Sefton Council

Care Homes

Cost of Care Exercise

2022-23

Draft Version 1.3

October 2022

ARCC-HR Ltd

Sefton Council

ARCC

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1 Executive Summary

1.1 Context to the Cost of Care Exercise

1.1.1 Fair Cost of Care & Market Sustainability

On the 16th December 2021, DHSC released its policy paper: 'Market Sustainability and Fair Cost of Care Fund: purpose and conditions 2022 to 2023' with further detailed guidance following on the 24th March 2022. The 2022-23 funding provided under this policy is designed to ensure local authorities can prepare their markets for reform (particularly the impact of section 18(3) and the right for self-funders to request that a local authority purchase care on their behalf at the 'usual council rate'.

As a condition of receiving future funding, local authorities will need to evidence the work they are doing to prepare their markets and submit the following to DHSC by 14th October 2022:

1. Analysis of cost of care exercises conducted for 65+ care homes and 18+ domiciliary care. This includes a cost of care report and fully completed cost of care data table as found in Annex A, Section 3.

2. A provisional market sustainability plan, using the cost of care exercise as a key input to identify risks in the local market, with particular consideration given to the further commencement of Section 18(3) of the Care Act 2014. A final plan detailed plan will be required in February 2023; in the interim a 5-page provisional plan should be submitted utilising the Annex 3 template.

3. A spend report detailing how funding allocated for 2022 to 2023 is being spent in line with the fund's purpose. A full breakdown of how funding has been allocated to support 65+ care home and 18+ domiciliary care markets (including domiciliary care providers who operate in extra care settings). This must specify whether, and how much funding, has been used for implementation activities and how much funding has been allocated towards fee increases beyond pressures funded by the Local Government Finance Settlement 2022 to 2023.

1.1.2 Scope of this report

This report has been prepared in response to the first requirement and presents the analysis and findings from the cost of care exercise conducted within 65+ care homes (residential and nursing). This report covers the following:

- The overall cost of care analysis, including the approach to engagement and data capture, methodology utilised and the formulae to inform future uplifts
- An approach to sensitivity analysis; based on costs being covered on a given volume of hours delivered by Providers, in addition to whether costs change in relation to changes in volume
- Costs to consider when determining future fee rates, which includes the flexibility to accommodate a range of assumptions, for example: occupancy, inflationary pressures and other factors such as staffing levels.
- Key findings and recommendations during the engagement to support future commissioning models in Sefton.

1.2 Provider Engagement

This report has been compiled in light of existing cost of care work being conducted by ARCC & Sefton Council since November 2021. Therefore, the information in this report has been informed by 10 months of engagement and data analysis work, comprising the following elements:

a) Provider Survey & Cost Template: submitted to **75** providers within the Sefton market, to gather data on both the costs and the operational experience of delivering residential care services in Sefton

b) 1:1 deep-dive structured interviews: All providers were invited to express interest for a 1:1 session, with 11 interviews taking place with the senior Finance/ Operational leads for the respective organisations

c) Provider & Commissioner workshops: following the launch session workshop, two further sessions were held

d) Closed feedback/questions: conducted via e-mail to allow providers to consider additional questions and clarifications following the final workshop.

Engagement focused on the following key aspects of the market as well as a detailed study of provider costs:

1. The current residential care market in Sefton (structure, demand and supply)
2. The experience of commissioning and contracting with Sefton Council
3. Provider's business operating models, general market outlook, workforce, contract and quality monitoring, business costs, and future commissioning arrangements
4. Deep dive with providers to understand operating costs and sensitivities that would impact cost

The engagement was conducted over two periods – first, between November 2021 to March 2022, utilising ARCC's own cost survey templates; and second between July-September 2022 using the IESE Carecubed system.

Between January to March 2022, a total of **8 responses** were received to ARCC's online survey and **16 cost templates** were received (with varying levels of completeness) – representing **over a third of beds** (1,088 35%) in the local market.

After completion of the second data collection post-July, a total of **19** submissions had been received. 2 submissions were excluded from the IESE submissions between, either due to the locations not submitting data or closing permanently during the period. The remaining **17** submissions represent **23%** of providers in scope of the exercise and 813 beds, **26%** of total available bed capacity within Sefton.

1.2.1 Provider 1:1, Workshops and Group Engagement

Engagement via submission of cost data was comparably high, in part supported by ARCC offering multiple avenues with which to submit cost information, both via the national IESE web platform, and ARCC's own care homes cost survey (in the format of an MS Excel spreadsheet distributed via email).

However, ARCC intended to engage on multiple levels and often seek 1:1 and group-wide feedback on the exercise as a whole, relative accuracy of data and supporting information to both aid the strategic and practical implementation of future commissioning approaches.

Whilst no effort was spared to engage with and encourage providers to take part and provide information, and the response was comparable, clarifications submitted by ARCC either via e-mail or the IESE/CareCubed system was not able to verify all cost discrepancies in the IESE system.

This is explored further in **Section 2** of this report.

1.2.2 Cost information data quality

Further to section 1.2.1 above, cost information was checked against available information and clarifications were sought throughout the process between August and September 2022; described in further detail in **Section 4**.

ARCC identified several quality issues which potentially impact the accuracy and robustness of data within the original datasets submitted, which has likely resulted (in some instances) in significantly inflated unit costs compared to what would reasonably be expected, based subsequent clarification with providers, historical income data, current published fee rates (non-LA) and nationally recognised datasets such as Liang and Buisson's care home market reports[1].

Data quality issues are discussed further in **Section 4.1**; however, at a high level these comprise of:

- Acquiring representative unit costs during COVID-19
- Impact of snapshot/actual or current occupancy (i.e. as at April 2022) vs. typical unit-cost based models (which identify a target occupancy with which to base unit costs on)
- Impact of additional grant funding
- Errors deduced via typical assessment of available income and expected profitability

IMPORTANT NOTE REGARDING QUANTIATIVE ANALYSIS IN THIS REPORT

Despite undertaking detailed analysis on the cost data returns, a significant number of clarifications are still outstanding with providers at the time of this writing this report; the details and impact of which are illustrated in **section 4.1**.

Less than half of providers responded to clarifications, however no figures were altered or amended by providers as a result of clarifying information. As such, whilst some qualitative errors can be verified, these have not been rectified by the providers, and where no response has been received, potential unknowns will remain.

It is important to acknowledge this in the context of a national deadline to respond to the DHSC requirement by **14th October**, for the purposes of accessing grant funding, to benefit cost uplifts in the sector as a whole over the next 3 years.

Therefore, ARCC and Sefton Council acknowledge significant discrepancies in this data analysis which need to be contextualised for the purposes of this report.

Despite any existing data quality issues, ARCC utilised much of the cost information data to model unit costs at target occupancy and staffing ratios, which is explored further in **Section 4.** These are presented alongside the median values as required to be submitted within DHSC's Annex A report.

As part the recommendations within this report, ARCC advises further engagement to be completed with the market between October 2022 and February 2023 to present the costed scenarios back and discuss feasibility and co-develop a set of representative costs from across the market.

1.3 Local Cost of Care Results

1.3.1 2022-23 cost of care median

As per the Department of Health & Social Care's (DHSC) requirement, the exercise was required to identify a median cost of care for the delivery of services in financial year 2022-23 for the following types of care home placements:

[1] For comparison, where referenced, ARCC uses LaingBuisson, CARE HOMES FOR OLDER PEOPLE UK MARKET REPORT, Thirtieth Edition [2019]

- 65+ standard residential care.
- 65+ residential care for enhanced needs.
- 65+ nursing care; and
- 65+ nursing care for enhanced needs.

Table 1 below identifies the range and median rates across the 4 types of care. **Section 4** provides a more detailed breakdown of the findings from the analysis.

Care Type	Median Unit Cost	Estimated annual impact
65+ care home places without nursing	£924.64	£9,345,315
65+ care home places without nursing, enhanced needs	£1,070.42	£5,291,864
65+ care home places with nursing	£1,151.51	£4,823,179
65+ care home places with nursing, enhanced needs	£1,396.78	£6,066,826

Table 1: *Median unit costs for all care types*

The financial impact of this model is estimated to be **£25.5m per annum** based on the variance between the existing average rate paid and the median, multiplied by an estimated number of placements as of September 2022.

1.3.2 Scenario modelling

Following the above analysis and reflecting feedback in relation to the accuracy of data, 12 additional scenarios were also considered (see section 4.3 and Table 3) utilising some of the base costs submitted for 2022-23 as well as expected norms in relation to:

a) Staffing vs. non-staffing costs as a proportion of total unit cost
b) Staffing ratios and hourly rates
c) Median rates for non-pay costs
d) Return on Operations and Return on Capital
e) Expected occupancy

Care Type	ARCC March 2022 Average Unit Cost	Estimated annual impact
65+ care home places without nursing	£662.40	£2,557,409
65+ care home places without nursing, enhanced needs	£724.02	£1,059,252
65+ care home places with nursing	£923.13	£2,884,697
65+ care home places with nursing, enhanced needs	£923.13	£2,243,107

Table 2: *ARCC modelled scenarios at 85% occupancy*

It is important to note that there is a lack of differentiation between nursing and enhanced nursing provision, due to a lack of data received by the market at the time of constructing aggregated unit costs from provider submissions. Staffing ratios have however since been modelled and various scenarios have been produced for the purposes of this report, which can be seen in section 4.4 of this report. Whilst these illustrate a more representative picture of costs given certain pay-based parameters, further work should be done with the market between October and February 2023 to inform the Market Sustainability Plan, which is required to be submitted to DHSC by end February 2023.

At present, the financial impact of the average data models at 85% occupancy is estimated to be **£8.74m per annum,** based on the variance between the existing average rate paid and the median, multiplied by an estimated number of placements as of September 2022.

It is important to re-iterate that whilst several data sources and assertions were used as a proxy for modelling various unit costs (such as pay rates to carers, staffing ratios and occupancy), commissioners' fees are based on ***whole service costs*** and not simply the pay rate to the direct care workforce, or any other individual cost element.

The breakdown of unit costs within each scenario is unlikely to directly replicate any single providers' business and is intended simply to sustainably cover a range of business operating costs for the purposes of commissioners' understanding and decision-making regarding potential future prices for care home services.

1.3.3 Conclusions

The cost of care exercise was conducted during exceptionally challenging conditions for the sector nationally, not just in Sefton. Recruitment and retention pressures arising during the Covid-19 outbreak and most recently inflationary costs have put further pressures on the care workforce and providers alike.

It is important to note when commissioning care services, that *Councils are not responsible for setting individual budget or cost lines for providers*. Whilst pay rates and other non-pay costs have been utilised for the purposes of constructing the median cost and scenario models, this does not in any way represent the absolute shape and size of each provider, rather they are guidelines for producing an overall "budget" unit cost per resident per week. For instance, setting a "base" pay rate does not mean providers are only able to pay workers at that rate. They are free to work within their budgets to pay whatever they are able to retain a sustainable workforce.

As such, any model (and subsequent breakdown of costs) should not be taken explicitly as the exact cost the business needs to, or should it be read that it is the absolute maximum limit of, what the provider's affordability will be for any and all costs incurred by their businesses. There are many other factors (such as the prevalence of self-funders and other customer types) that also affect independent care providers, and no exercise of this nature can take all of these into account.

Finally, it should be re-emphasised that any Council has a duty under Section 5 of the Care Act to ensure they have a "sufficient" market to buy services from, and it is not the duty of any local authority to pay any specific "rate" for care. Rather, local authorities will need to consider how readily they are able to service their population's needs via existing contracting and pay mechanisms they have with the market, taking into account:

- the scale of customers waiting for a package of care; and length of time taken to fulfil placements,
- the level of unmet needs in the market,
- the availability of services and coverage of the market at existing framework or negotiated rates,
- and many other factors outside of simply cost.

Ultimately, this assessment feeds into the cost of care to determine what ultimately gives the Council assurance around the overall sufficiency of care they are able to purchase from the market.

1.4 Summary of recommendations

We have noted the following recommendations (for further details, see **Section 5**).

1. Review cost model scenarios in the context of 2022-23 fee uplifts and sustainability, with consideration of how the fees can be adjusted to take account of the findings of this review.
2. Collaboration with the market to mitigate the impact of recruitment and retention issues.
3. Review the policy relating to payment of net to providers.
4. Consideration of how the market can be supported beyond fee uplifts to help offset/reduce some operational costs.
5. Development of the longer-term market vision and strategy for commissioning and what services will be required in the future. This includes reviewing the service expectation, such as staffing ratios, to accurately reflect the current and future profiles of need.

1.5 Acknowledgements

We extend our sincere thanks to Sefton care home providers for their participation and openness in sharing data for the project. We thank Sefton Council commissioning team for their engagement activities and the opportunity for ARCC to perform this work, as well as their support and commitment throughout the project.

2 Project Overview

2.1 Policy Landscape

On 7th September 2021, government set out its new plan for adult social care reform in England. This included a lifetime cap on the amount anyone in England will need to spend on their personal care, alongside revisions to the means-test for local authority financial support. From October 2023, the government will introduce a new £86,000 cap on the amount anyone in England will need to spend on their personal care over their lifetime. The charging reforms also propose to extend Section 18(3) of the 2014 Care Act which allows self-funders to request that their local authority commissions their care, in the same way as those who are supported by the means test.

Section 18(3) commenced in 2015 in relation to domiciliary care and DHSC plan to extend this to residential and nursing care provision for older people. Whilst section 18(3) has been in place for domiciliary care for 7 years the uptake and financial impact remains unclear; however, in March 2022 the County Council's Network published an impact assessment on the implementation of section 18(3), which identified: "In its own impact assessment, the Government have not sought thus far to estimate the combined financial impact of Section 18(3) and FCC on care providers. But our analysis demonstrates that based on a 50% take up rate of Section 18(3) and current FCC funding levels for councils, providers across the country would experience significant financial challenges as a result of lost revenues amounting to £560m"[2].

