with those of other homes.