
Cost of Care Report 65+ Care Homes

Waltham Forest
Date 11/10/22



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Exercise Background & Overview

Background

Objectives

Funding

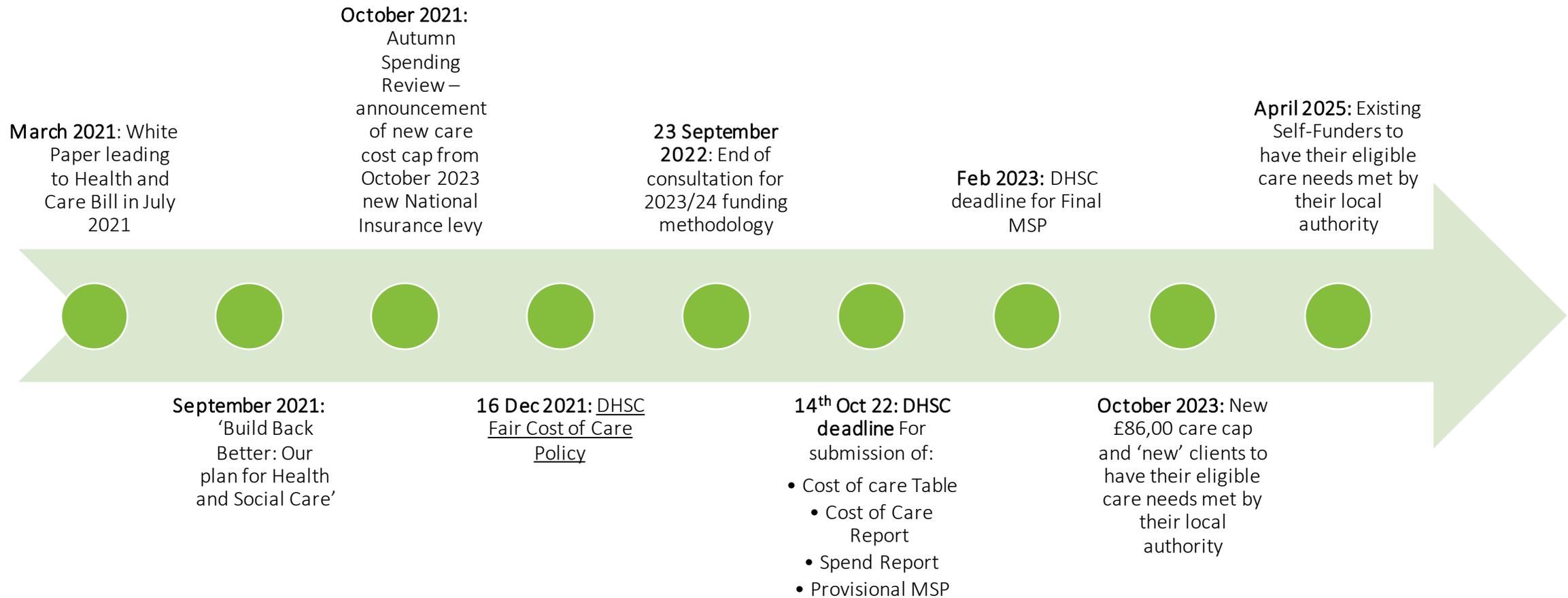
Possible Funding Outcomes

Introduction



- In June 2022, Peopletoo were commissioned by Waltham Forest Council to support them to undertake and deliver a Fair Cost of Care exercise for 65+ Care Home Provision locally, in line with Department of Health and Social Care Guidance released in the Spring of 2022. This sets out the Government's expectations on Local Authorities in ensuring that they have the right health and care architecture in place to underpin and support the delivery of the Government's long term plan for Adult Social Care, 'People at the Heart of Care.'
- The cost of care exercise is an opportunity for local authority commissioners and local care providers to work together to arrive at a shared understanding of what it costs to run quality and sustainable care provision in the local area, and that is reflective of local circumstances. It is also a vital way for commissioners and providers to work together to shape and improve the local social care sector, and identify improvements in relation to workforce, quality of care delivered, and choice available for people who draw on care.
- The objective of the work undertaken by Peopletoo was to provide the Council with reliable information submitted by the Care Home provider market via the web-based iese Fair Cost of Care Toolkit, providing detailed information on Service Providers' actual delivery costs for 2021/22 to inform a sustainable fee rate for the future as the Council moves towards implementation of the Fair Cost of Care.
- This Cost of Care report provides the Council with the detail surrounding Peopletoo's Fair Costing methodology and approach to ensuring provider engagement, the approach to validating returns submitted by providers to ensure accuracy, and clarification in relation to the approach to outliers following the validation stage where issues with returns remained.
- The detail in relation to the returns received (anonymised and aggregated) is also included in the report, by care home category:
 - Standard residential care,
 - Residential care for enhanced needs,
 - Standard nursing care,
 - Nursing care for enhanced needs.

ASC Reform - Background



ASC Reforms - Objectives

- People have choice, control and support to live independent lives
- People can access outstanding quality and tailored care and support
- People find social care fair and accessible
- Supporting unpaid carers to achieve their own life goals
- Helping the adult social care workforce to feel recognised and to have opportunities to develop their careers
- For social care to be on a stable financial footing

ASC Reform Funding

- National funding through Social Care Levy – NI Increases
- £36 bn identified
- £5.4 bn for social care over next 3 years
 - £3.6 bn to fund new costs falling to LAs due to care cap and fair cost of care
 - £1.7 bn allocated to range of improvement initiatives
- DHSC are currently out for consultation on how to allocate the £600m funding for 2023/24, the deadline is 23 September 2022. [Distribution of funding to support the reform of the adult social care charging system in 2023 to 2024 - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/consultations/distribution-of-funding-to-support-the-reform-of-the-adult-social-care-charging-system-in-2023-to-2024)
 - The funding is split into 3 strands:
 1. Distributing funding for the extension to the means test
 2. Distributing funding for the cap on care costs
 3. Distributing funding for implementation and additional assessments