The government is implementing wide-ranging and ambitious reform of adult social care. In December 2021 the DHSC published a white paper, People at the Heart of Care, that outlined a 10-year vision that puts personalised care and support at the heart of adult social care and supports the realisation of the funding reform. Implementation of the Market Sustainability and Fair Cost of Care Fund is one of the first foundational steps in the journey to achieving this vision.

On the 16th December 2021 DHSC released its policy paper: 'Market Sustainability and Fair Cost of Care Fund: purpose and conditions 2022 to 2023'. As a condition of receiving future funding[3], local authorities will need to evidence the work they are doing to prepare their markets and submit the analysis of cost of care exercises for 65+ care homes and 18+ domiciliary care. There is also a requirement to produce a provisional market sustainability plan, using the cost of care exercise as a key input to identify risks in the local market. A final plan detailed plan will be required in February 2023; in the interim a 5-page provisional plan should be submitted utilising the Annex 3 template.

For the purpose of the policy, and in terms of understanding the cost of care, DHSC have defined 'fair' as "*the median actual operating costs for providing care in the local area (following completion of a cost of care exercise) for a series of care categories….and is, on average, what local authorities are required to move towards paying providers. In the context of specific rates for care paid, fair means what is sustainable for the local market. For providers, this means they will be able to cover the cost of care delivery and be able to make a reasonable profit (including re-investment in their business), surplus or meet their charitable objectives. For local authorities, it recognises the responsibility they have in stewarding public money, including securing best value for the taxpayer*".[4]

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[2] Impact Assessment of the Implementation of Section 18(3) of The Care Act 2014 and Fair Cost of Care; The County Councils Network

[3] In total the fund amounts to £1.36 billion (of the £3.6 billion to deliver the charging reform programme). In 2022 to 2023, £162 million will be allocated. A further £600 million will be made available in each of 2023 to 2024 and 2024 to 2025. This funding profile allows for staged implementation that is deliverable, while also reflecting the timelines for charging reform.

[4] See detailed guidance 24th March 2022.

A cost of care exercise is a process of engagement, data collection and analysis between local authorities, commissioners and providers with the purpose of arriving at a shared understanding of the local cost of providing care. As per the DHSC requirement, the cost of care exercise will help local authorities identify the lower quartile, median and upper quartile costs in the local area for a series of care categories. Cost of care best describes the actual costs a care provider incurs in delivering care at the point in time that the exercise is undertaken, it is not the fee that is charged. 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 Care Act 2014 states *'When commissioning services, local authorities should assure themselves and have evidence that contract terms, conditions and fee levels for care and support services are appropriate to provide the delivery of the agreed care packages with agreed quality of care… It should also allow retention of staff commensurate with delivering services to the agreed quality and encourage innovation and improvement. Local authorities should have regard to guidance on minimum fee levels necessary to provide this assurance, taking account of the local economic environment. This assurance should understand that reasonable fee levels allow for a reasonable rate of return by independent providers that is sufficient to allow the overall pool of efficient providers to remain sustainable in the long term.'*[5]

The cost of care exercise is an opportunity for Sefton 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.

2.2 Project Scope

The scope of the project was determined by DHSC's Fair Cost of Care guidance and specifically focused on care homes for older people (age 65+); although there was recognition that some residents in these homes may be aged under 65. The four types of care to be considered were:

- standard residential care;
- residential care for enhanced needs;
- nursing care; and
- nursing care for enhanced needs.

The following services were out of scope: local authority in-house services.

2.3 Approach, Methods and Limitations

2.3.1 Project Governance

ARCC's approach was to encourage as much engagement as possible from the market. In order to monitor progress and mitigate project risks a project governance group was formed consisting of the Executive Director of Adult Social Care and Health, Interim Strategic Lead for Adult Social Care, Commissioning Manager for Adult Social Care, Commissioning Officer, Finance Manager and ARCC.

[5] DHSC, section 4.31, Care and Support Statutory Guidance.

This group met fortnightly to discuss progress, risks and mitigations arising throughout the course of the project. Internally, ARCC's project team formally reviewed progress and risks on a daily basis with formal reporting through the governance channels established.

2.3.2 Engagement Activities and Timeline

Engagement activity was initially targeted to a cohort of **75** care home providers, regardless of the contract type (whether a framework provider or having no contract with the council). This cohort was engaged with throughout the process as in-scope of the exercise. In the engagement pre-July 2022, residential and nursing care for under 65's was outside of the scope to ensure that the differences in service models did not skew the overall cost modelling. Typical reasons include providers focusing on learning disabilities, mental health, or complex care. This was also in line with DHSC's requirements for in-scope and out of scope services.

The engagement comprised the following key activities:

a) **Provider Survey & Cost Template:** Submitted to all **75** providers in scope, to gather data on both the costs and the operational experience of delivering residential and nursing care home services in Sefton. Any data ultimately submitted by the providers was sent directly to (and anonymised by) ARCC. Confidentiality of provider's commercially sensitive information was paramount to the exercise; however, it is worth bearing in mind that providers opting to utilise the IESE CareCubed system have their information directly visible to Sefton commissioners. The survey consisted of 3 parts:

   Part 1: Commissioning Survey with thematic questions:
   - Organisational details
   - General business outlook and market growth
   - Market insight and key challenges
   - Premises and occupancy information

   Part 2: 2022 Organisation and Workforce:
   - Current occupancy by funding stream and rate paid
   - Workforce breakdown and payroll rates
   - Staffing ratios
   - Organisation workforce survey

   Part 3: Historic costs 2021-22
   - Historic revenue
   - 2021-22 costs and % 2022 cost uplift/pressure

The team also accepted alternative returns such as the national iESE Fair Cost of Care Tool or alternative reports/accounts. In total, **19** providers sent returns via the iESE platform, and of these, the **17** providers in scope represents 813 beds (23%) within the local market. There was an overlap of all 17 submissions which were received both in the ARCC cost survey format and on the iESE platform (submitting cost data).

b) **1:1 deep-dive structured interviews:** Interviews took place over 2 hours with senior Finance/Operational leads for provider organisations. All providers were invited to express interest for a 1:1 session and 10 providers in total took part in these.

c) **Provider & Commissioner workshops/clinics:** following the launch session workshop, two further workshops were held, with all providers invited to three of these:

- A drop-in clinic/clarification session to support providers' completion of the toolkit or IESE CareCubed system, address any concerns and identify additional 1:1 support
- Providers were invited to attend a closed (provider-only) *interim session at the end of the survey & 1:1 phase;* to feed back the results of the engagement to date; validate the aggregated cost data and agree the assumptions and scenarios for the cost model variants

d) Closed feedback/questions: these were conducted via e-mail to allow providers to consider additional questions and clarifications following the final workshop.

Throughout the process, all providers in scope were kept appraised of the engagement feedback & timeline via e-mail, and copies of workshop slides were distributed following each workshop[6]. Further requests for information/clarifications were conducted via e-mail and telephone, to provide further opportunity for providers to submit data to input to the cost analysis.

The timeline of main activities is presented below:

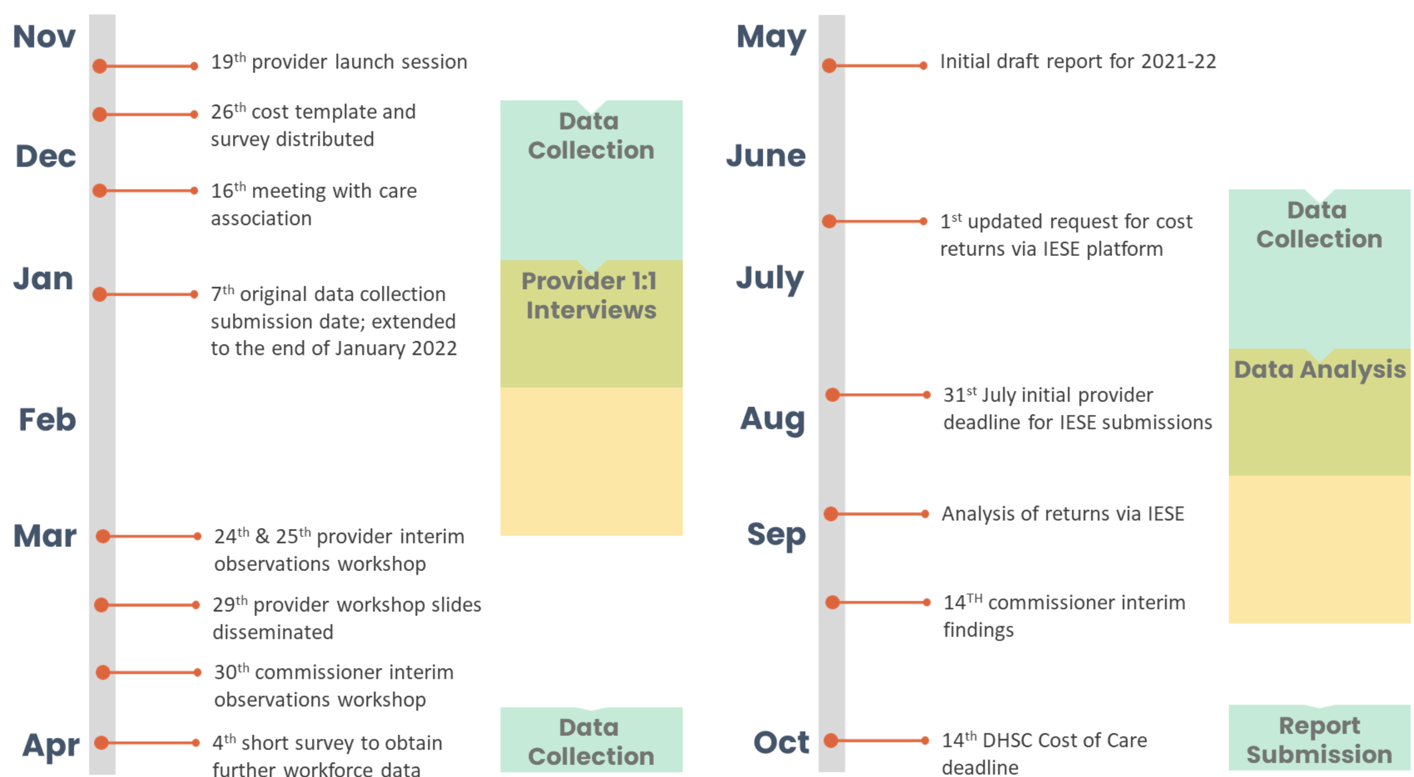

***Figure 1:** Cost of care engagement timeline*

2.3.3 Provider outreach

To give providers the best possible opportunity to engage with the exercise various forms of communication were utilised. Sefton Council invited all providers in the market to the initial launch session. From this point onwards, Sefton and ARCC sent several update letters and e-mails with additional information and support, including an invitation to a drop-in session/clinic to answer any queries providers may have had.

The team conducted phone calls to providers to ensure the correct stakeholders within each organisation were informed of the exercise. Finally, providers who had previously been in touch either via email or phone calls, received personalised outreaches reminding them of the deadline and offering support. Providers were able to

[6] Copies of communications and slides shared within and following workshops are provided in Section 6 Appendices

seek support via email, phone calls, and Microsoft Teams meetings, where the team would guide the providers through the submission template, and ask any questions they may have, e.g., regarding engagement process, confidentiality, or expected impact of the exercise.

The original timeline was extended by 5 weeks, up to the end of January 2022 in recognition of the pressures experienced over the winter period (winter pressures and Covid outbreaks). The second data collection through IESE was initially intended to end 31st July, however submissions were accepted all the way up to the end of August to allow maximum engagement. The last response was received 25th August.

2.3.4 Provider cost clarifications

Whilst no effort was spared to engage with and encourage providers to take part and provide information, and the response was comparable, response to clarifications via IESE was unable to fully resolve cost discrepancies. As such, several potential inaccuracies exist in the current cost information, and so as part of the recommendations ARCC encourage Sefton to conduct further work based on the scenario models in **Section 4**.

Whilst we cannot be certain as to reasons for lack of clarity or non-engagement, there are several likely contributing factors which may help explain the level of response from care home providers:

- Potential lack of trust that sensitive data would genuinely be kept confidential, and a resultant unwillingness to expand on such data. Given the nature of the IESE system, all commercially sensitive provider information is visible to local authority users, which may present a commercial risk to some providers and dissuade them from taking part in the exercise.
- Local commissioning history may have impacted providers willingness to engage, such as previous exercises of a similar nature not resulting in positive changes. Providers at present are not accepting of local framework rates, thus, we can infer in some instances that there was no core motivation in the market to engage with the exercise.
- The exercise coincided with poor market conditions, most notably difficulties in recruitment and retention following the pandemic as well as increasing demand for homecare following lifting Covid-19 restrictions in the community. The resultant operational pressures facing providers made it difficult, especially for smaller organisations, to devote sufficient effort to an exercise of this nature.
- Many care home providers (particularly large national care home groups) had dedicated finance and administrative resource to completing the standard cost information at a national level, however, were not in a position to offer tangible, qualitative and experiential input from operational managers or Directors (those with responsibility for commercial management of the business and/or financial responsibilities) as part of the process. This limited ARCC's ability to validate returns via 1:1s or an understanding of the operator's business model.

