

Annex B – Calderdale Council Cost of Care report on 65+ care homes

Local market summary

In Calderdale 65+ Care Homes are contracted via a Nursing and Residential Care Contract; this includes associated terms and conditions, and a quality framework that stipulates the service the Council expects and how care homes will be monitored. The contract has undergone a significant review, including engagement with the local market. Almost all 65+ care homes are signed up to the Overarching Contract, and all placements are made on an individual basis.

There are 28 Older People's residential and Nursing care Homes in Calderdale.

As of 3rd October 2022, occupancy was 876, with a total bed capacity of 1231. Across the sector there were 355 vacancies, although on the capacity tracker only 120 of these were classed as admissible beds. This is because a small number of homes have empty wings or units with no immediate plans to fill vacancies.

Based on total bed capacity current occupancy is 71%

Based on available bed capacity current occupancy is 90%

The LA are funding 436 placements, 49% of occupied beds.

Our Fair Cost of Care process and timeline

We took the decision to bring in additional financial specialist expertise and capacity to support the Fair Cost of Care (FCoC) exercise. This was to ensure that we had the right skillset and sufficient capacity to support providers in Calderdale and to accurately interpret the results of the exercise in both sectors. This person worked closely with commissioners in Calderdale as well as providers to conduct the FCoC exercise and to analyse and interpret the results.

Our approach to the process was initially communicated to all 65+ care home providers during a Microsoft Teams meeting on the 17th March 22, this meeting was also used to inform on the 22/23 fee uplifts. On the 26th May we emailed all providers giving further information on the process, including the provider registration link to the iESE online tool, which we as a region (Yorkshire and Humber) had decided to use for data gathering. We held a follow up Teams meeting on the 30th May to talk through the process and timelines, we also played a short iESE video as an introduction to the online tool. During the meeting we also shared links to the iESE helpdesk and the CPA support inbox. Only 9 of the 28 providers invited attended the call and so we sent out the PowerPoint presentation, links, helpdesk address and introduction video to anyone unable to attend, offering additional support if required.

On the 1st June we sent out links to the iESE drop-in sessions, giving providers the opportunity to receive a further demonstration of the tool, discuss issues and raise any

queries they may have, these were held on the 7th, 8th, 14th, 16th, and 21st June to ensure as many providers as possible could attend at least one.

By the 22nd June we had still had no submissions and so we started to e-mail providers individually offering any additional support needed, with our Business Relationship Managers also phoning around providers to encourage engagement in the process. The Fair Cost of Care project was mentioned to providers in various meetings held by our Commissioning Team to ensure it remained a priority to complete.

The initial deadline we set was the 1st July, hoping to have as many responses as possible to begin the analysis and sense checking. At this time, we still had limited response and so extended the deadline further, sending out more invites to the drop-in sessions to be held on the 6th and 7th July, and on the 12th July we sent a further communication to all, with a link to the LGA FAQ's and invites to 3 final workshops on the 14th, 19th, and 21st July. Our FCoC lead along with the Business Relationship Managers started the final chaser calls and messages on the 4th August.

Every return we received was checked for accuracy, ensuring there wasn't anything that looked out of place and that all sections were completed correctly, with any outliers highlighted. We contacted all providers who submitted either by e-mail or through the query function in the tool itself, highlighting any area that didn't look right and ensuring that anything initially looking like an outlier was indeed correct or amended, not all queries were responded to. Example queries were around:

- Direct staffing cost and hours
- Transport and activities costs varying significantly
- Recruitment, training, and vetting costs varying significantly
- Any blank sections in the returns
- Indirect staffing costs
- Inflationary increases from 21/22 actuals to 22/23
- Repairs, maintenance, fixtures and fittings costs varying significantly
- Insurance, utilities, support services / management costs varying significantly

The approach we took in reaching a true median was on a line-by-line calculation rather than using the subtotals, providers were worked with to ensure there were a limited zero values, and this approach also means we can use the data and process in future when looking at area specific inflationary cost pressures. One area where we manually entered a number was for PPE, most providers left this blank due to the government portal being in operation and therefore had no cost for the previous financial year to uplift, in this case we used the median of those adding PPE cost and entered that into each report.