Project Methodology

Stages

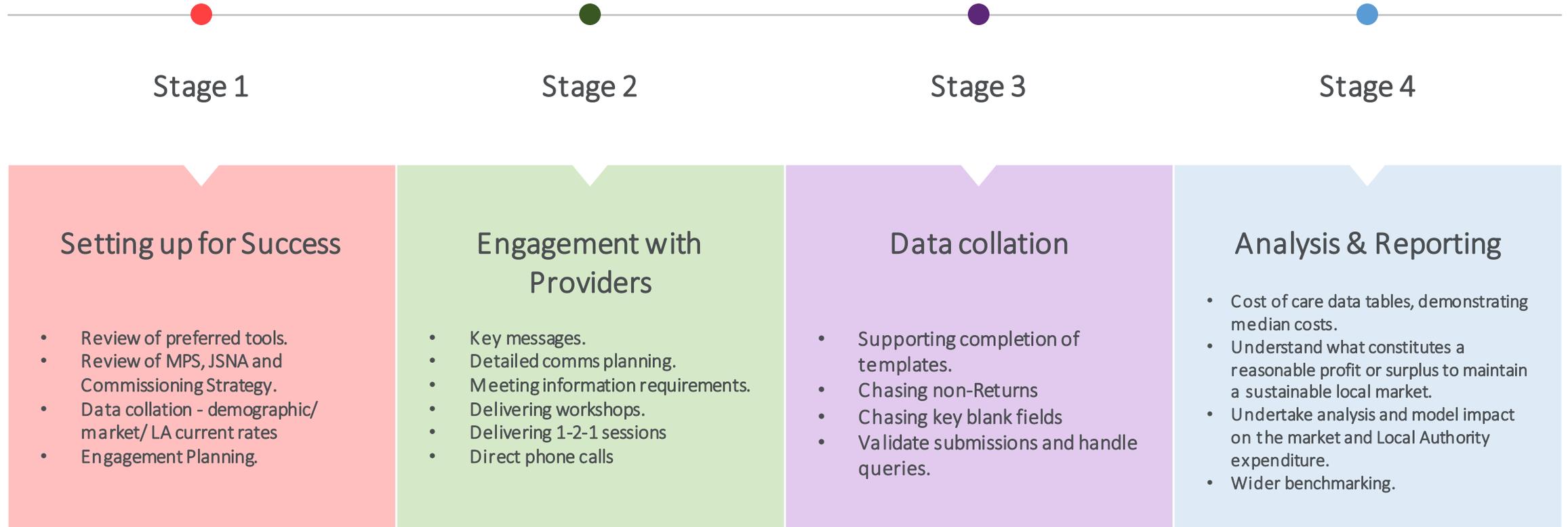
Tool used

Validation Process

Treatment of Outliers

Cost of Care Exercise Stages

4-stage process



Tool Used for Exercise

Care Home iese CareCubed Tool

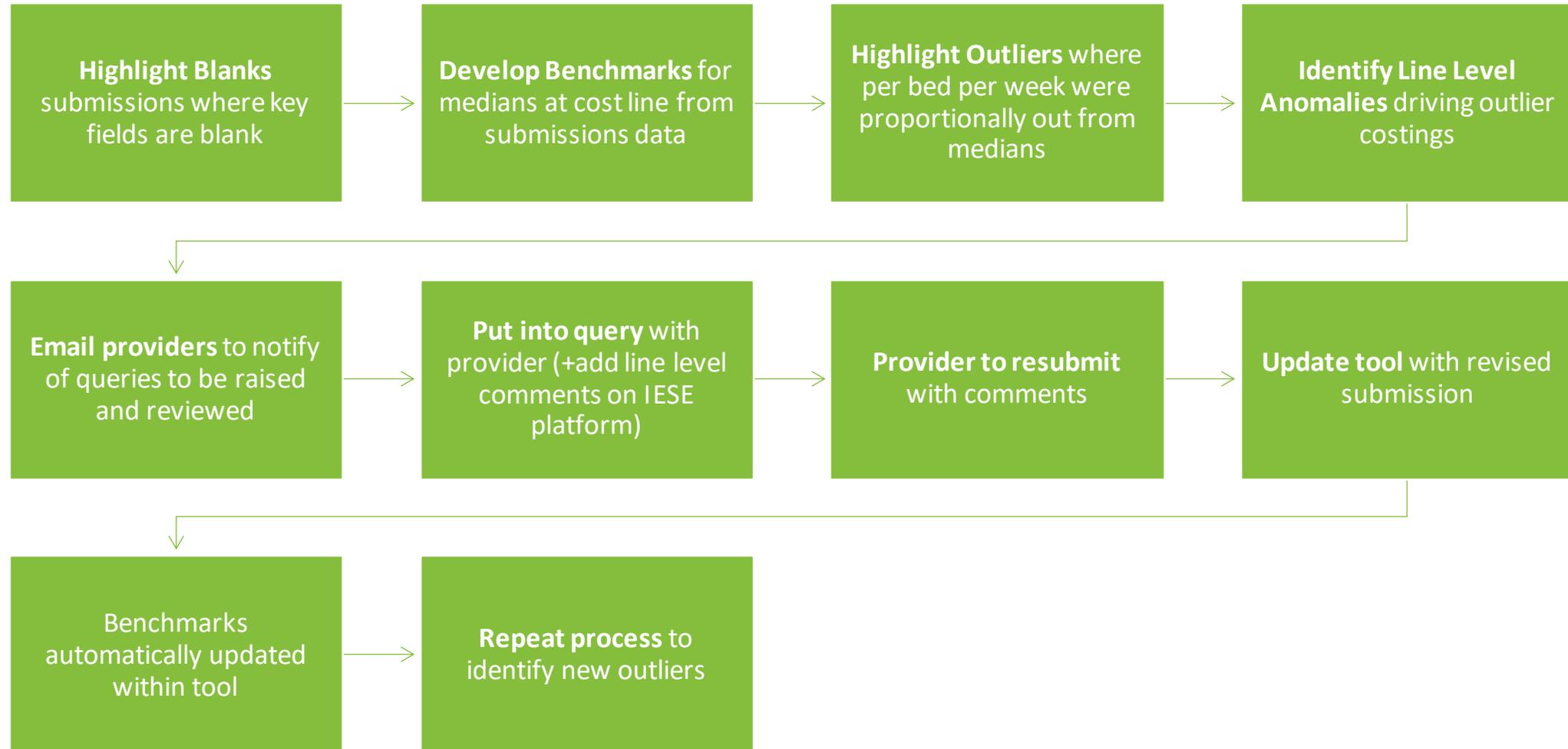
- ✓ Nationally recognised tool for the exercise
- ✓ Recognised tool already in use by a third of councils & 50 providers
- ✓ Included all key fields for data collection for analysis & validation
- ✓ A tool providers/ LAs could continue to use for future exercises