2.3.5 Cost Modelling

ARCC also committed through this project to conduct cost modelling, informed by the outputs of the exercise, to create a "representative" set of unit costs, considering occupancy, staffing ratios and other care home-specific cost considerations. The cost model was built using a 'bottom up' approach, utilising cost and volume data provided by Sefton alongside real data from providers (such as direct care staff wages; back-office costs, premises, overheads and other costs) to build the cost model alongside the agreed model assumptions at the workshop. More details on the approach to cost modelling is provided in **Section 4**.

The approach adopted was to gain consensus for the apportionment of cost lines, within a range, to contribute to the model & define and agree various scenarios for commissioners to consider (client complexity, average

size of home, occupancy and staff pay rates). Using aggregated costs from the **17** provider settings, cost and model information was also triangulated from other sources such as available fee & income data from Sefton.

2.3.6 Limitations

It is important to note the inherent and practical limitations of such an exercise and reflect particularly on what the outputs to any cost modelling exercise aims to achieve. Any single cost median or model will not reflect the diversity within a whole market due to the number of variables to take into consideration, in addition meaning that any attempt to include all variables would result in an unusably large range of outputs in any practical sense. Thus, the median and any subsequent modelling can only be a simplified version of reality, using some explicit assumptions, which are discussed and refined to stakeholders' satisfaction. Furthermore, as the DHSC requirement was to generate median, upper and lower quartiles for each respective cost line the sum total will never add up to the profile of a local provider.

It should be clearly understood that a cost exercise is not a magic formula that will set the 'best' market price for all providers. The realistic expectation in this project is that the model simply outputs a set of figures that are indicative of costs incurred by providers (based on data that some have provided) at a point in time. The model can then help to highlight different costs and cost drivers and this in turn can promote a greater level of understanding, particularly for commissioners, when the commissioners come to consider future pricing.

We must also recognise that, when commissioning care services, Councils are not responsible for setting individual budget or cost lines for providers. Whilst pay rates and other non-pay costs have been utilised for the purposes of constructing scenario models, this does not in any way represent the absolute shape and size of each provider, rather they are guidelines for producing an overall "budget" unit cost per resident per week.

For instance, setting a "base" pay rate does not mean providers are only able to pay workers at that rate. They are free to work within their budgets to pay whatever they are able to retain a sustainable workforce. Equally, the way return on capital and return on operations is calculated may affect each individual business (such as whether capital expenditure has been amortised, applied per bed per week or as a % of total costs). The same applies for back-office costs, non-pay costs and profit. All of these are flexible and will change month-to-month based on the individual business situation.

This is already evidenced in the market when looking at existing local authority models that use an occupancy "target" as a guide for cost per resident per week, but then appreciate that care homes organisations will flex their allocation of budgets and distribution of costs accordingly, based on their individual structure and capacity.

As such, any model (and subsequent breakdown of costs) should not be taken explicitly as the exact cost the business needs to, or should it be read that it is the absolute maximum limit of, what the provider's affordability will be for any and all costs incurred by their businesses. There are many other factors (such as the prevalence of self-funders and other customer types) that also affect independent care providers, and no exercise of this nature can take all of these into account.

Finally, it should be re-emphasised that any Council has a duty under Section 5 of the Care Act to ensure they have a "sufficient" market to buy services from, and it is not the duty of any local authority to pay any specific "rate" for care. Rather, Councils will need to take into account how readily they are able to service their population's needs via the existing contracting and pay mechanisms they have with the market, which takes into account how long it takes to implement packages of care, the level of unmet need in the market, and many other factors outside of simply cost. This assessment feeds into the cost of care to determine what ultimately gives the Council assurance around the overall sufficiency of care they are able to purchase from the market.

In addition, no single exercise at any point in time becomes the "end" point for this assessment of market sustainability. It is an iterative process, and it is the duty of local authority commissioning to continually review and adapt their understanding of costs and contracting practices regularly.

3 The Care Home Market in Sefton

This section details the size and scale of the current care home market in Sefton as well as observations in relation to commissioning, contracting, market structure and costs.

In most economic markets, relative demand versus supply is key in determining prices. Local authority commissioning of care homes can sometimes represent a monopsony market, in which they are the majority buyer. Here the buyer is arguably most concerned with establishing the overall likely volume of demand and then setting a budget to match (though in practice inflationary uplifts are probably the most common form of annual adjustment), from which a price is derived. As this volume is a key driver of price, it was critical for us to understand the purchasing patterns to inform the future cost model.

3.1 Supply, Demand and Quality

As at March 2021, there were 127 registered care homes for Adults in Sefton, of which 33 are small registered homes for people such as those with complex Learning Disabilities and typically base fees on individual assessments. For the remaining 94 homes (the primary focus of this review), 55 are residential homes and 39 are nursing homes, of which 47 are CQC registered to be able to support people with Dementia.

Whilst there is a mixed economy in relation to purchasing, Sefton Council remains proportionately the largest purchaser of placements, around **1,207 65+ residential and nursing placements** were made (March 2022) under framework arrangements with an estimated cost of **£34.7 million** per year.

Based on data and intelligence provided by Sefton Council, of the 94 care homes, there are 6 homes where fees are calculated based on individual assessments of Service User's needs. This is in part due to the complexity of the care package requirements and diversity of need and as a result "3rd Party Top-Ups" are not applicable. Of the remaining 88 care homes, 55 (63%) currently charge residents a 3rd Party Top-Up over and above the fee paid by Sefton Council.

Analysis from Northwest ADASS' Programme Office's Quarterly Performance Report (Q3 2021/22) highlights the following market trends:

- Permanent admissions to both residential and nursing care are slightly above the NW average but below sub-regional neighbours. Over the last 2 years Sefton has **averaged 118.7 permanent admissions to residential care per 10,000 population** with a high of 139.4 (Q2 2021/22) and a low of 52.5 (Q3 2020/21), the later is likely to reflect the impact of the pandemic. Correspondingly, the **average for nursing care permanent admissions is 51.25 per 10,000 population** with a high of 62.8 pre-pandemic (Q4 2019/20) and a low of 48.3 in Q1 and 2 of 2021/22. Interestingly admissions during and after the pandemic have remained relatively consistent.
- There is a slight decline in the % residential homes rated CQC 'outstanding' or 'good' over the period Q1 2020/21 (84.7%) to Q3 2021/22 (77.6%) with the latter currently below both the sub-regional and regional positions. Given the relative size of the market (number of beds; see overleaf) this trend will need to be monitored as there may be a potential impact to provider sustainability.
- In nursing care there has been a steep increase in the % of nursing homes rated CQC 'outstanding' or 'good' over the period 2021/22, from 73.1% in Q1 to 88.6% in Q3. This suggests a positive trajectory for a segment of the market where beds are in less of an abundance.

Utilising CQC registration data and ONS mid 2020 population estimates we have estimated the number of beds per head of population 65+ overleaf. There is an important caveat to this analysis, due to the way CQC data is presented we were unable to identify the homes that serve the target cohort of 65+ exclusively; therefore, the

data set may present a variance to the number of beds expected and whilst it would have been possible for our analysis to exclude those providers 'out of scope'; this would have impacted comparator analysis.

Regardless of the limitations, this analysis gives a useful 'proxy' indicator of the size of the market infrastructure locally compared to the North West and Cheshire & Merseyside sub-region.

Figure 2 identifies that Sefton is significantly above the regional and sub-regional average for **residential beds at just over 3.00 per 100** over 65's (regionally the average is 2.32). On the other hand, **nursing care infrastructure is slightly below the sub-regional average at 2.50 beds per 100**, compared to 2.75 beds.

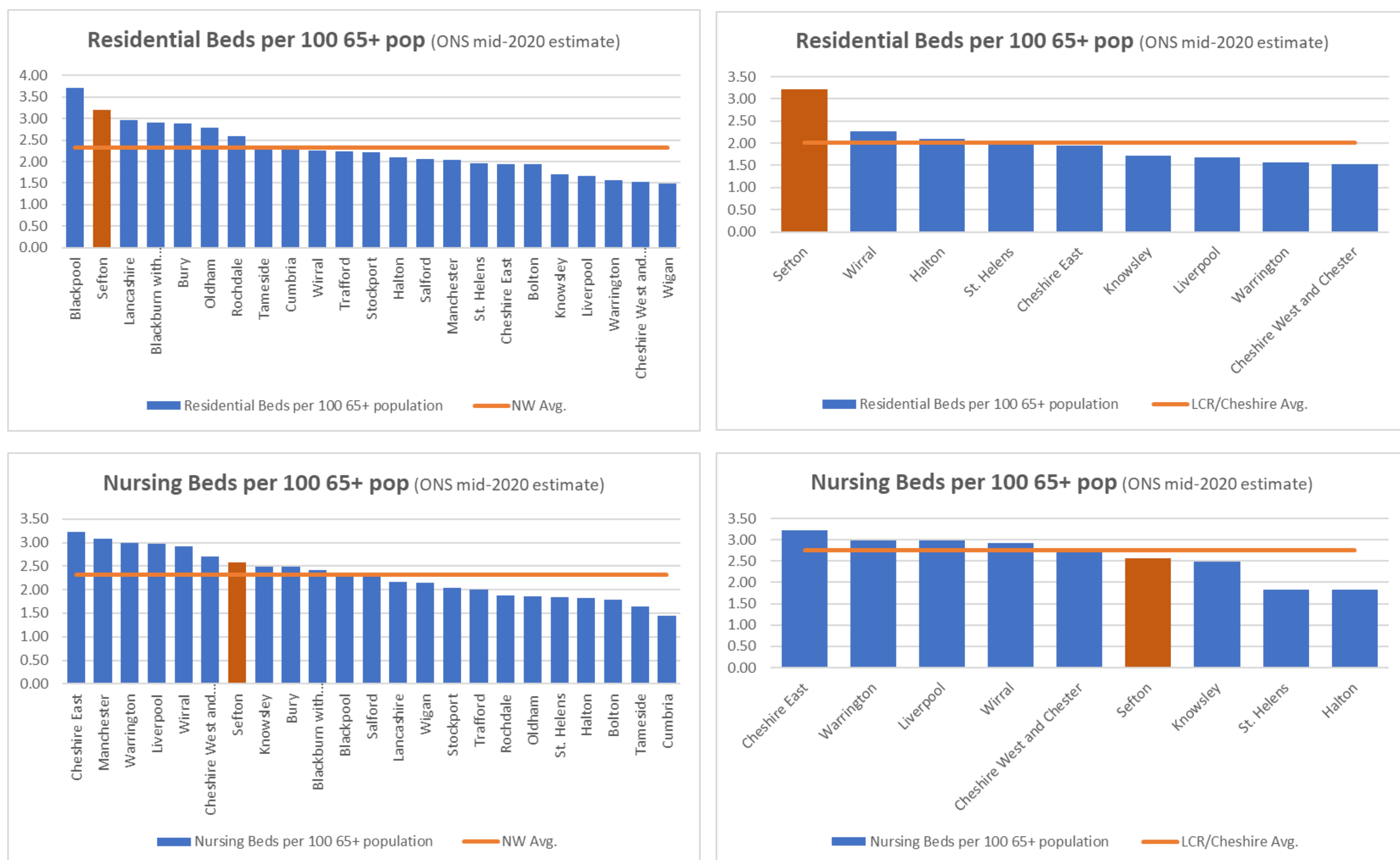

***Figure 2:** bed estimates per head of population by provision type (source CQC and ONS mid 2020 population estimates)*

Analysis of Nomis labour market statistics for Sefton identifies that Sefton has higher levels of economic activity in 16-64 years that both the regional and national averages at **77.4%**. This is reflected in the low levels of unemployment at **3.8%** (see table 3).

Employment by occupation analysis also suggests that Sefton has higher than average levels of employment in groups 1 and 2, which are the managerial and professional occupations. This is reflected in the below average weekly and hourly earnings (table 4), which are significantly higher than the rates of pay within the care sector at a median hourly rate of £15.59.

All People	Sefton (no.'s)	Sefton (%)	N.West (%)	England (%)
Economically Active	129,000	77.4	76.5	78.4
In Employment	124,800	74.9	72.9	74.8
Employees	113,700	68.4	64.6	65.3
Self Employed	10,400	6.1	8.1	9.3
Unemployed (Model-Based)	4,900	3.8	4.6	4.4

***Table 3:** Employment and unemployment (Jan-Dec 2021), source: NOMIS*

	Sefton (£)	North West (£)	England (£)
Gross Weekly Pay			
In Employment	586.7	578.0	613.1
Hourly Pay (excluding overtime)			
Self Employed	15.59	14.70	15.65

Table 4: *Average earnings (2021), source: NOMIS*

A review of the most recent workforce capacity fund WRRF1 grant return identified 3,808 people employed over 129 settings. This would suggest a ratio of one employee to one bed based on the registered capacity within the market. It is important to note that we have assumed this reflects the total headcount to deliver services operationally, including ancillary staff, and is not representative of the number of staff on shift.

Based on this return the number of staff required to operationally deliver services is 2.95% of the economically active population; it is therefore not surprising that the care market is susceptible to labour shortages and pressures, which in turn will affect provider costs – outside of increases to NMW.

3.1.1 Current fee rates

Table 5 provides the current fee rates following proposed uplifts for 2022-23.

	Residential	EMI Residential	Nursing	EMI Nursing
2022/23 Fee	£561.10	£634.85	£576.98	£641.26
2021/22 Fee	*£523.51*	*£592.32*	*£538.33*	*£598.30*
Increase (£)	*£37.59*	*£42.53*	*£38.65*	*£42.96*
Increase (%)	*7.18%*	*7.18%*	*7.18%*	*7.18%*

Table 5. *Fees following uplifts process for 2022-23*

The fee rates were uplifted during part 1 of the cost of care exercise and included interim feedback from ARCC relating to the split of costs. This does not include any future uplifts included as part of the Cost of Care fund for 2022-23 by DHSC. Future funding implications and how this work will inform future fee setting will be addressed in the Annex C Market Sustainability Plan accompanying this report.