There were vast differences in approach to the calculation of Return On Operations (ROO) and Return On Capital (ROC) within the provider returns, with such a mix of local and national providers we decided to amend these and take a standardised approach. For ROC we took the decision to use one of the options suggested by DHSC in annex E of their online guidance, taking the Local Housing Allowance category B figure and deducting the fixtures, fittings and maintenance costs shown within the provider returns. Where providers have invested higher amounts of capital on their properties in year, ROC will show as a lower

figure and vice versa. For ROO we listened to advice on the various LGA run webinars, in addition to receiving information on various reports (Laing Buisson report on the impact of reforms being one of them) and have added 5% ROO in each category.

Calderdale took the decision to use 90% occupancy rates as a baseline for occupancy levels and has adjusted the figures in annex A, adjusting the figures of any service below 90% occupancy up to this level. We had initially considered raising these to 95% due to a recent Grant Thornton report stating that good performing services financially were operating at an average of 95.3%, but decided this would be quite a stretch in the current environment. In adjusting the figures there were some amounts we did not change – the variable costs based on number of residents such as the direct staffing (Care and Nursing) in addition to food and drink and PPE. We believe this to be an accurate reflection due to a number of recent and planned changes. During the period in which the FCoC exercise was completed there has been the closure of one residential care home and the decision that a further residential home will close within 5 weeks. These closures will reduce overall capacity in the market and the resulting moves of residents will reduce vacancies by approximately 26. Commissioners are also discussing vacant provision with care homes who currently have significant vacancy levels. At least 2 homes have plans to return non-admittable vacancies to admittable vacancies in the next 3-12 months. This is because they have either recruited enough staff to be able to take admissions to a block of beds or plan to use a section of the home to develop a specialism required by the market. These changes will result in overall capacity reducing by 35 placements and a reduction of between 26 and 40 in the current vacancy levels by the end of 2022, with further potential reductions in 2023 as providers work towards planned higher occupancy levels.

All providers submitting final returns based their figures on 21/22 actuals plus inflationary increases specific to each cost category, and so this was not amended from their raw data.

The freehold valuation per bed was not a requirement to complete initially, and so we received limited responses in this area, we took the decision to use the median of all responses we had received and state that figure in each category.

Annex A Section 3 – median results including count of observations and summary information

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	£534.77	£524.88	£1,113.45	£1,041.18
Nursing Staff	£0.00	£0.00	£516.88	£305.27
Care Staff	£402.69	£410.25	£298.35	£507.42
Therapy Staff (Occupational & Physio)	£0.00	£0.00	£74.55	£20.16
Activity Coordinators	£2.69	£0.00	£74.55	£0.00
Service Management (Registered Manager/Deputy)	£54.63	£41.32	£149.11	£71.19
Reception & Admin staff at the home	£1.94	£2.52	£0.00	£22.84
Chefs / Cooks	£31.22	£27.59	£0.00	£34.85
Domestic staff (cleaning, laundry & kitchen)	£34.09	£35.53	£0.00	£41.02
Maintenance & Gardening	£7.46	£7.41	£0.00	£38.43
Other care home staffing (please specify)	£0.06	£0.27	£0.00	£0.00
Total Care Home Premises	£21.48	£19.61	£17.69	£56.55
Fixtures & fittings	£0.00	£0.00	£0.00	£9.37
Repairs and maintenance	£15.31	£14.57	£10.38	£36.56
Furniture, furnishings and equipment	£6.18	£5.04	£7.31	£10.62
Other care home premises costs (please specify)	£0.00	£0.00	£0.00	£0.00
Total Care Home Supplies and Services	£110.01	£96.49	£137.75	£169.33
Food supplies	£37.94	£36.04	£39.43	£38.12
Domestic and cleaning supplies	£7.48	£1.33	£9.37	£16.81
Medical supplies (excluding PPE)	£5.34	£4.62	£8.09	£8.68
PPE	£6.36	£6.36	£6.36	£6.36
Office supplies (home specific)	£2.35	£2.06	£2.99	£7.83
Insurance (all risks)	£3.72	£3.58	£4.31	£0.00
Registration fees	£3.42	£3.51	£3.40	£5.69
Telephone & internet	£2.45	£3.40	£3.54	£1.49
Council tax / rates	£0.83	£0.80	£0.00	£1.32
Electricity, Gas & Water	£25.14	£21.60	£32.64	£57.92
Trade and clinical waste	£4.82	£5.08	£8.76	£7.54
Transport & Activities	£3.66	£1.92	£3.40	£11.08
Other care home supplies and services costs (please specify)	£6.52	£6.19	£15.46	£6.47
Total Head Office	£71.36	£80.32	£15.82	£115.49
Central / Regional Management	£21.20	£22.90	£0.00	£19.75
Support Services (finance / HR / legal / marketing etc.)	£38.66	£40.02	£15.12	£86.22
Recruitment, Training & Vetting (incl. DBS checks)	£8.62	£8.32	£0.70	£3.77
Other head office costs (please specify)	£2.88	£9.08	£0.00	£5.75
Total Return on Operations	£36.88	£36.07	£40.58	£69.13
Total Return on Capital	£64.82	£66.69	£44.82	£29.75
TOTAL	£839.31	£824.06	£1,370.11	£1,481.42