Data Collection Period

Care Homes Providers

- Providers were asked to submit their costing via the iese tool by 14.07.2022
- Providers were asked to submit their April 2021- March 2022 costings and were given the option to suggest a % uplift across the lines from April 2022
- The 21-22 data has been used for analysis and an uplift will be applied to 21-22 costs to bring them up to 22-23 costs
- All of the uplift information supplied by providers has been reviewed to support the method of uplifting

Validation Process



Treatment of Outliers – Care Homes

Given the smaller sample size of the provider submissions received, and the range of the data received, all provider submissions have been included and no exclusions were made for the calculation of the lower, median and upper quartile calculations.

Waltham Forest have been working with NEL to understand how the data compares regionally and although there is a small sample size, the figures coming out of this exercise are in line with the results coming out from the rest of region.

Care Home Providers

Engagement Plan

Engagement & Response Rate

Representation of Provider Market with Responses

Market Engagement Approach

- **Introduction**
 - Email & event invite
 - Event reminder email
 - Event joining instructions
- **Introductory Event**
 - Introductory Session
 - Event presentation email follow up & option for 1-2-1 sessions
- **Reminders**
 - Deadline Reminder
 - Final Reminder
- **1-2-1 Sessions**
 - Offered to all providers
- **Direct Calls**
 - Before Deadline (all providers)
 - After Deadline to offer extension & 1-2-1 support (providers yet to submit)
 - After Extension (providers yet to submit)

Care Homes Response Rate

Category	No of Care Homes	% Out of Homes in Scope	No of Registered Beds	% of Registered Beds
In Scope	12	N/a	570	N/a
Engaged with Exercise*	12	100%	570	100%
Submitted Returns	7	58%	373	65%
Returns which can be used	7	58%	373	65%

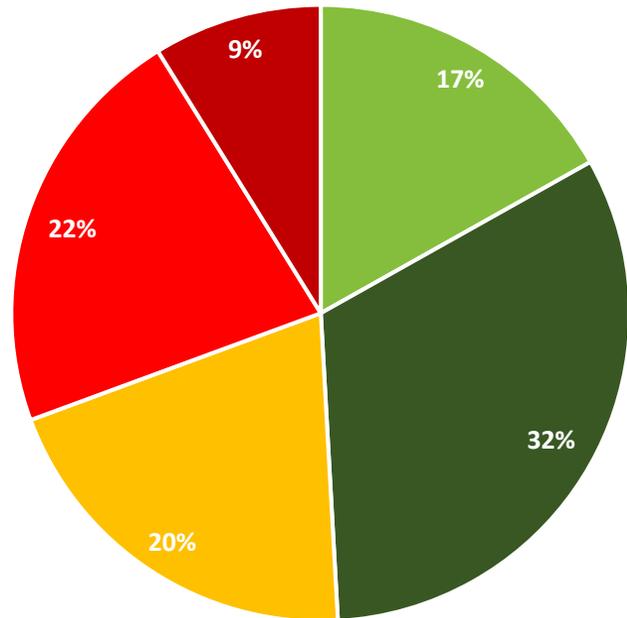
The remaining providers in scope that chose not to participate advised the following reasons:

- Not enough time – employees off on holidays & sickness
- Other more urgent tasks to be done
- Unwilling to share sensitive financials

*Registered/Attended event, Emailed for support on exercise, discussed the exercise in detail on the phone

Representation of Market – Bed Type

21-22 Bed Split Represented in Returns

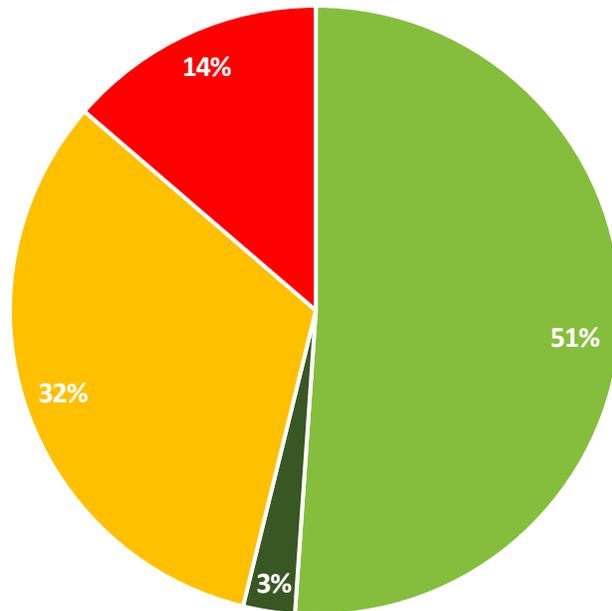


- Care Home occupied beds without nursing, without dementia
- Care Home occupied beds without nursing, dementia
- Care Home occupied beds with nursing without dementia
- Care Home occupied beds with nursing, dementia
- Vacant Beds