3.2 Market feedback

3.2.1 Provider Survey (online)

A total of 8 providers responded to the online survey. Providers predominately (50%) reported no significant difference in relation to working with SC compared to other local authorities they support; although it should be noted that the issue with gross versus net is a particular challenge within this market which is not typically experienced in other areas. Interestingly, 50% of respondents identified they were less likely to set up their business in this area now compared to 3 years ago, with 25% saying they were 'neutral' and only 25% saying 'more likely'. The sample size is small but this provides an indication of the market attractiveness for established providers.

Whilst providers generally felt they had a good relationship with commissioners, respondents were mostly neutral and negative with regards to commissioner's ability to take action & support the market and understand provider's challenges (figure 2). Less than half of the respondents think that the brokerage system works well.

The three greatest business challenges identified by providers was:

- **Maintaining staffing levels**, in particular recruitment and retention. The Staff turnover average across all provider types was 26%, although rose to 50% in some instances.
- Financial stability, **increasing cost pressures**, in particular increased use of agency staff, utilities, insurance and food.
- The **impact of the pandemic**. Concerns were raised about the resources required to interpret and continually adapt to the changing policy landscape and the impact outbreaks and temporary suspensions are having on achieving a sustainable occupancy.

In relation to the business challenges, the governments phased removal of measures to support the market during the pandemic, such as workforce grants to support staff to receive full pay (as opposed to SSP) during isolation are likely to further exacerbate some of these challenges. Concerns were raised during the provider interviews in relation to the impact on future sustainability.

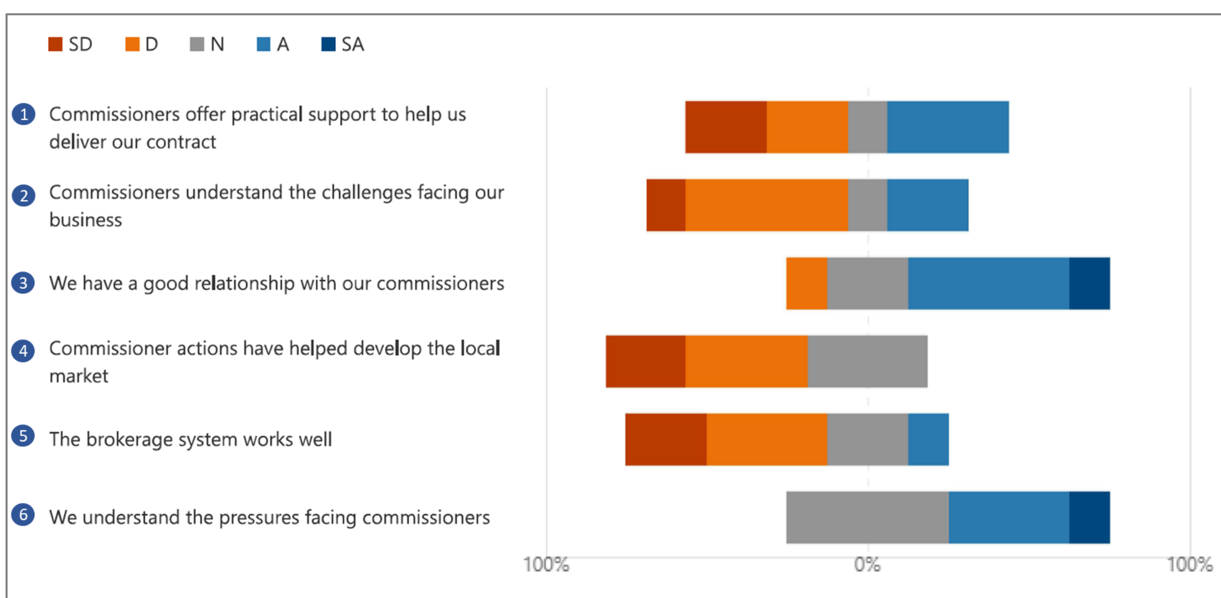

Figure 3. *Respondents agreement with key statements*

3.2.2 Provider 1:1 Feedback

1:1 sessions were held with 8 Providers in the form of structured interviews, which took place over 2-3 hours with the Head Finance/Operational leads for the respective organisations. Alongside a 'deep dive' of costs provided via the survey, the interviews were focussed on the following areas:

1. General business outlook
2. Workforce
3. Current experience working with Sefton Council

3.2.2.1 General business outlook

Concerns were raised that the typically low fees would no-longer be sustainable given the current work force and cost of living crisis which is likely to force some homes to close given the significant cost pressures experienced around agency staff, utilities, insurance, food.

The impact of increasing utility costs has been partially mitigated in some instances by people entering fixed term deals, although some providers are reporting steep hikes in new deals with some extremes of a four-fold increase in energy costs. Similarly, providers reported that insurance premiums are rising between 50- 100% and the staff pay is having to increase significantly to retain and attract new staff, with the alternative being inflated agency costs.

Providers reported that whilst it has never been the strategy for self-funders to top up local authority placements this unfortunately is the case, with anecdotal evidence that the there may be a 30-40% differential in rates. Providers recognised the need to bridge the gap between self-funders and local authorities' clients due to the introduction of the social care charging reforms and the care cap in 2023.

Examples were provided where a top-up or rate differential existed due to the occupant receiving a larger room or a garden view, but in these instances the additional charge was minimal £5-10 per week. From discussions there was no evidence that self-funders materially receive a different service in mixed economy settings as opposed to those who cater exclusively for self-funders.

Concerns were raised that the current fee structure requires 'unrealistic' occupancy levels which have been significantly impacted by the pandemic. Providers were eager to point out that lower occupancy does not significantly reduce the costs of running services as providers are still required to pay premises costs and maintain safe staffing levels, regardless of the numbers. Indeed, staff cost as a % of income increases as turnover (occupancy) reduces.

Expectations of a EBITDARM £5,000-£6,000 (£4,000 EBITDA) were consistently not achieved. Covid grant monies have made a significant difference to support providers during the pandemic providers turnover and in turn sustainability, often making the difference between break-even and loss based on the financial data provided. The loss of this support may compound the financial sustainability within the market.

There was a recognition that there is over supply within the area, particularly around residential care; with some providers querying what SC are doing in relation to new entrants in the market adding capacity to an already unstable occupancy position.

There was a perception that people are coming to service with higher level needs which cannot be met in the 'cost envelope' of framework rates; is likely to be driving challenges placing individuals or people 'stepping up the tariff'. Providers felt there is no incentive/support to take people with high dependency.

3.2.2.2 Workforce

Competition for staff is driving up pay costs in an unsustainable fashion with rates of pay commensurate to April 2022 NMW being introduced in the Q3 2021-22 and hugely inflated agency fees.

The impact of this staff shortage is not only fiscal, with an average staff turnover of 20-30%, this will invariably be affecting continuity of care, which in turn may be impacting upon increased individual needs. Stability and experience of staff will have a contributing factor on the ability to support people with more complex needs. New staff/entrants to the sector are more-likely in-experienced necessitating increased training and shadowing, which in turn can temporarily decrease capacity. These issues are further compounded when we consider the current drive to recruit staff to bolster local authority services and the well published NHS recruitment drives; in both cases the terms and conditions are often significantly more attractive, which will further compound some of the market challenges.

Recruitment and retention unsurprisingly was perceived as the single biggest challenge with virtually all providers reporting that the workforce challenge has worsened in 2021-22 - some providers also reported staff turnover rates above 50%. Several factors exacerbating the current workforce challenges were provided:

- Demands on the workforce as care continues to be a growing service area both in volume and complexity, due to increasing frailty and acuity of service users

- Other parts of the economy 'opening up' post pandemic (e.g., retail, hospitality, entertainment & leisure) attracting care staff into other sectors
- Mandatory vaccinations for residential care workforce disrupting recruitment and retention and attractiveness of careers in care.
- The continuing impact of Brexit on the potential availability of workers.
- Seasonal demands of the workforce (particularly retail services during the Christmas season and hospitality during summer months).

3.2.2.3 Agency costs

Providers were asked via survey to detail the agency staffing costs used in replacement of in-house staff hours. Of the 9 providers that responded, 4 stated they used agency and the details are as follows:

Carers & senior carers: An estimated 47,750 hours of agency staffing was used at rates between £13.75 and £18 per hour for care staff, with rates up to £19.90 for senior care staff. At an average of £15 per hour this represents £716,250 worth of spend for 5,970 FTE days (at 8 hours/day) worth of agency carer & senior carer shifts.

Nursing: An estimated 3,551 hours of agency staffing was used at rates between £29.95 and £32.90 per hour for nursing staff, with rates up to £59.90 for bank holidays. At an average of £30 per hour this represents £106,530 worth of spend for 444 FTE days (at 8 hours/day) worth of agency nursing shifts.

Providers feedback a challenge with agency costs including VAT which inflates the cost and is not currently reclaimable.

3.2.2.4 Current experience working with Sefton Council

Comments from providers about working with finance staff were generally favourable, with most providers reporting that they have good relationships and staff are responsive. However, there was a consensus that relationships with commissioners and assessment and care management could be improved; the latter could be more consistent in relation to the point of contact.

Providers reported that commissioners do not really understand the pressures, practicalities and costs faced by providers in delivering residential and nursing care. Examples included:

- Establishing a more realistic picture of market occupancy levels, currently set at 94%, which includes the historic trend alongside the impact covid has and continues to have on the market. In relation to the latter, it was flagged that temporary suspensions in line with government and local guidance, continues to impact occupancy levels.
- Payment of net by SC, i.e., the amount excluding client contribution, FNC and other contributions is causing a significant administration burden to providers and poses a risk to cash flow with some examples of significant debt to be reclaimed by providers once the financial assessment has been conducted. It is difficult to quantify the exact impact of this policy on providers; however, there were several examples cited of a 0.25 FTE resource implication. The average cost of finance/HR position was £26,891 (excluding oncosts), if we were to assume that 25% of these costs related to administering the business process this would equate to £8,740 per annum or £5.60 per week on a 30 bedded home.

  Aside from resolving the gross versus net issue, several providers offered suggestions as to how SC could support the local market to offset costs; these included:

- Support for energy efficiency – utilising any green grants or incentives to support the generation of green energy such as solar panel installation.

- Utilising group purchasing power for consumables which may assist in reducing unit costs when purchasing significantly higher volumes.
- Providing more seamless 'in-reach' support from across the local authority and health, including designated social workers, GP's and other practitioners, which reduces the burden on provider staff.
- Provide activities programme for within homes, including linking community services into the homes to provide enrichment activities.
- Screening the development of new homes and cultivating existing business relationships, including supporting capital refurbishment programmes.
- Support in relation to issues with VAT; this was particularly important issue around agency fees.

4 Cost Analysis and Scenario Modelling

4.1 Provider Cost Information & Data Quality

Following the 5-month period of engagement with providers and commissioners from November 2021 to April 2022, the ARCC project team assessed a range of cost data from providers, utilising the cost information templates, structured interviews and commissioning data on service levels. The following statistical approach has been utilised when undertaking analysis:

- Minimum staffing ratios were amended to reflect views of providers on the workshop and were broadly reflective as a range for different care types
- There is always a need for minimum staffing which needs to be taken into account i.e., 3-5 staff 24 hours a day at various grades and dependent on size of home
- Approach to capital costs is highly variable dependent on size of home and ownership structure

Despite undertaking detailed analysis on the cost data returns, a significant number of clarifications are still outstanding with providers at the time of this writing this report; the details and impact of which are illustrated in this section.

It is important to acknowledge this in the context of a national deadline to respond to the DHSC requirement by **14th October**, for the purposes of accessing grant funding to benefit cost uplifts in the sector as a whole over the next 3 years.

4.1.1 Provider Clarifications

The additional analysis held between **July-September 2022** allowed the market to engage with the process further, once ARCC had completed the initial returns. This element of our approach is of critical importance to ARCC's approach to cost of care exercises in general, however it was of even more significance in this engagement:

a) DHSC's requirement that the exercise is conducted with the three pillars of **Consistency, Transparency** and **Partnership** in mind

b) Significant contextual impact of the results to inform costs nationwide as part of adult social care charging reforms

ARCC raised awareness through the mechanisms described in **section 2.3** to emphasise the importance of feeding back to the market to further refine the cost modelling and report an ***agreed, representative median set of costs*** in this Annex B report.

ARCC has taken feedback into account and presented further scenario models in **section 4.3** which will require presentation back to the market, and further refinement between October 2022 and February 2023.

4.1.2 Identified Data Quality Issues

ARCC identified several quality issues which potentially impact the accuracy and robustness of data within the original datasets submitted, which has likely resulted (in some instances) in significantly inflated unit costs compared to what would reasonably be expected, based subsequent clarification with providers, historical income data, current published fee rates (non-LA) and nationally recognised datasets such as Liang and Buisson's care home market reports[7]. In summary, these comprise of:

- Acquiring representative unit costs during COVID-19
- Impact of snapshot/actual or current occupancy vs. typical unit-cost based models
- Impact of additional grant funding
- Errors deduced via typical assessment of available income and expected profitability

Less than half of providers responded to clarifications, however no figures were altered or amended by providers as a result of clarifying information. At the time or writing, **12 of 19 submissions were still in clarification on IESE.** As such, whilst some qualitative identification of errors has been identified, it has not been updated by the provider, and where no response has been received, potential unknowns will remain.

Despite any existing data quality issues, ARCC utilised much of the cost information gathered in January 2022 as well as on the IESE platform to model unit costs at target occupancy and staffing ratios, which is detailed in **Section 4.3.** These are presented alongside the median values as required to be submitted within DHSC's Annex A report.