Supporting information on important cost drivers used in the calculations:	65+ care home places without nursing	65+ care home places without nursing, enhanced needs	65+ care home places with nursing	65+ care home places with nursing, enhanced needs
Number of location level survey responses received	8	5	1	1
Number of locations eligible to fill in the survey (excluding those found to be ineligible)	23	10	7	3
Number of residents covered by the responses	208	64	15	14
Number of carer hours per resident per week	27	28	23	29
Number of nursing hours per resident per week	0	0	18	11
Average carer basic pay per hour	£10.29	£10.83	£10.28	£9.90
Average nurse basic pay per hour	£0.00	£0.00	£19.00	£19.00
Average occupancy as a percentage of active beds	87%	83%	87%	70%
Freehold valuation per bed	£75,286.37	£75,286.37	£75,286.37	£75,286.37

Response rate %: 34.8% 50% 14.3% 33.3%

Lower quartile, median and upper quartile results

65+ care home places without nursing:

Cost of care exercise results - all cells should be £ per resident per week, MEDIANS.	65+ care home places without nursing lower quartile	65+ care home places without nursing MEDIAN	65+ care home places without nursing upper quartile
Total Care Home Staffing	£483.37	£534.77	£583.82
Nursing Staff	£0.00	£0.00	£0.00
Care Staff	£391.35	£402.69	£419.06
Therapy Staff (Occupational & Physio)	£0.00	£0.00	£0.00
Activity Coordinators	£10.20	£2.69	£0.00
Service Management (Registered Manager/Deputy)	£45.81	£54.63	£61.54
Reception & Admin staff at the home	£1.26	£1.94	£8.28
Chefs / Cooks	£12.12	£31.22	£42.09
Domestic staff (cleaning, laundry & kitchen)	£20.67	£34.09	£38.62
Maintenance & Gardening	£1.96	£7.46	£13.90
Other care home staffing (please specify)	£0.00	£0.06	£0.34
Total Care Home Premises	£19.48	£21.48	£29.43
Fixtures & fittings	£0.00	£0.00	£0.00
Repairs and maintenance	£13.31	£15.31	£21.72
Furniture, furnishings and equipment	£6.18	£6.18	£7.70
Other care home premises costs (please specify)	£0.00	£0.00	£0.00
Total Care Home Supplies and Services	£107.32	£110.01	£117.18
Food supplies	£37.94	£37.94	£37.02
Domestic and cleaning supplies	£7.48	£7.48	£9.07
Medical supplies (excluding PPE)	£4.73	£5.34	£5.34
PPE	£6.36	£6.36	£6.36
Office supplies (home specific)	£2.35	£2.35	£1.89
Insurance (all risks)	£3.72	£3.72	£5.15
Registration fees	£3.30	£3.42	£3.48
Telephone & internet	£2.19	£2.45	£3.38
Council tax / rates	£0.72	£0.83	£1.06
Electricity, Gas & Water	£23.54	£25.14	£25.14
Trade and clinical waste	£3.85	£4.82	£5.29
Transport & Activities	£2.67	£3.66	£7.50
Other care home supplies and services costs (please specify)	£8.47	£6.52	£6.52
Total Head Office	£43.87	£71.36	£86.63
Central / Regional Management	£15.46	£21.20	£22.02
Support Services (finance / HR / legal / marketing etc.)	£23.07	£38.66	£47.93
Recruitment, Training & Vetting (incl. DBS checks)	£5.33	£8.62	£8.92
Other head office costs (please specify)	£0.00	£2.88	£7.74
Total Return on Operations	£32.70	£36.88	£40.85
Total Return on Capital	£66.82	£64.82	£56.87
TOTAL	£753.56	£839.31	£914.78

65+ care home places without nursing, enhanced needs:

Cost of care exercise results - all cells should be £ per resident per week, MEDIANS.	65+ care home places without nursing, enhanced needs lower quartile	65+ care home places without nursing, enhanced needs MEDIAN	65+ care home places without nursing, enhanced needs upper quartile
Total Care Home Staffing	£528.93	£524.88	£580.14
Nursing Staff	£0.00	£0.00	£0.00
Care Staff	£435.87	£410.25	£428.46
Therapy Staff (Occupational & Physio)	£0.00	£0.00	£0.00
Activity Coordinators	£2.69	£0.00	£3.03
Service Management (Registered Manager/Deputy)	£34.61	£41.32	£33.72
Reception & Admin staff at the home	£4.29	£2.52	£3.99
Chefs / Cooks	£18.01	£27.59	£30.80
Domestic staff (cleaning, laundry & kitchen)	£31.36	£35.53	£42.61
Maintenance & Gardening	£1.96	£7.41	£9.89
Other care home staffing (please specify)	£0.14	£0.27	£27.64
Total Care Home Premises	£24.57	£19.61	£35.58
Fixtures & fittings	£2.60	£0.00	£9.42
Repairs and maintenance	£14.58	£14.57	£18.91
Furniture, furnishings and equipment	£7.36	£5.04	£6.39
Other care home premises costs (please specify)	£0.04	£0.00	£0.85
Total Care Home Supplies and Services	£91.34	£96.49	£107.76
Food supplies	£34.58	£36.04	£37.29
Domestic and cleaning supplies	£4.05	£1.33	£4.97
Medical supplies (excluding PPE)	£4.73	£4.62	£5.03
PPE	£6.36	£6.36	£6.36
Office supplies (home specific)	£2.78	£2.06	£2.52
Insurance (all risks)	£2.81	£3.58	£9.22
Registration fees	£3.59	£3.51	£3.53
Telephone & internet	£1.88	£3.40	£3.59
Council tax / rates	£0.72	£0.80	£0.89
Electricity, Gas & Water	£23.17	£21.60	£19.64
Trade and clinical waste	£3.85	£5.08	£5.65
Transport & Activities	£1.39	£1.92	£2.44
Other care home supplies and services costs (please specify)	£1.42	£6.19	£6.63
Total Head Office	£53.47	£80.32	£81.67
Central / Regional Management	£22.77	£22.90	£23.40
Support Services (finance / HR / legal / marketing etc.)	£20.83	£40.02	£45.20
Recruitment, Training & Vetting (incl. DBS checks)	£5.33	£8.32	£7.23
Other head office costs (please specify)	£4.54	£9.08	£5.84
Total Return on Operations	£34.92	£36.07	£40.26
Total Return on Capital	£64.36	£66.69	£60.99
TOTAL	£797.59	£824.06	£906.40

It has not been possible to calculate lower and upper quartiles for each nursing category due to only one submission being received and accepted for each. One additional home had submitted in the nursing category without enhanced needs, but we have taken the decision to exclude them from the results as we do not commission this kind of support with them, and they do not admit nursing only clients on this basis.

The care home (non-nursing) results give us some insight into the local market within Calderdale; however, more work needs to be done over the coming months once other cost pressure areas are considered. For nursing placements, we commission on a spot-contract basis and will continue to assess each package of support (including associated funding) on a case-by-case basis, ensuring fees reflect individual needs.

The dialogue we had with the providers engaging in the process was positive, and helped us get a good picture of the issues and pressures currently being faced. It was however still a little disappointing that several providers didn't engage in the process to enable them to have a voice on future funding within the social care sector. There were many reasons for non-return, from fears over the confidential / commercially sensitive nature of the information, to lack of resource or data to complete the return with others stating that "nothing would come from the process". We responded to each of these issues to allay any fears, and also spoke to a representative from Calderdale Registered Manager Network to attempt to ease fears and offer further support, successfully in some cases but unsuccessfully in others.

Future fee setting

The medium-term financial strategy was set before members of the Council in October 2022 for the 3 years from 2023/24 to 2025/26. Cabinet will present its draft budget proposals for consultation in January / February now that the Local Government Finance Settlement Grant has been released, followed by the presentation of the final budget to the Budget Council at the end of February 2023. There are many pressures anticipated at the moment, including the Council's commitment to support domiciliary care providers to work towards paying the Real Living Wage and improve terms and conditions in line with Ethical Care Charters, Fair Costs of Care, and other inflationary pressures such as the cost of fuel for domiciliary care workers and increased costs in running central offices. Inflation and future fee uplifts will be informed by the fair cost of care results gathered in this process, alongside the additional factors outlined above. The fair cost of care results do not give a comprehensive overview of the care market in Calderdale and cannot be used without taking into account wider funding considerations for future fee setting.