- This pie chart show representation across all bed types request from this exercise
- The returns show good coverage across all for bed categories listed as part of the exercise, despite the small number of returns
- Although this pie chart shows coverage across the 4 bed categories, there is only 1 home represented in “nursing” category and 2 in the “nursing dementia category”.
 - Inline with the above, Waltham Forest have decided it would be best to list one rate to cover both nursing categories.
- Waltham Forest are working with NEL to understand how their costing compare regionally

Representation of Market – Funding Type

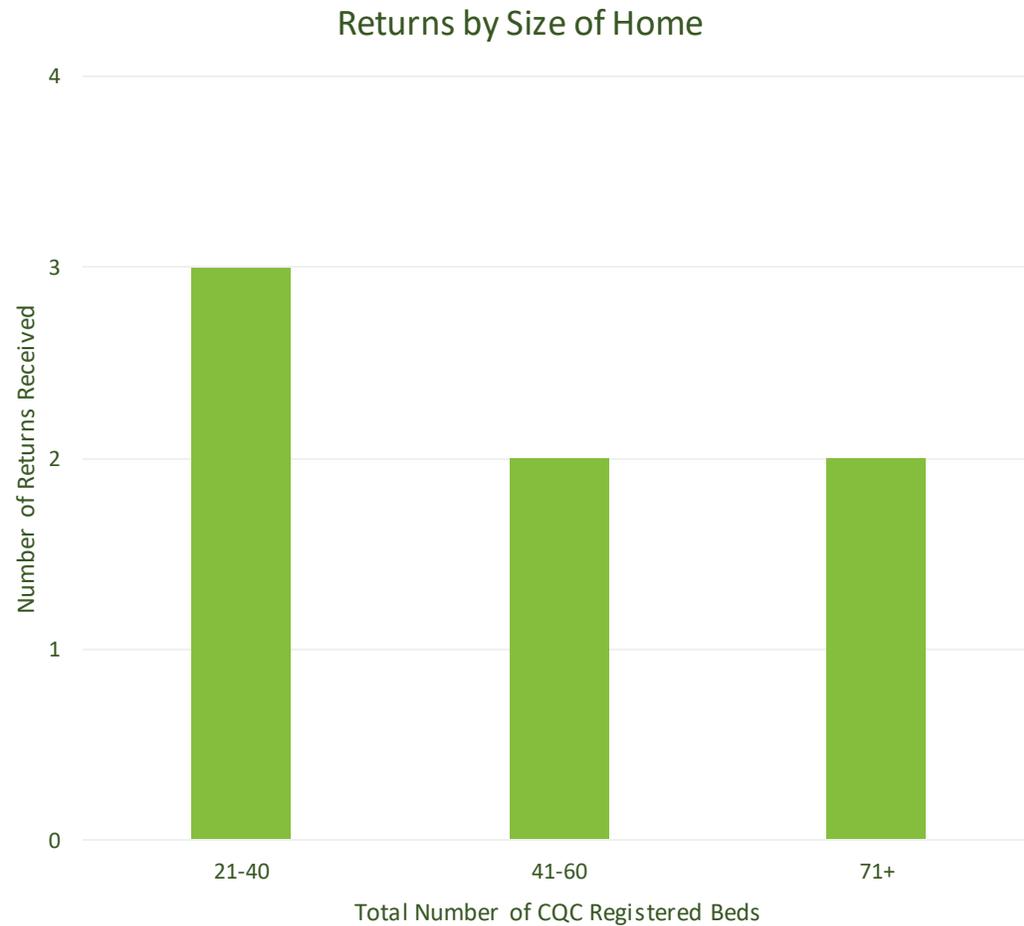
Total Split of Residents Represented in 21-22 Returns by Funding Type



■ No. Local Authority funded residents ■ No. Joint funded residents
■ No. self funders / privately funded ■ No. CHC / Health

- This pie chart show representation across the different funding types
- Over half of the occupied beds in the returns received were funding by the LA
- The self funding market is also highly represented within the returns received, at 32% of beds occupied.

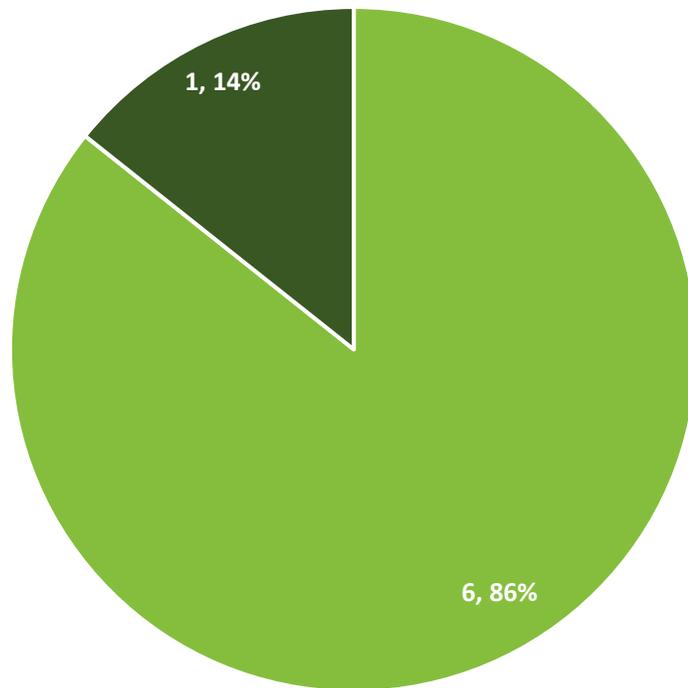
Representation of Market – Size of Homes



- This graph shows the care homes represented in the returns data by size of home.
- Overall, the returns represent homes of completely opposite sizes, from relatively with small, with a total number for 23 beds, to large with a total number of 92 beds.
- The remaining based in Waltham Forest that chose not to participate in the exercise also fall into the bed size categories included in the sample size.