4.1.2.1 Staffing vs. non-staffing costs

Between January-March 2022, ARCC discussed with the market the ratio of staffing to non-staffing costs. Previously this had been understood as 60% of total costs in Sefton's previous cost of care exercises, however following analysis in January this was agreed with the market to be closer to 70% as a representative figure. As a result, Sefton adjusted their approach to fee setting to put more weight towards staffing costs at 65%.

However, issues still remained in August's data collection where some provider costs were not reflecting this accurately:

- 6 providers in Carecubed submitted costs which were less than 60% of costs attributable to staffing
- Given previous analysis, figures such as ROO/ROC may be skewing this ratio; as we found it unlikely to see providers with staffing cost less than 60% of their total business costs, given engagement with the market in January 2022 – which has been addressed in the scenario modelling

4.1.2.2 Non-staffing average unit costs

There was no consistency in increased cost expectations across all providers; however, increasing some standard cost lines by current CPI was discussed, as well as some specific cost lines that have increased over and above this:

- Providers cited utilities had increased by c.25%

[7] For comparison, where referenced, ARCC uses LaingBuisson, CARE HOMES FOR OLDER PEOPLE UK MARKET REPORT, Thirtieth Edition [2019]

- Food costs increased by 12%
- Insurance quotes have increase by c.13%

4.1.2.3 Occupancy and uplifted rates

Occupancy was lower than expected with an average in the provider submission data on IESE of 80-82%, meaning overall unit costs can tend to be higher. Providers also noted that they can achieve higher rates for self-funders compared to LA rates.

4.1.3 Clarification Queries to Providers

Table 6 (below) identifies some of the thematic queries which were issued to providers.

Category	Clarification	Rationale
Furnishings / Fixtures and fittings	Please provide a breakdown, including whether this includes capital expenditure (capex) costs, including confirmation of the capex budget for the year	Expenditure should be recurrent costs only. Non-recurrent costs should be appropriately depreciated to accurately reflect the in-year cost to be attributed per unit (e.g. if the cost relates to full cost for replacement of furnishings such as sofa/beds etc. that will last several years, it is appropriate to apportion a fraction of the cost reflecting the number of years the asset will be used for.
Repairs and maintenance	Please provide a breakdown, including whether this includes planned and reactive maintenance, and a breakdown of planned maintenance costs	Planned maintenance is recurrent / or should be costed at 50% if it is conducted bi-annually (i.e., fire checks/ventilation etc.). Reactive maintenance should be appropriately depreciated give the length of time the repair is expected to last.
Central / regional management	Please provide a breakdown, including whether this includes interest, depreciation, what staff and apportionment	Some capital costs may have also been included in Expenditure in the IESE questionnaire. This is aimed at determining whether costs that would ordinarily be included in a return on capital (ROC) figure have already been included elsewhere in the IESE CareCubed platform.
Support services	Please provide a breakdown e.g., the individual charge from head office for H&S, Finance, property Team, HR etc. – are staffing and non-staff costs included?	This allows ARCC to determine parity between larger "group" homes with centralised costs and smaller groups or single homes where these costs would form part of normal supplies and services
Head office costs / ROO / ROC	Are director's remuneration / loan / pension costs included?	As with central & regional management costs, this is aimed at determining whether costs that would ordinarily be included in a return on capital (ROC) figure have already been included elsewhere in the platform

Table 6: *thematic queries issued to providers*

Some clarification was received by providers, however not in enough detail to provide confidence that the actual, properly depreciated unit costs could be verified:

- 12 settings have not responded to clarifying questions and are still in query on IESE
- 2 setting responded that costs in all areas could not be broken down any further
- 3 settings responded with further breakdowns of costs
- 2 settings did not provide enough data and were excluded from the analysis

4.2 Average Costs using Provider Data: January to March 2022

ARCC used the average values from each cost line of all settings, from information submitted in January to March 2022, to create an “average” provider model for Residential, Residential Enhanced and Nursing / Nursing EMI services. The data tables informing these models are below.

Average occupied beds per sample		26			33			64	
Service Type	**NURSING & EMI**			**RESIDENTIAL**			**RESIDENTIAL EMI**		
	Annualised Cost £	£/occupied bed per week	% of total cost	Annualised Cost £	£/occupied bed per week	% of total cost	Annualised Cost £	£/occupied bed per week	% of total cost
Carer	£347,904	£257.33	**27.2%**	£494,683	£288.28	**42.9%**	£861,833	£258.96	**36.1%**
Senior Carer	£47,041		**3.7%**	£56,115		**4.9%**			
Registered Nurse	£82,661	£61.14	**6.5%**		£0.00		£497,830	£149.59	**20.9%**
Registered Agency (Nursing)	£125,842	£93.08	**9.8%**		£0.00		£44,268	£13.30	**1.9%**
Non-Registered Agency (Care/Domestic)	£35,661	£26.38	**2.8%**	£14,459	£8.43	**1.3%**		£0.00	
Total Direct Care Staffing	**£639,109**	**£472.71**	**49.9%**	**£565,257**	**£329.40**	**49.1%**	**£1,403,931**	**£421.85**	**58.9%**
b. Staffing Expenditure (Ancillary & Administration)									
Domestic	£66,433	£49.14	**5.2%**	£49,020	£28.57	**4.3%**	£164,840	£49.53	**6.9%**
Catering	£47,197		**3.7%**	£60,900		**5.3%**			
Total Ancillary Staff	**£113,630**	**£84.05**	**8.9%**	**£109,920**	**£64.06**	**9.5%**	**£164,840**	**£49.53**	**6.9%**
Total Administration Staff	**£0**	**£0.00**	**0.0%**	**£0**	**£0.00**	**0.0%**	**£0**	**£0.00**	**0.0%**
c. Staffing Expenditure (Management)	**NURSING & EMI**			**RESIDENTIAL**			**RESIDENTIAL EMI**		
Team Leader / Supervisory / Mgmt	£51,004	£37.73	**4.0%**	£3,261	£1.90	**0.3%**	£17,476	£5.25	**0.7%**
Assistant Manager									
Registered Manager	£36,205		**2.8%**	£20,656		**1.8%**			
Total Management Staff	**£87,209**	**£64.50**	**6.8%**	**£23,917**	**£13.94**	**2.1%**	**£17,476**	**£5.25**	**0.7%**
d. Staffing Expenditure (On-Costs)									
Employer's NI	£50,390		**3.9%**	£9,246		**0.8%**			
Employer's Pension Contribution	£14,754	£10.91	**1.2%**	£5,857	£3.41	**0.5%**	£20,936	£6.29	**0.9%**
Total Staff On-Costs	**£65,143**	**£48.18**	**5.1%**	**£15,103**	**£8.80**	**1.3%**	**£20,936**	**£6.29**	**0.9%**
Total Staff Expenditure	**£905,092**	**£669**	**70.6%**	**£714,198**	**£416**	**62.0%**	**£1,607,183**	**£483**	**67.4%**
e. Expenditure - Site level / Non-pay	**NURSING & EMI**			**RESIDENTIAL**			**RESIDENTIAL EMI**		
Food / Catering	£40,087	£29.65	**3.1%**	£65,343	£38.08	**5.7%**	£108,542	£32.61	**4.6%**
Utilities (Gas, Electricity, Water, TV License)	£42,201	£31.21	**3.3%**	£51,702	£30.13	**4.5%**	£86,968	£26.13	**3.6%**
Handyman and Gardening (on-contract)	£6,521		**0.5%**	£1,742		**0.2%**			
Domestic & Cleaning Supplies incl. Laundry	£12,137	£8.98	**0.9%**	£13,646	£7.95	**1.2%**			
Trade and Clinical Waste	£8,338	£6.17	**0.7%**	£2,797	£1.63	**0.2%**	£31,812	£9.56	**1.3%**
Uniforms	£1,260	£0.93	**0.1%**	£1,145	£0.67	**0.1%**	£3,693	£1.11	**0.2%**
Recruitment Fees (including DBS checks)	£5,382	£3.98	**0.4%**	£4,249	£2.48	**0.4%**	£12,075	£3.63	**0.5%**
Telephone / Mobiles	£5,432	£4.02	**0.4%**	£3,508	£2.04	**0.3%**	£2,097	£0.63	**0.1%**
Marketing	£2,176	£1.61	**0.2%**	£1,897	£1.11	**0.2%**	£12,545	£3.77	**0.5%**
IT Services & Hardware (incl. broadband internet)	£3,211	£2.38	**0.3%**	£8,607	£5.02	**0.7%**	£11,489	£3.45	**0.5%**
Entertainment (outings & expenses)	£4,576	£3.38	**0.4%**	£2,195	£1.28	**0.2%**	£1,198	£0.36	**0.1%**
Insurance & Other	£13,070	£9.67	**1.0%**	£12,042	£7.02	**1.0%**	£12,116	£3.64	**0.5%**
Total Site Non-Pay	**£144,391**	**£106.80**	**11.3%**	**£168,873**	**£98.41**	**14.7%**	**£282,532**	**£84.90**	**11.8%**

Average occupied beds per sample		26			33			64	
Service Type	**NURSING & EMI**			**RESIDENTIAL**			**RESIDENTIAL EMI**		
Operational Management	£1,375		0.1%	£5,227		0.5%			
Other non-staff current expenses	£1,761	£1.30	0.1%	£2,509	£1.46	0.2%	£20,019	£6.02	0.8%
Other #1	£19,854	£14.68	1.5%	£9,340	£5.44	0.8%	£3,911	£1.18	0.2%
Other #2	£22,056	£16.31	1.5%	£1,578	£0.92	0.1%	£729	£0.22	0.0%
Total Other Non-Pay	**£45,046**	**£33.32**	**3.3%**	**£18,653**	**£10.87**	**1.6%**	**£24,659**	**£7.41**	**1.0%**
f. Expenditure - Client non-pay	**NURSING & EMI**			**RESIDENTIAL**			**RESIDENTIAL EMI**		
Travel & Subsistence	£423	£0.31	0.0%	£2,219	£1.29	0.2%	£409	£0.12	0.0%
Medical Supplies (incl. equip rental)	£1,709	£1.26	0.1%	£8,744	£5.10	0.8%	£22,266	£6.69	0.9%
PPE & other consumables	£14,244	£10.54	1.1%	£8,105	£4.72	0.7%	£4,059	£1.22	0.2%
Continence products	£93		0.0%	£188		0.0%			
Registration Fees	£4,832	£3.57	0.4%	£8,518	£4.96	0.7%	£13,414	£4.03	0.6%
Direct training expenses (fees, facilities, travel and	£5,432	£4.02	0.4%	£4,244	£2.47	0.4%	£7,160	£2.15	0.3%
Client-related IT (Assistive Technology)	£1,800		0.1%	£978		0.1%			
Client Transport (vehicle lease etc.)	£1,707	£1.26	0.1%	£2,150	£1.25	0.2%	£921	£0.28	0.0%
Total Site Non-Pay	**£30,239**	**£22.37**	**2.4%**	**£35,145**	**£20.48**	**3.0%**	**£48,227**	**£14.49**	**2.0%**
g. Expenditure - Site level / Premises									
Maintenance Capital Expenditure	£13,654	£10.10	1.1%	£10,824	£6.31	0.9%	£25,526	£7.67	1.1%
Repairs and Maintenance (revenue)	£10,079	£7.46	0.8%	£71,965	£41.94	6.2%	£43,391	£13.04	1.8%
Contract Equipment Maintenance	£8,749	£6.47	0.7%	£1,973	£1.15	0.2%	£7,551	£2.27	0.3%
Other (please specify in Notes)				£315		0.0%			
Rent		£0.00		£13,999	£8.16	1.2%	£140,000	£42.07	5.9%
Mortgage - Repayment	£6,922	£5.12	0.5%	£20,160	£11.75	1.7%	£112,741	£33.88	4.7%
Mortgage - Interest	£2,052	£1.52	0.2%	£9,005	£5.25	0.8%	£71,010	£21.34	3.0%
Council Tax	£1,287		0.1%	£1,108		0.1%			
Depreciation of Building	£3,750		0.3%	£10,198		0.9%			
Capital costs		£0.00	0.0%	£19,233	£11.21	1.7%	£33,591	£10.09	1.4%
Other loan Interest	£2,722		0.2%	£355		0.0%			
Total Premises	**£49,215**	**£36.40**	**3.8%**	**£159,135**	**£92.74**	**13.8%**	**£433,810**	**£130.35**	**18.2%**
h. Corporate Overheads	**NURSING & EMI**			**RESIDENTIAL**			**RESIDENTIAL EMI**		
Directors	£3,010	£2.23	0.2%	£11,321	£6.60	1.0%	£2,373	£0.71	0.1%
Central/Regional Management Recharges	£27,277	£20.17	2.1%	£14,227	£8.29	1.2%	£173,943	£52.27	7.3%
Support services (Finance, HR, Payroll, Legal)	£8,498		0.7%	£859		0.1%			
Other Business costs	£7,838		0.6%	£2,252		0.2%			
Professional fees (quality/accounting/audit)	£6,623	£4.90	0.5%		£0.00		£16,005	£4.81	0.7%
Other #1	£16,313	£12.07	1.3%	£7,774	£4.53	0.7%	£8,472	£2.55	0.4%
Total Corporate Overheads	**£69,558**	**£51.45**	**5.4%**	**£36,433**	**£21.23**	**3.2%**	**£200,793**	**£60.33**	**8.4%**
Total Non-Staff Expenditure	**£338,449**	**£250.33**	**26.2%**	**£418,239**	**£243.73**	**36.3%**	**£990,020**	**£297.48**	**41.5%**
Surplus / Deficit (retained profit)	£4,533	£3.35	**0.4%**	£4,238	£2.47	**0.4%**	-£187,667	-£56.39	**-7.9%**
Total occupied bed cost per week	**£923**			**£662**			**£724**		

4.3 Median Analysis of Provider Cost Data – July 2022

In July 2022, the data was refreshed from the market, using the IESE Carecubed platform.