Representation of Market – Quality

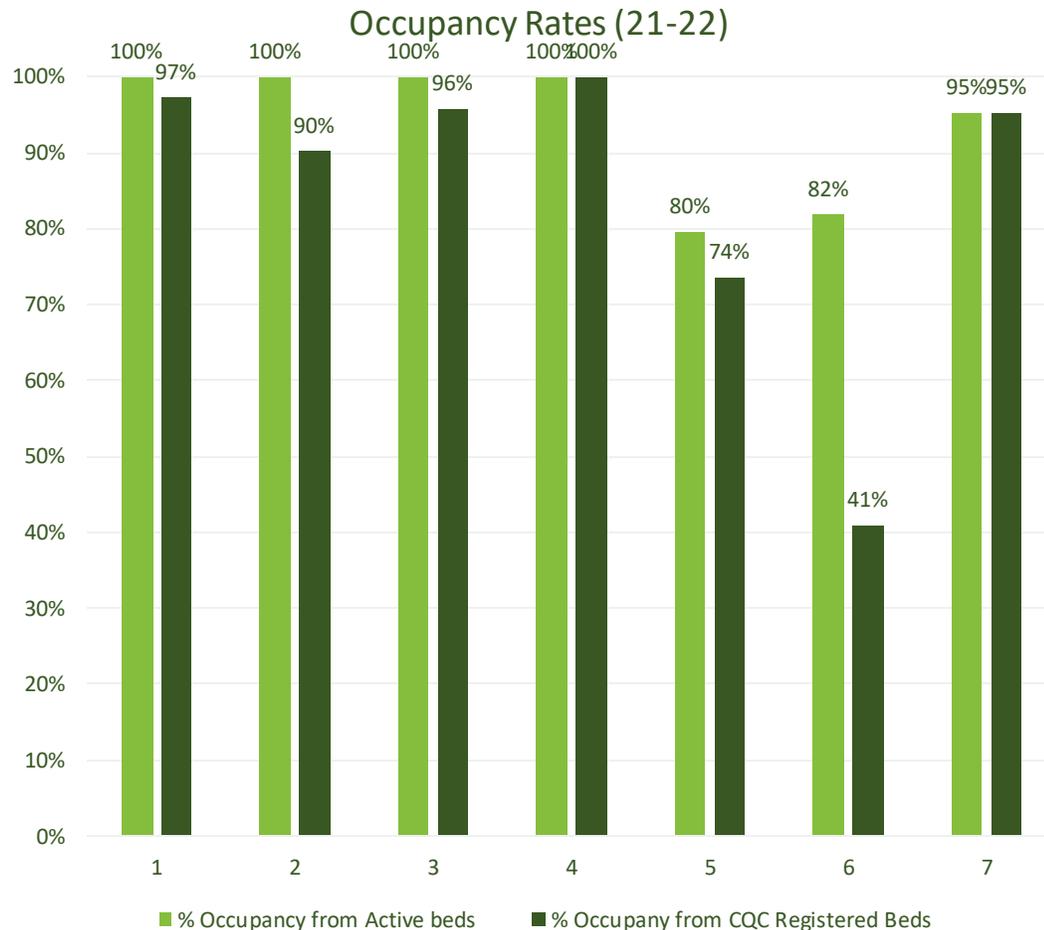
CQC Overall Quality Rating



■ Good ■ Requires Improvement

- This pie chart show representation the latest CQC Overall quality rating at the time of writing this report
- The majority of homes included in the sample had an overall rating of “good” with just 1 home listed as “requires improvement”.

Returns Representation—Occupancy



- This bar chart shows the occupancy rate applied to the provider cost submissions.
- Active Beds: Average 21-22 occupancy 94%,
- When comparing occupancy rates from active beds to CQC registered beds, for they are lower, at an average occupancy rate of 85%
 - Lower occupancy rate will impact costings used to calculate annex A per bed costings
 - Waltham Forest may look to model how higher occupancy rates could impact costings

Outcome of Cost of Care Exercise – Care Homes

Challenges in the Data

Approach to Calculating the Median

Approach to Inflation

Approach to ROO & ROC

Annex A Table

Summary of Annex A

Outcome of the Exercise

Challenges in the Data

The Fair Cost of Care Exercise set out by the DHSC is one which is predominantly driven by the input of provider cost data, and as the exercise only sets loose guidance around validation parameters and the ability of local commissioners to challenge and interrogate the data in depth, several challenges in relation to data accuracy should be raised and noted.

Specially for Waltham Forest, these challenges include:

Accuracy of data provided

- Although validation has allowed for some interrogation of costs, it is not possible to completely verify that these costs are truly reflective of incurred costings

Sample Size

- Due to the small number of care homes in borough, the sample size of the data collected is small and Waltham Forest are committed to working with NEL to see how to best strengthen this moving forward.
- Inability to confidently differentiate between standard and enhanced rates as standard have been higher which would not be accurate.

The impact of Covid-19

- The requirement to base a fair costing exercise on a year in which care homes and commissioners faced significant pressures in relation to occupancy and costs as a result of the Covid-19 pandemic is a challenge raised at a National level.

Inclusion/ Exclusion of 1-2-1

- Costs from providers are pulled from the jese tool where providers list their whole home costs. It is difficult to understand if any 1-2-1 costs have been included in the submissions where residents may be in receipt of additional care.

The inability to re-calculate higher occupancy and lower ROO/ROC

- In setting a fair cost of care locally, commissioners would like to be able to model several scenarios such as higher occupancy and lower Return on Operations and Return on Capital figures to better reflect an accurate local position. At the time of writing this report, there is limited availability in the toolkit to undertake this modelling. This is a challenge gaining ground at a National level, with other commissioners wishing to undertake similar modelling activity.

Approach to Calculating the Median

There are a number of methods that can be used to calculate the median values for this CoC exercise.

1. Medians calculated using end per resident per week costings from each submission
2. Medians calculated at line level, summed at subtotals, then subtotals summed

The calculation method used for Annex A is option 2. This method helps to overcome the limited data available for the 2 nursing categories by looking at line level medians rather than overall per bed per week medians.

We have excluded 0/blank values from the calculations of the medians.

Approach to Inflation of 21-22 Costs

- The data collected in the IESE tool asks providers to submit their 21-22 costs with an option to apply an uplift to bring those costs in line with April 22 costings.
- Waltham Forest have reviewed a number of inflationary methods to move providers CoC actual 21-22 costs to April 22 costs. They have decided that the best method would be to apply an overall uplift of 5% to provider 21-22 to bring them to 22-23 for the purpose of this exercise.

Category of Bed	Uplift applied
Care Home occupied beds without nursing: Final total	5%
Care Home occupied beds without nursing with dementia: Final total	5%
Care Home occupied beds with nursing: Final total	5%
Care Home occupied beds with nursing, dementia: Final total	5%

Note: Any assumptions made for this exercise need to be caveated as nationally there is uncertainty around inflation and cost of goods and services. This means that predicting future inflation is very difficult and needs to be reviewed in line with the council's policy to uplifts.

Applying Proposed Approach to Inflation Method of 21-22 Costs

Medians as reported by providers for all categories:

Bed Type	Current FCOC Medians (21-22 Data)	22-23 FCOC Medians (Calculated using 5% approach for inflation)
Care Home occupied beds without nursing: Final total	£1,071.72	£1,125.30
Care Home occupied beds without nursing with dementia: Final total	£1,049.25	£1,101.73
Care Home occupied beds with nursing: Final total *includes FNC	£1,301.58	£1,366.65
Care Home occupied beds with nursing, dementia: Final total * includes FNC	£1,179.11	£1,238.10

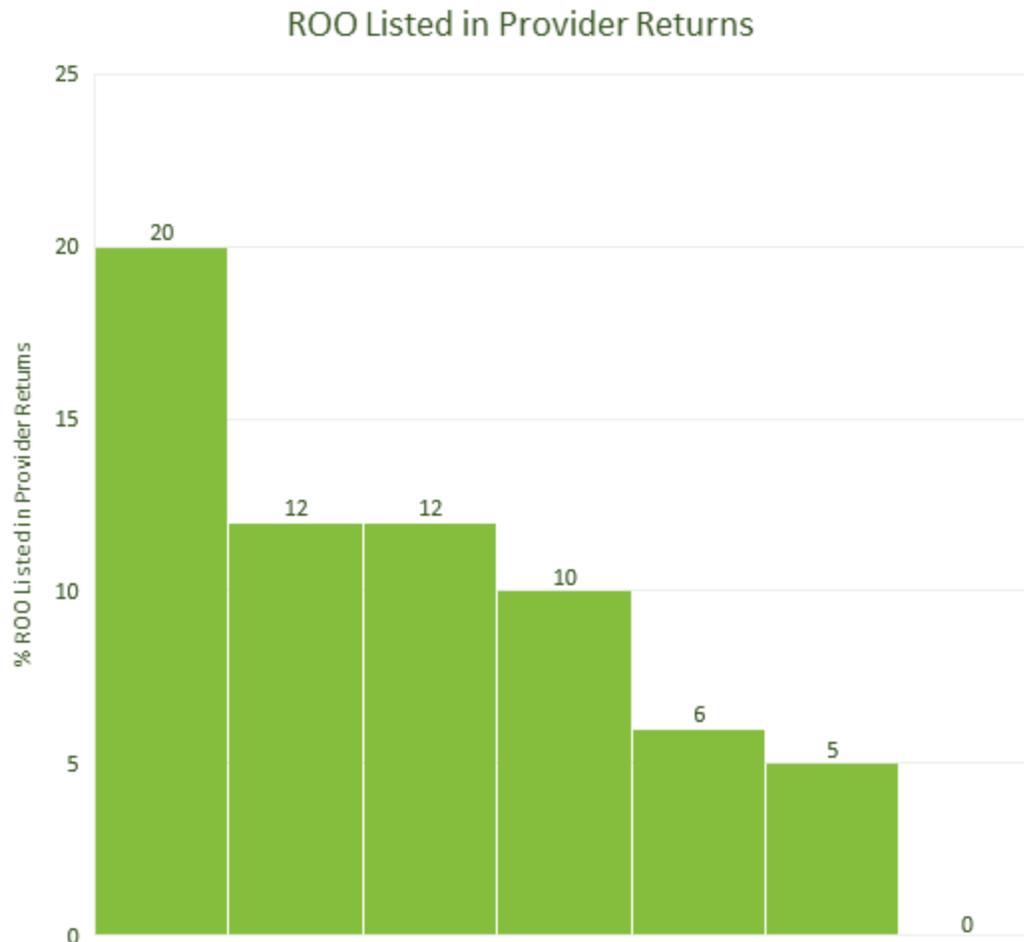
Above shows the medians calculated for each care bed category. Due to a limited sample size, the standard care bed categories for both residential and nursing beds is showing as higher than the equivalent dementia categories which would not be representative. Therefore, as Waltham Forest cannot confidently distinguish between the 2 enhanced categories, the enhanced costs will be used for both standard and enhanced, as shown in the below table.