The low, lower quartile (25th percentile), median, upper quartile (75th percentile) and high provider cost information submitted by 17 providers has been presented in Table 8 below. The reference data tables (presented as £ per resident per week costs in each cost line against the total average unit rate for the provider, to preserve anonymity) is included in Appendix C-F.

Care Type	LOW	LQ 25th %	Median	UQ 75TH %	HIGH
65+ care home places without nursing	£738.75	£826.66	£924.64	£1,148.32	£1,328.03
65+ care home places w/out nursing, enhanced needs	£858.75	£964.88	£1,070.42	£1,209.26	£1,514.77
65+ care home places with nursing	£n/a	£1,027.65	£1,151.51	£1,379.65	£1,462.60
65+ care home places with nursing, enhanced needs	£1,199.79	£1,298.29	£1,396.78	£1,629.45	£1,862.12

Table 7: *cost range, upper and lower quartile and median by care type*

4.3.1 Variances between both March and July 2022 data collections

As is illustrated between sections 4.2 and 4.3, there is a significant difference between the submissions from the start of 2022 to July 2022's data collection. The contrast in median unit costs is shown below:

Care Type	Average (March 2022 collection)	Median (July 2022 IESE collection)	Variance £	Variance %
65+ care home places without nursing	£662.40	£924.64	£262.24	39.6%
65+ care home places w/out nursing, enhanced needs	£724.02	£1,070.42	£346.40	47.8%
65+ care home places with nursing	£923.13	£1,151.51	£228.38	24.7%
65+ care home places with nursing, enhanced needs	£923.13	£1,396.78	£473.65	51.3%

It is unknown why such cost variances have occurred, however ARCC were able to identify individual cost line differences in order to understand what costs had increased in such a short space of time.

It should be noted that 14 out of 17 submissions were from the same settings in both data collections, making identifying discrepancies in costs more straightforward. Reasons as to why costs could not be reconciled may be down to the following:

- Different cost lines used in the IESE Carecubed platform to the ARCC cost survey, providers unable to determine where costs should go in different formats
- Carecubed not identifying ROO/ROC on the same page and potential duplication of costs may occur
- The calculations in Carecubed which do not normalise occupancy values in order to arrive at a consistent £ per resident per week based on a stable occupancy

None of these issues were able to be resolved during the period of the refresh in this exercise, however the below provider example shows the extent of the variances and any rationale as to why these might occur.

4.3.1.1 *Provider example – March to July 2022 submission*

We have presented one provider's (anonymised) cost breakdown to show the significant difference between the costs received in March 2022 and those in July 2022. It should be noted that the data request was the same in both instances – expecting that uplifts for April 2022-23 financial year has been taken into account.

Cost Category	Mar-22	Jul-22	Variance (£)	Variance (%)	Rationale
Carers & Senior Carers Staff (£)	**£300.21**	**£411.74**	**£111.53**	**37%**	*Unable to determine rationale - April 2022 pay costs already known and therefore expected to be budgeted in to original Feb '22 submission*
Therapy Staff (£)			£0.00		
Activity Staff (£)	£9.12	£14.09	£4.97	54%	
Service Management (£)	£54.10	£89.15	£35.05	65%	
Reception (£)		£25.28	£25.28		
Chefs/Cooks (£)	£39.07	£48.08	£9.01	23%	
Domestic Staff (£)	£52.09	£92.39	£40.30	77%	
Maintenance Staff (£)	£10.21	£13.38	£3.17	31%	
Other Care Home Staff (£)		£51.01	£51.01		
Premises - Fixtures and Fittings (£)		£0.00	£0.00		*Costs have more than doubled, unlikely to have (or expect to) incur increased premises costs between the two quarters*
Premises - Repairs & Maintenance (£)	£30.28	£65.94	£35.66	118%	
Premises - Furniture, Furnishings and Equipment (£)		£0.00	£0.00		
Premises - Other Premises Costs (£)	£36.00	£91.52	£55.52	154%	
Premises - Food Costs (£)	£36.71	£59.30	£22.59	62%	
Supplies and Services - Domestic cleaning (£)	£5.51	£6.33	£0.82	15%	*Some inflationary costs are expected however unlikely to be more than 10% in each category of supplies and services* *Utilities may be expected to double depending on whether the provider has existing contracts, however other cost lines are likely to remain the same*
Supplies and Services - Medical Supplies (£)	£3.31	£5.98	£2.67	81%	
Supplies and Services - PPE (£)		£5.09	£5.09		
Supplies and Services - Office Supplies (£)	£4.60	£6.27	£1.67	36%	
Supplies and Services - Insurance (£)	£7.93	£13.10	£5.17	65%	
Supplies and Services - Reg Fees (£)	£5.54	£8.11	£2.57	46%	
Supplies and Services - Telephone & Internet (£)		£1.71	£1.71		
Supplies and Services - Council Tax (£)		£2.90	£2.90		
Supplies and Services - Electricity, Gas & Water (	£29.74	£63.02	£33.28	112%	
Supplies and Services - Trade Waste (£)	£7.51	£12.90	£5.39	72%	
Supplies and Services - Transport (£)	£0.99	£6.61	£5.62	568%	
Staffing - Other Care Home Staff (£)	£5.22	£1.30	-£3.92	-75%	
Head Office - Central/Regional Management Staff (£)		£0.00	£0.00		*Head office costs are dictated centrally by the business at budget setting and do not expect to be impacted in year*
Head Office - Support Services (£)	£40.00	£100.72	£60.72	152%	
Head Office - Recruitment (£)	£9.34	£10.54	£1.20	13%	
Head Office - Other Head Office Costs (£)		£0.00	£0.00		
Return on operations 2021 (£)	£85.41	£168.33	£82.92	97%	*Costs of capital and profit/surplus expectations expect to be set centrally for the financial year andn ot change*
Return on capital 2021 (£)	£89.00	£140.00	£51.00	57%	
Total (£) - care home occupied beds without nursing enhanced	**£861.89**	**£1,514.77**	**£652.88**	**76%**	

Figure 4. *Discrepancy by cost line; sample provider data from March to July '22*

As illustrated in the example above, there are significant changes to costs occurring within the 3-month window of the two data collection exercises, to a total variance of 76% increase in the IESE Carecubed data submission.

Whilst it may be expected that, as further inflationary pressures occurred in the 3-month period, there may be some changes to costs experienced from supplies and services, for example, ARCC were not able to rationalise other cost variances in-year, in particular:

- <u>60% total increase in staffing costs</u> despite no known changes to the staff base in both instances, and pay costs being set based on April 2022's known increases to NMW by the time of the original submission
- <u>110% total increase in premises costs</u> despite these being related to maintenance and other fixed recurrent costs that will have been either incurred or known costs at the start of the period

- 90% total increase in supplies and services costs, whilst it is accepted these are most susceptible to inflationary uplifts in-year, despite a known change in CPI from 6.2% to 8.8% the increase is more than 10-fold that expected
- 125% total increase in head office costs despite the setting being part of a group structure that sets head office costs centrally at the start of the budget setting period
- 97% increase and ROO and 57% increase in ROC respectively, again despite costs for these elements being set as expected at the start of the financial year and therefore already appropriately counted in the original March 2022 submission.

IMPACT OF INFLATED FIGURES ON DATA SUBMISSION

Whilst the example above details one provider's cost variance, it is illustrated to show that the costs within the latest (July 2022) dataset likely contains several inflated cost figures, with the overall impact being an increased "median" cost of between 25% and 51% across all care types.

Due to this, ARCC have concluded that for the purposes of determining the cost of care going forward, further work needs to be done with the market to rationalise the results of this July 2022 analysis.

4.4 Scenario Modelling

In recognition that the current dataset for 2022-23 requires more work to represent "typical" costs as illustrated in Section 4.2, potential scenarios and variants were discussed with Sefton Council. As a result of this discussion, the following initial draft scenarios are proposed in this report:

- **Residential** unit costs are based on a setting size of 42 beds and applied staffing ratio of 20-25 hours per resident per week, or 1 carer to 5/7.5 per resident per day, and 1 carer to 10-12 residents per night
- **Enhanced residential** unit costs are based on a setting size of 82 beds and applied staffing ratio of 23-30 hours per resident per week, or 1 carer to 4/6 per resident per day, and 1 carer to 10 residents per night
- **Nursing and Enhanced Nursing** unit costs are based on a setting size of 36 beds and applied staffing ratio of 25-32 hours per resident per week, or 1 direct care staff (carer/nurse) to 4-6 per resident per day, and 1 direct care staff (carer/nurse) to 10 residents per night

It should be noted that **further work should be done to present these models to the provider market and refine between October 2022 and February 2023**, as part of the DHSC requirement for a full Market Sustainability Plan to be submitted in February 2023.

For each model, the occupancy and staffing ratio has been varied based on: (1) averages obtained via provider staffing ratio survey; (2) Staffing ratios suggested by Sefton Council; (3) uplifting base rates to £9.90 for Real Living Wage. Each model A, B and C represents different bed occupancies. Higher occupancies result in lower occupied bed costs and reduced staffing ratios. Underlying assumptions within the models are as follows:

- All scenario models represent staffing proportion of costs between 60-70% of all costs
- Staffing ratios determined for each of the four care types, by no. direct care staff by day and night
- Non-pay costs (supplies & head office costs) make up a minimum 10% of all costs
- Return on capital (all premises and capital costs) including operating surpluses make up a minimum of 12-20% of all costs, adjusted according to size of provider

4.4.1.1 Standard Residential

Model B illustrates a staffing ratio of 26 hours per resident per week, or 1 carer to 5.5 per resident per day, and 1 carer to 10 residents per night.

Residential Occupancy Scenarios	Base	Model 1: Staffing Ratio 1 to 7.5+			Model 2: Staffing Ratio 1 to 5+			Model 3: FLW Staffing Ratio 1 to 7.5+		
		Model 1A	Model 1B	Model 1C	Model 2A	Model 2B	Model 2C	Model 3A	Model 3B	Model 3C
Total Bed Capacity	42	42	42	42	42	42	42	42	42	42
Annualised Occupancy (no. beds)	33	33.6	35.7	37.8	33.6	35.7	37.8	33.6	35.7	37.8
Occupancy %	79%	80%	85%	90%	80%	85%	90%	80%	85%	90%
Direct Hours per Resident per Week		20.5	19.3	18.2	27.4	25.8	24.3	20.5	19.3	18.2
Carer:Resident Ratio (Day)		1 to 7.47	1 to 7.93	1 to 8.4	1 to 5.17	1 to 5.49	1 to 5.82	1 to 7.47	1 to 7.93	1 to 8.4
Carer:Resident Ratio (Night)		1 to 11.2	1 to 11.9	1 to 12.6	1 to 9.6	1 to 10.2	1 to 10.8	1 to 11.2	1 to 11.9	1 to 12.6
Direct staffing pay cost per Bed (£)	£329	£245	£231	£218	£325	£306	£289	£255	£240	£227
Indirect staffing pay cost per Bed (£)	£87	£108	£101	£96	£108	£101	£96	£111	£105	£99
Weekly pay cost per Bed (£) **(a + b)**	£416	£353	£332	£314	£433	£408	£385	£366	£345	£326
Weekly non-pay cost per Bed (£)	£130	£130	£130	£130	£130	£130	£130	£130	£130	£130
Weekly EBITDARM per Bed (£)	£116	£116	£116	£116	£116	£116	£116	£116	£116	£116
Weekly EBITDARM per Bed (%)	17.6%	19.4%	20.1%	20.8%	17.1%	17.8%	18.4%	19.0%	19.7%	20.4%
Total Weekly cost per Bed (£)	£662	£599	£578	£560	£679	£654	£631	£613	£591	£572
Care / Non-care / EBITDA Split										
Care related cost/bed (£)	£437	£373	£353	£334	£454	£428	£406	£387	£365	£346
Non-care **(daily living)** cost/bed (£)	£226	£289	£310	£328	£209	£234	£257	£275	£297	£316
of which (c) EBITDA per Bed (£)	£95	£158	£179	£198	£78	£104	£126	£145	£166	£186
Weekly EBITDA per Bed (%)	14.4%	26.4%	31.0%	35.3%	11.5%	15.9%	20.0%	23.7%	28.2%	32.5%

4.4.1.2 Enhanced Residential

Model B illustrates a staffing ratio of 30 hours per resident per week, or 1 carer to 4.4 per resident per day, and 1 carer to 10.7 residents per night.