Medians listed a as single rate for residential and nursing:

Bed Type	Current FCOC Medians (21-22 Data)	22-23 FCOC Medians (Calculated using 5% approach for inflation)
Care Home occupied beds without nursing: Final total	£1,049.25	£1,101.73
Care Home occupied beds without nursing with dementia: Final total	£1,049.25	£1,101.73
Care Home occupied beds with nursing: Final total *includes FNC	£1,179.11	£1,238.10
Care Home occupied beds with nursing, dementia: Final total * includes FNC	£1,179.11	£1,238.10

Note: Further consideration to be discussed around inflating costs for 2023/24 and 2024/25

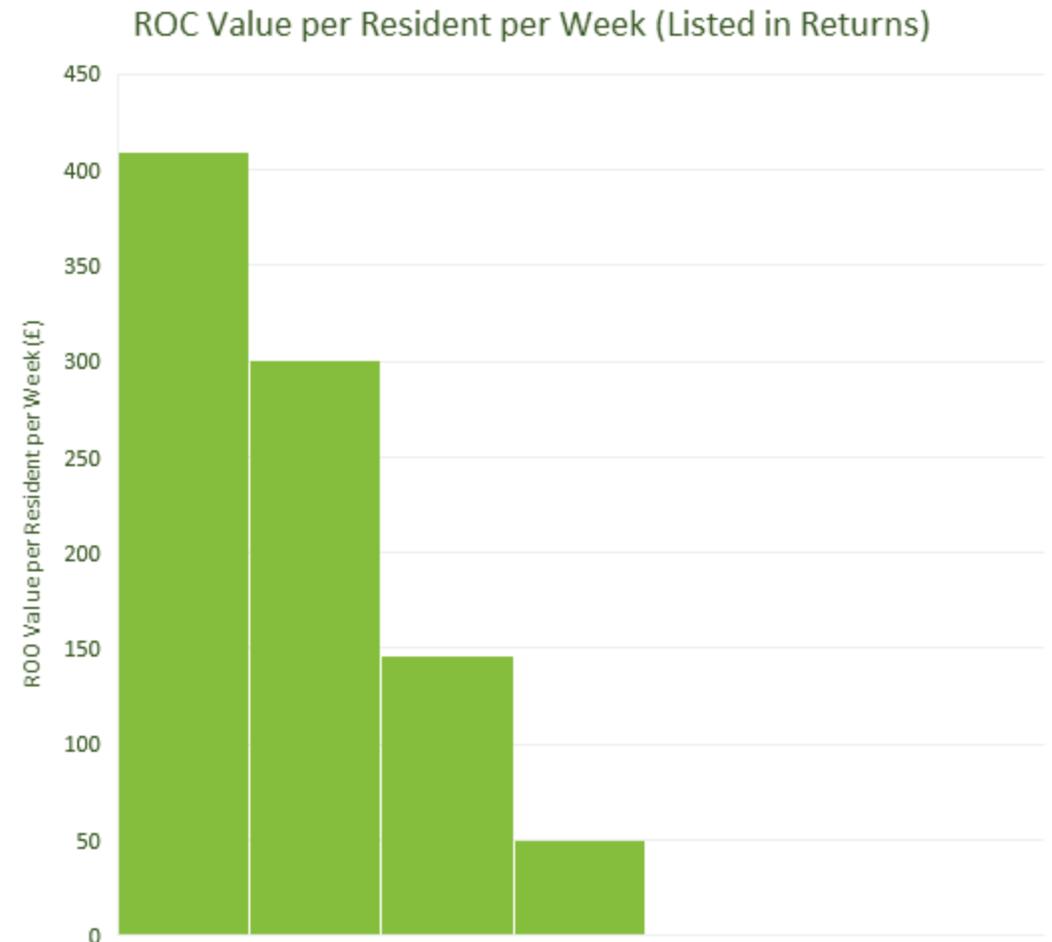
ROO listed in Returns



- This graph shows the ROO % listed by providers as part of this exercise
- The range submitted by providers was from 5-20% return on operations.
- The average value was 10.83% ROO and Median value was 11% ROO
- 1 homes left this field blank.
- Overall, when looking at all submissions used to calculate Annex A, the ROO per resident per week came out between 12-17% of the overall per bed per week cost.
- **Waltham Forest have reviewed guidance around benchmarks available and believe 5% is a reasonable ROO to enable sustainability in the market**
 - This is a lower average ROO than what was submitted by providers.

ROC Listed in returns

- This graph shows the ROC value listed value per resident per week by providers as part of this exercise
- Only 1 home listed ROC as %,
 - For the home that did, they listed 14% ROC
- The remainder of the homes submitted as a value per resident per week, shown on this graph
 - The range submitted by providers was from £50 - £409 per resident per week
 - The average value was £226.38
 - The median value was £223.36
- Overall, the median value for ROC Listed in Annex A comes out between 20-18% of the overall per bed per week costs.
- **Waltham Forest have reviewed guidance around benchmarks available and believe 5% is a reasonable ROC to enable sustainability in the market**
 - This is a lower average ROC % than what was submitted by providers.



Care Homes - Annex A – Part 1 (22-23 Uplifted)