Residential EMI Occupancy Scenarios	Base	Model 1: Staffing Ratio 1 to 6+			Model 2: Staffing Ratio 1 to 4+			Model 3: FLW Staffing Ratio 1 to 6+		
		Model 1A	Model 1B	Model 1C	Model 2A	Model 2B	Model 2C	Model 3A	Model 3B	Model 3C
Total Bed Capacity	82	82	82	82	82	82	82	82	82	82
Annualised Occupancy (no. beds)	33	65.6	69.7	73.8	65.6	69.7	73.8	65.6	69.7	73.8
Occupancy %	79%	80%	85%	90%	80%	85%	90%	80%	85%	90%
Direct Hours per Resident per Week		23.9	22.5	21.3	31.4	29.6	27.9	23.9	22.5	21.3
Carer:Resident Ratio (Day)		1 to 5.96	1 to 6.34	1 to 6.71	1 to 4.1	1 to 4.36	1 to 4.61	1 to 5.96	1 to 6.34	1 to 6.71
Carer:Resident Ratio (Night)		1 to 10.09	1 to 10.72	1 to 11.35	1 to 10.09	1 to 10.72	1 to 11.35	1 to 10.09	1 to 10.72	1 to 11.35
Direct staffing pay cost per Bed (£)	£422	£329	£310	£293	£416	£392	£370	£339	£319	£301
Indirect staffing pay cost per Bed (£)	£61	£61	£57	£54	£61	£57	£54	£63	£59	£56
Weekly pay cost per Bed (£) **(a + b)**	£483	£390	£367	£346	£477	£449	£424	£402	£378	£357
Weekly non-pay cost per Bed (£)	£107	£107	£107	£107	£107	£107	£107	£107	£107	£107
Weekly EBITDARM per Bed (£)	£134	£134	£134	£134	£134	£134	£134	£134	£134	£134
Weekly EBITDARM per Bed (%)	18.5%	21.3%	22.1%	22.9%	18.7%	19.5%	20.2%	20.9%	21.7%	22.5%
Total Weekly cost per Bed (£)	£724	£631	£608	£588	£718	£690	£665	£643	£619	£598
Care / Non-care / EBITDA Split										
Care related cost/bed (£)	£497	£404	£381	£361	£491	£463	£438	£416	£392	£371
Non-care **(daily living)** cost/bed (£)	£227	£320	£343	£363	£233	£261	£286	£308	£332	£353
of which (c) EBITDA per Bed (£)	£74	£167	£190	£210	£80	£108	£133	£155	£179	£200
Weekly EBITDA per Bed (%)	10.2%	26.5%	31.3%	35.8%	11.1%	15.6%	20.0%	24.2%	28.9%	33.4%

4.4.1.3 Nursing and Enhanced Nursing

Model B illustrates a staffing ratio of 32.5 hours per resident per week, or 1 carer to 4 per resident per day, and 1 carer to 10.2 residents per night.

Nursing and Nursing EMI Occupancy Scenarios		**Model 1: Staffing Ratio 1 to 5+**			**Model 2: Staffing Ratio 1 to 3.6+**			**Model 3: FLW Staffing Ratio 1 to 5+**		
	Base	**Model 1A**	**Model 1B**	**Model 1C**	**Model 2A**	**Model 2B**	**Model 2C**	**Model 3A**	**Model 3B**	**Model 3C**
Total Bed Capacity	36	36	36	36	36	36	36	36	36	36
Annualised Occupancy (no. beds)	26	28.8	30.6	32.4	28.8	30.6	32.4	28.8	30.6	32.4
Occupancy %	72%	80%	85%	90%	80%	85%	90%	80%	85%	90%
Direct Hours per Resident per Week		26	24.5	23.1	34.5	32.5	30.7	26	24.5	23.1
Carer:Resident Ratio (Day)		1 to 5.24	1 to 5.56	1 to 5.89	1 to 3.6	1 to 3.83	1 to 4.05	1 to 5.24	1 to 5.56	1 to 5.89
Carer:Resident Ratio (Night)		1 to 9.6	1 to 10.2	1 to 10.8	1 to 9.6	1 to 10.2	1 to 10.8	1 to 9.6	1 to 10.2	1 to 10.8
Direct staffing pay cost per Bed (£)	£473	£372	£350	£330	£506	£477	£450	£381	£359	£339
Indirect staffing pay cost per Bed (£)	£197	£199	£188	£177	£199	£188	£177	£206	£194	£183
Weekly pay cost per Bed (£) **(a + b)**	£669	£571	£537	£507	£706	£664	£627	£587	£553	£522
Weekly non-pay cost per Bed (£)	£162	£162	£162	£162	£162	£162	£162	£162	£162	£162
Weekly EBITDARM per Bed (£)	£91	£91	£91	£91	£91	£91	£91	£91	£91	£91
Weekly EBITDARM per Bed (%)	9.9%	11.1%	11.5%	12.0%	9.5%	9.9%	10.4%	10.8%	11.3%	11.8%
Total Weekly cost per Bed (£)	£923	£825	£791	£761	£959	£918	£881	£841	£807	£776
Care / Non-care / EBITDA Split										
Care related cost/bed (£)	£692	£593	£560	£530	£728	£686	£650	£610	£575	£545
Non-care **(daily living)** cost/bed (£)	£231	£330	£364	£393	£195	£237	£274	£313	£348	£379
of which (c) EBITDA per Bed (£)	£40	£138	£172	£202	£4	£45	£82	£122	£156	£187
Weekly EBITDA per Bed (%)	4.3%	16.8%	21.7%	26.5%	0.4%	4.9%	9.3%	14.5%	19.4%	24.1%

4.4.1.4 Summary models

The below shows each model and the range of costs per resident per week, at various levels of occupancy, informed by the costs gathered during January-March 2022's data collection.

Service Type	**Base**	**Model 1A**	**Model 1B**	**Model 1C**	**Model 2A**	**Model 2B**	**Model 2C**	**Model 3A**	**Model 3B**	**Model 3C**
Nursing and Nursing EMI	£923	£825	£791	£761	£959	£918	£881	£841	£807	£776
Residential	£662	£599	£578	£560	£679	£654	£631	£613	£591	£572
Residential EMI	£724	£631	£608	£588	£718	£690	£665	£643	£619	£598

Model 1 Assumptions (at 80% occupancy):

Staffing Ratios (DAY): From 1 to 7.5 (residential); 1 to 6 (residential EMI) and 1 to 5 (nursing/nursing EMI)

Staffing Ratios (NIGHT): From 1 to 11.2 (residential); 1 to 10 (residential EMI) and 1 to 9.6 (nursing/nursing EMI)

Model 2 Assumptions (at 80% occupancy):

Staffing Ratios (DAY): From 1 to 5.2 (residential); 1 to 4 (residential EMI) and 1 to 3.6 (nursing/nursing EMI)

Staffing Ratios (NIGHT): From 1 to 9.6 (residential); 1 to 10 (residential EMI) and 1 to 9.6 (nursing/nursing EMI)

Model 3 Assumptions (at 80% occupancy):

Staffing Ratios (DAY and NIGHT): Same as model 1

Pay rates uplifted to the following:

Carers from £9.50 to £9.90 p/hour
Seniors from £10.50 to £10.90
Team Leader / Supervisory staff from £12 to £12.40 p/hour

Cost models are presented as **cost per occupied bed per week.**
No costs have been assumed outside of the base model for agency costs, however these have been illustrated on **page 19.**
Appendix B provides the median response for staff pay and oncosts.

4.5 Summary Budget Impact

Table 10 identifies the current estimated annual cost incurred; Sefton have both advertised framework rates and spot rates, depending on individual needs negotiated with providers. ARCC have extrapolated the median rates from July 2022 as well as the existing framework rate for the purposes of comparison.

Care Type	(a) Current Weekly Cost	(c) Estimated no. clients (over 65)	(d) Estimated annual expenditure @ current rates [a * c * 52]
Residential	£561.10	493	£14,423,877.07
Residential Enhanced/EMI	£634.85	233	£7,712,974.04
Nursing (excl. FNC)	£576.98	161	£4,843,747.10
Nursing Enhanced/EMI (excl. FNC)	£641.26	154	£5,149,317.80
Total annualised cost	-	**1,041**	**£32,129,916.01**

***Table 8**: estimated cost incurred 2022-23*

Using the above annualised figure for comparison, we have extrapolated costs at the median unit rates in **section 4.3** in Table 11. If the median cost of care was to be paid by Sefton; this would require an additional **£25.5m** pounds per annum.

Care Type	(e) Analysis of median costs	% uplift from (a) average price paid	(f) Estimated annual cost @ median [c * e * 52]	(g) Estimated impact (£) based on IESE median cost [f - d]
Residential	£924.64	65%	£23,769,192	£9,345,315
Residential Enhanced/EMI	£1,070.42	69%	£13,004,838	£5,291,864
Nursing (incl. FNC)	£1,151.51	46%*	£9,666,926	£4,823,179
Nursing Enhanced/EMI (incl. FNC)	£1,396.78	64%*	£11,216,143	£6,066,825
Total annualised cost	79.5% (blended)		**£57,657,100**	**£25,527,184**

***Table 9:** estimated impact of the median on current rates*

We have extrapolated costs at the ARCC modelled scenario unit rates in **section 4.4** in Table 11. If these model costs were to be paid by Sefton, this would require an additional **£8.7m** pounds per annum.

Care Type	(g) ARCC average costs	% uplift from (a) average price paid	(h) Estimated annual cost @ ARCC modelled cost [g * c * 52]	Estimated impact (£) based on ARCC modelled cost [h - d]
Residential	£662.40	18.1%	£16,981,286	£2,557,409
Residential Enhanced/EMI	£724.02	14.0%	£8,772,226	£1,059,252
Nursing (incl. FNC)	£923.13	17.4%*	£7,728,444	£2,884,697
Nursing Enhanced/EMI (incl. FNC)	£923.13	8.5%*	£7,392,425	£2,243,107
Total annualised cost	27.2% (blended)		**£40,874,382**	£8,744,466

***Table 10:** estimated impact of the ARCC modelled costs on current rates*

* = net % uplift after FNC

4.6 Future Fee Uplifts and Sensitivity Analysis

Whilst future year cost impact is not yet fully known, providers were asked during the course of the engagement what they considered was the most accurate and transparent method for future years fee uplifts. Broadly the consensus was:

- **Pay costs** reflecting changes to factors such as NLW and National Insurance increases; and
- **Non-pay**, i.e., business costs being adjusted to reflect CPI.

Whilst in principle, the above is common practice, there are some important considerations which can have both a positive and negative impact on provider sustainability:

- Establishing a more realistic picture of **market occupancy levels**, currently modelled at 80-90%, which includes the historic trend alongside the impact Covid-19 has had and continues to have on the market through temporary suspensions in line with government and local guidance, continues to impact occupancy levels.
- Staff ratios and the level of **care per resident per week**.

Of course, the intention of an analysis of this nature is never to arrive at a *specific cost to each provider business. The cost model merely aggregates different provider data to provide an indicative set of figures for consideration.* It is the role of commissioners to assure themselves that the rate paid is inclusive and commensurate with a 'cost envelope' that supports a sustainable, diverse and quality market as per the Care Act.

Commissioners and providers recognise that the role of any fee-setting is ***not*** to specify the absolute operating costs at every level of a provider's business. In reality, using pensions as an example, this means being absolutely clear with commissioners that setting a budget line for all staff pension costs does not mean all providers ***must*** incur 100% pension costs at 3%, to be eligible for the full 'offered' rate to the market (i.e., due to typical opt-out rates of c.15%). Equally, providers are not expected to 'rebate' to the public purse any cost savings made due to operating decisions that take their costs below the typical cost lines presented. Therefore, this variation between providers' day-to-day operating costs and efficiencies will always exist and may not (nor could they be) eliminated in all cases.

It is worth noting that this undertaking cannot forecast with any certainty the costs that providers will ultimately experience over the next 2-3 years, against the market's current estimates. Whilst the current economic situation remains uncertain; recent announcement will also have an impact on the entire analysis within this report:

- The reversal of the additional 1.25% on employer's NI payments will reduce provider costs; whilst the levy was initially intended to fund health and social care the UK government has also said this will not impact on the availability of funding to the sector
- The Business Energy Bill Relief Scheme will no doubt curb future energy costs, and is indeed difficult to predict due to the nature of variable tariffs in the market as well as fixed term contracts many providers will have secured over a period of time
- Cancellation of the planned rise in corporation tax will also continue to support provider's bottom-line profit/surplus
- The current and expected future rise in interest rates affecting borrowing/cost of capital

As the detail of these changes are still being released by Government and have been introduced late in the process, it is not possible to measure the impact of these policy changes other than to hypothesise that the combined impact is aimed at, likely to, reducing the increased cost impact against these figures presented in this report.

5 Future Commissioning Considerations

ARCC would like to thank all stakeholders engaged in the process. We hope that through this exercise, both commissioners and providers can continue both the positive dialogue and continued education across the market regarding business operating models and challenges as well as commissioners' needs and expectations.

This report has focused predominantly on the method of engagement and subsequent analysis to establish an indication of the current costs of care in line with the DHSC's requirements. This was the prime purpose of the project, however, ARCC also recognise that informing the future price point for care home placements is only part of a good sustainable commissioning model. This section therefore presents our main conclusions which we believe commissioners should consider for the future, drawn from engagement with the local market and ARCC's experience of good commissioning practice locally and elsewhere.

5.1 Ensuring the Services are Fit for the Future

As previously alluded to, competition for staff is driving up pay costs and resulting increasing usage of agency staff. The impact of this staff shortage is not only fiscal, but this may also be affecting continuity of care, which in turn may be impacting upon increased individual needs. Stability and experience of staff will have a contributing factor on the ability to support people with more complex needs.

The ability to meet high dependency and acuity will be dictated by the ability to staff homes (numbers and experience) which is in turn somewhat governed by the 'cost envelope'. Discussions with commissioners in relation to findings from the cost data and market engagement indicated that staffing ratios were not what would locally be perceived as the expected level.

Whilst there is no clear mandate on the staff to resident ratio requirement from either CQC or Sefton, other than to operate a staff dependency tool. However, ratios of 1:6 as a minimum to maintain a safe and effective service are recognised within the industry and LaingBuisson market analysis (30th edition, 2019) identified: *"Staffing intensity benchmarks ('on shift' staff hours per resident per week)….for nursing care for older people and dementia is 39.8 hours per resident per week, for residential care of frail older people it is 28 hours per week and for residential care of older people with dementia it is 32.2 hours per resident per week"*.