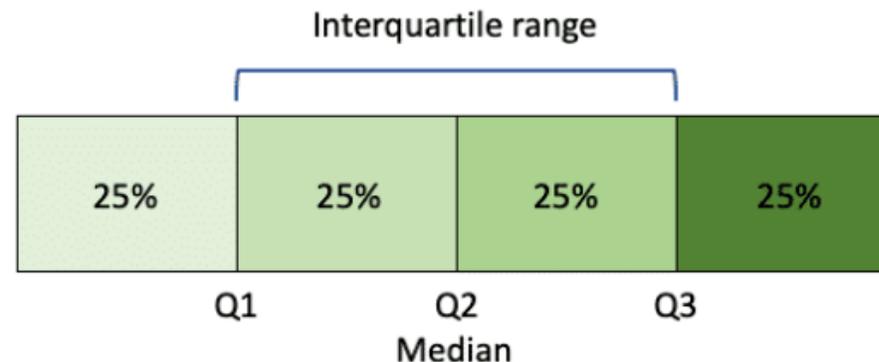
Cost of care exercise results - all cells should be £ per resident per week, MEDIANS.	65+ care home places without nursing	65+ care home places without nursing, enhanced needs	65+ care home places with nursing	65+ care home places with nursing, enhanced needs
Total Care Home Staffing	£527.40	£527.40	£663.77	£663.77
Nursing Staff			£156.28	£156.28
Care Staff	£343.65	£343.65	£323.74	£323.74
Therapy Staff (Occupational & Physio)	£0.84	£0.84	£0.84	£0.84
Activity Coordinators	£11.76	£11.76	£11.76	£11.76
Service Management (Registered Manager/Deputy)	£52.42	£52.42	£52.42	£52.42
Reception & Admin staff at the home	£17.67	£17.67	£17.67	£17.67
Chefs / Cooks	£21.89	£21.89	£21.89	£21.89
Domestic staff (cleaning, laundry & kitchen)	£45.53	£45.53	£45.53	£45.53
Maintenance & Gardening	£11.30	£11.30	£11.30	£11.30
Other care home staffing (please specify)	£22.34	£22.34	£22.34	£22.34
Total Care Home Premises	£59.56	£59.56	£59.56	£59.56
Fixtures & fittings	£8.83	£8.83	£8.83	£8.83
Repairs and maintenance	£20.43	£20.43	£20.43	£20.43
Furniture, furnishings and equipment	£2.72	£2.72	£2.72	£2.72
Other care home premises costs (please specify)	£27.57	£27.57	£27.57	£27.57
Total Care Home Supplies and Services	£122.19	£122.19	£122.19	£122.19
Food supplies	£34.87	£34.87	£34.87	£34.87
Domestic and cleaning supplies	£13.79	£13.79	£13.79	£13.79
Medical supplies (excluding PPE)	£6.20	£6.20	£6.20	£6.20
PPE	£0.41	£0.41	£0.41	£0.41
Office supplies (home specific)	£2.29	£2.29	£2.29	£2.29
Insurance (all risks)	£7.75	£7.75	£7.75	£7.75
Registration fees	£3.33	£3.33	£3.33	£3.33
Telephone & internet	£2.75	£2.75	£2.75	£2.75
Council tax / rates	£2.37	£2.37	£2.37	£2.37
Electricity, Gas & Water	£23.36	£23.36	£23.36	£23.36
Trade and clinical waste	£5.25	£5.25	£5.25	£5.25
Transport & Activities	£1.30	£1.30	£1.30	£1.30
Other care home supplies and services costs (please specify)	£18.52	£18.52	£18.52	£18.52
Total Head Office	£75.99	£75.99	£75.99	£75.99
Central / Regional Management	£41.33	£41.33	£41.33	£41.33
Support Services (finance / HR / legal / marketing etc.)	£8.84	£8.84	£8.84	£8.84
Recruitment, Training & Vetting (incl. DBS checks)	£4.34	£4.34	£4.34	£4.34
Other head office costs (please specify)	£21.48	£21.48	£21.48	£21.48
Total Return on Operations	£83.71	£83.71	£83.71	£83.71
Total Return on Capital	£232.89	£232.89	£232.89	£232.89
TOTAL	£1,101.73	£1,101.73	£1,238.10	£1,238.10

Care Homes - Annex A – Part 2

Care Homes - Annex A – Part 2	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	4	5	1	2
Number of locations eligible to fill in the survey (excluding those found to be ineligible)	4	5	1	2
Number of residents covered by the responses	54	107	61	70
Number of carer hours per resident per week (Average)	30.68	28.26	38.26	27.38
Number of nursing hours per resident per week (Average)	N/A	N/A	5.55	7.42
Average carer basic pay per hour	£11.13	£11.13	£11.13	£11.13
Average nurse basic pay per hour	N/A	N/A	£19.76	£19.76
Average occupancy as a percentage of active beds	93.55%	93.55%	93.55%	93.55%
Freehold valuation per bed (AVERAGE)	£108,833	£108,833	£108,833	£108,833

Annex A - Lower & Upper Quartiles (22-23 uplifted based on 5%)

Bed Type	Lower Quartile	Median	Upper Quartile
Care Home occupied beds without nursing: Final total	£892.60	£1,101.73	£1,567.47
Care Home occupied beds without nursing with dementia: Final total	£892.60	£1,101.73	£1,567.47
Care Home occupied beds with nursing: Final total *includes FNC	£952.95	£1,238.10	£1,747.12
Care Home occupied beds with nursing, dementia: Final total *includes FNC	£952.95	£1,238.10	£1,747.12



Potential Impact of Annex A CoC Figures

Bed Type	Waltham Forest Current Average Paid Rates	CoC 22-23 Medians (Calculated using agreed approach for inflation)	Potential Gap
Care Home occupied beds without nursing: Final total	£865.74	£1,101.73	27.3%
Care Home occupied beds without nursing with dementia: Final total	£865.74	£1,101.73	27.3%
Care Home occupied beds with nursing: Final total *includes FNC	£1,081.58	£1,238.10	14.5%
Care Home occupied beds with nursing, dementia: Final total * includes FNC	£1,081.58	£1,238.10	14.5%

Note: Averages calculated using data provided based on 65+ placements, which has additional 1-2-1 costs.

Outcome of Exercise

The Local Authority have stated that the outcome of the cost of care exercise is not intended to be a direct replacement for the fee setting element of the local authority commissioning process or individual contract negotiations. It is expected that actual fee rates may differ, as the outcome of sound judgement, evidence and local negotiation.

The outputs of this exercise will be one element to inform future negotiations, taking into consideration other known market factors including inflation, demand, capacity, benchmarking, quality and importantly, affordability for the Local Authority and availability of funding.