Despite this potential change in the profile of needs, the cost envelope for staffing on core remains the same (+CPI and pay legislation adjustments) which will have a 'knock-on' effect on how beds are utilised as the staff that can be deployed by homes is regulated by the fees and any additional monies that can be levered such as top up or FNC. Given the earlier point about higher levels of presenting needs, homes will be cautious of accepting residents who have needs beyond shared care hours, i.e., requiring more focused 1:1 or 2:1 personal care as the resource may simply not stretch this far despite the needs not being acute enough for more 'higher acuity' beds. The result is that these clients become 'difficult to place' and may end up occupying a more acute bed than is necessary due to the rate differential.

Work needs to be undertaken on the future specifications to ensure that services reflect the current needs of people and the strategic direction for commissioning of local services. Expectations such as acuity of need and dependency can be addressed through setting service level expectations such as support ratios or hotel + care bandings to reflect needs.

5.2 Market Management

Quality of service provision and financial sustainability are the two biggest measures in effectively monitoring delivery of contracts. Over the course of contracts, it is often the case that information requirements grow, and can inadvertently represent an administrative burden for providers, without necessarily providing the required insight for commissioners. Whilst commissioners recognise the need to understand more about provider delivery, more data can lead to less time for meaningful exploration and insight into the impact that changing quality and financial measures are having on market dynamics. As such, a "less is more" approach is advocated – by focusing on fewer, more important indicators, commissioners can learn more and intervene more effectively, in a more collaborative, mutually beneficial arrangement, which does not lessen commissioners' right to take decisive action where warranted.

Ideally, commissioners may build a dashboard with such indicators, which they would then use to manage the market and maintain an efficient performance dialogue with providers.

Working closely with the planning department to ensure that new developments meet local market requirements and are not adding additional capacity to the market where this is not required which will compound the challenges experienced with occupancy. Further work is required to understand the condition of the homes within the area and whether they are physically fit-for-purpose. Depending upon the outcome of this review it may be that Sefton COUNCIL's strategy focuses on investment to develop existing settings as opposed the formation of new build homes.

5.3 Continued Market Dialogue & Working Towards the FCoC

Continued dialogue with the market is essential to understand factors that will impact the future price for care from 2023/24 and beyond. ARCC advises further engagement to be completed with the market between October 2022 and February 2023 to present the costed scenarios back and discuss feasibility and co-develop a set of representative costs from across the market. Similarly, the charging reforms proposal of a notional £200 per week daily living cost is unlikely to be sufficient to meet local needs; therefore, further detailed work in relation to top up charges will need to be undertaken once the charging reforms are fully implemented. This includes, but is not limited to:

- Movement towards an identified and agreed representative "median" rate; taking into account existing data quality issues and further engagement required from the market between now and February 2023
- Approach market sustainability by **combining the price point with commissioning improvement activities** (see section 5.4 below)
- **Inflationary factors –** reviewing uplifts for pay rates (including Real Living Wage) as well as inflationary uplifts on non-pay costs (i.e., insurance costs etc.)
- **Market size future service requirements** – this includes meeting the objectives of commissioners to create a cost envelope that can reflect a broad range of business sizes and operating models, whilst also reflecting the demand, and availability of residential and nursing beds required across the local authority

5.4 Identifying ways to support the market beyond fees

Sefton Council's ability to meter towards the median cost will be governed by DHSC's future allocation of the Market Sustainability and Fair Cost of Care fund. However, there are actions that commissioners may be able to undertake which could support the local market to offset costs; these include:

- Support for energy efficiency, utilising any green grants or incentives to support the generation of green energy such as solar panel installation.
- Utilising group purchasing power for consumables which may assist in reducing unit costs when purchasing significantly higher volumes.
- Seamless 'in-reach' support from across the local authority and health, including designated social workers, GP's and other practitioners, which reduces administrative burden on provider staff.
- Screening the development of new homes and cultivating existing business relationships, including supporting capital refurbishment programmes.
- Assistive technology to offset staff capacity issues.
- Explore what support commissioners can provide to support current workforce challenges, for example: recruitment campaigns and increasing uptake of free training offers.

5.4.1 Continued dialogue with the market regarding a sustainable rate for care

Whilst a long-term intention, in line with this DHSC cost of care exercise, may be to work towards the estimated unit costs within this report, DHSC guidance states that "fair means what is sustainable for the local market".

In the context of care home costs in Sefton, it is clear there is a high degree of flexibility (when comparing current framework rates with actual and average agreed fees), and therefore it can be evidenced that the market has some opportunity to be provide services at bilaterally agreed fees as opposed to simply on an existing framework rate.

The Council should however continue to monitor the pressure in the market (both staffing and business operating costs), as well as ability to population support needs via commissioning in the market through future fee exercises.

5.4.2 Model occupancy and market capacity for long-term market shaping

ARCC's analysis and subsequent costing toolkit provides Sefton commissioners with the ability to model market capacity and cost based on a changing occupancy landscape – lower occupancy, as has been experienced during the pandemic, puts cost pressures on providers and impacts sustainability in the medium-long term.

Whilst the market is in a recovery phase, it would be prudent to monitor target occupancy on a sliding scale from 85% up to standard expectations under normal day-to-day business operations. This will allow Sefton to take a staged approach over time to unit costing to mitigate the impact of occupancy.

Further to this, overall beds in the market are affected by changes in occupancy, as homes enter and exit the market, the overall availability of beds will push occupancy rates higher or lower, and therefore there exists a natural equilibrium (over time) that may be aspired to in this regard.

5.4.3 Quality and contract monitoring of care input

Sefton Council should continue to assess staffing ratios applied as part of on-going contract and quality monitoring. It was clear from this analysis of cost surveys that staff costs were highly variable across providers who submitted a return, suggested a highly irregular direct care input to residents, depending on setting, and which was not consistent across care types. Personalisation of care aside, it has not been evidenced that Sefton

Council routinely commission highly specified packages 1:1 time, and therefore the high-level variability was not an expected result in this exercise.

Whilst existing safeguards (such as CQC; safeguarding and complaints processes) remain, it is recommended that implementing or enhancing existing measures of staffing ratios across settings will improve consistency.

The below table combines provider average staffing ratios discussed at the workshop with suggested levels of care staffing ratios for consideration in future market shaping and commissioning discussions.

	Provider Averages	SC Suggested Levels
Residential	1:8	1:5
Residential EMI	1:6	1:4
Nursing	1:5	1:4
Nursing EMI	1:4	1:3
Nights	1:10	1:10

6 Appendices

A. Provider Cost Survey & Workshop Slides

Sefton Cost of Care Launch November 2(

Provider Launch Session
19th November 2021

Sefton Q&A December 2021.pdf

Sefton Q&A Document
December 2021

Sefton Provider Cost Survey Novemb

Care Home Cost Survey
November 2021

Sefton Provider Survey November 20

Care Home Qualitative Survey
November 2021

Sefton Provider Workshop March 2C

Provider Interim Workshop
24th & 25th March 2022

Sefton Commissioner Work

Commissioner Interim Workshop
30th March 2022

B. Engagement List of Internal Stakeholders & Provider Organisations

With sincere thanks to the local providers who gave their time to contribute to workshops, share data and insight. ARCC also extend thanks to Sefton Care Association and Sefton Adult Social Care Commissioning team for their participation and commitment to the project.

Sefton Council

- Executive Director of Adult Social Care and Health
- Interim Strategic Lead, Adult Social Care
- Commissioning Manager, Adult Social Care
- Commissioning Officer
- Finance Manager

Sefton Care Association

Invited Care Home Providers

With thanks to all who participated in the project, including senior operational and finance staff from the organisations who took the time to contribute with a cost survey and engage in 1:1s and workshops.

C. Reference Data Table [care homes without nursing]

IESE Location ID Location Name	LOW	LQ (25%)	MEDIAN	UQ (75%)	HIGH
Therapy Staff (£)	£0.00	£0.00	£0.00	£0.00	£3.34
Activity Staff (£)	£0.00	£7.30	£8.73	£13.92	£28.41
Service Management (£)	£0.00	£24.28	£33.71	£36.80	£81.29
Reception (£)	£0.00	£7.66	£18.83	£24.73	£80.87
Chefs/Cooks (£)	£0.00	£19.82	£24.42	£44.01	£87.77
Domestic Staff (£)	£0.00	£39.17	£53.15	£57.59	£112.87
Maintenance Staff (£)	£0.00	£4.45	£9.60	£15.46	£24.87
Other Care Home Staff (£)	£0.00	£2.93	£19.37	£52.04	£431.95
Staffing Costs	**£458.31**	**£530.88**	**£595.71**	**£694.00**	**£779.71**
Premises - Fixtures and Fittings (£)	£0.00	£0.61	£5.22	£9.95	£22.50
Premises - Repairs & Maintenance (£)	£6.30	£16.89	£23.88	£34.50	£74.96
Premises - Furniture, Furnishings and Equipment (£)	£0.00	£0.49	£6.42	£10.63	£23.66
Premises - Other Premises Costs (£)	£0.00	£0.00	£0.00	£2.58	£5.94
Premises Costs	**£6.30**	**£31.97**	**£43.32**	**£47.81**	**£102.23**
Premises - Food Costs (£)	£25.32	£33.89	£38.13	£46.33	£52.58
Supplies and Services - Domestic cleaning (£)	£0.00	£7.15	£7.73	£10.60	£14.18
Supplies and Services - Medical Supplies (£)	£0.00	£0.61	£1.89	£3.58	£7.20
Supplies and Services - PPE (£)	£0.00	£0.00	£0.76	£1.57	£5.18
Supplies and Services - Office Supplies (£)	£0.00	£1.57	£2.24	£6.43	£8.39
Supplies and Services - Insurance (£)	£0.00	£1.92	£7.20	£9.77	£11.56
Supplies and Services - Reg Fees (£)	£1.04	£2.94	£3.50	£4.31	£6.15
Supplies and Services - Telephone & Internet (£)	£0.39	£0.68	£1.61	£1.97	£5.12
Supplies and Services - Council Tax (£)	£0.00	£0.51	£0.74	£0.95	£2.44
Supplies and Services - Electricity, Gas & Water (£)	£16.83	£26.85	£38.34	£46.50	£62.96
Supplies and Services - Trade Waste (£)	£0.00	£1.76	£5.61	£6.11	£13.64
Supplies and Services - Transport (£)	£0.00	£1.69	£2.44	£4.91	£8.75
Staffing - Other Care Home Staff (£)	£0.65	£2.38	£2.86	£4.67	£14.63
Supplies and Services Costs	**£72.52**	**£101.09**	**£123.36**	**£139.79**	**£151.46**
Head Office - Central/Regional Management Staff (£)	£0.00	£2.29	£16.72	£48.76	£60.00
Head Office - Support Services (£)	£0.55	£6.02	£11.17	£29.27	£63.97
Head Office - Recruitment (£)	£0.00	£2.61	£4.29	£5.34	£14.96
Head Office - Other Head Office Costs (£)	£0.00	£0.00	£2.96	£5.42	£33.25
Head Office Costs	**£10.67**	**£25.20**	**£54.40**	**£83.68**	**£124.17**
Carer Staff (£) - without nursing residents	**£245.37**	**£318.01**	**£395.40**	**£441.91**	**£482.48**
Return on operations 2022 (£)	£0.00	£25.32	£98.68	£120.50	£140.94
Return on capital 2022 (£)	£0.00	£45.16	£61.56	£118.80	£190.00
Total (£) - care home occupied beds without nursing	**£738.75**	**£826.66**	**£924.64**	**£1,148.32**	**£1,328.03**

D. Reference Data Table [care homes without nursing, enhanced]

IESE Location ID Location Name	LOW	LQ (25%)	MEDIAN	UQ (75%)	HIGH
Therapy Staff (£)	£0.00	£0.00	£0.00	£0.00	£0.00
Activity Staff (£)	£0.00	£7.29	£13.55	£15.33	£28.41
Service Management (£)	£0.00	£30.38	£45.55	£66.76	£89.15
Reception (£)	£0.00	£0.00	£9.26	£25.23	£28.68
Chefs/Cooks (£)	£0.00	£25.41	£28.41	£48.08	£87.77
Domestic Staff (£)	£0.00	£37.29	£49.15	£73.81	£105.14
Maintenance Staff (£)	£4.69	£12.06	£18.94	£24.87	£27.76
Other Care Home Staff (£)	£0.00	£0.00	£11.90	£51.01	£431.95
Staffing Costs	**£450.68**	**£569.78**	**£637.31**	**£715.39**	**£779.71**
Premises - Fixtures and Fittings (£)	£0.00	£0.00	£0.00	£10.32	£22.50
Premises - Repairs & Maintenance (£)	£6.30	£17.74	£22.31	£25.79	£65.94
Premises - Furniture, Furnishings and Equipment (£)	£0.00	£0.00	£7.20	£15.35	£23.66
Premises - Other Premises Costs (£)	£0.00	£0.00	£0.37	£2.27	£91.52
Premises Costs	**£6.30**	**£32.90**	**£44.31**	**£48.22**	**£157.46**
Premises - Food Costs (£)	£25.32	£31.64	£35.54	£52.58	£59.30
Supplies and Services - Domestic cleaning (£)	£0.00	£6.33	£7.10	£7.52	£13.79
Supplies and Services - Medical Supplies (£)	£0.00	£0.08	£0.16	£2.47	£7.20
Supplies and Services - PPE (£)	£0.00	£0.00	£0.66	£4.87	£5.18
Supplies and Services - Office Supplies (£)	£0.39	£1.57	£4.44	£6.27	£7.64
Supplies and Services - Insurance (£)	£0.00	£4.27	£8.64	£10.55	£15.26
Supplies and Services - Reg Fees (£)	£2.60	£3.35	£3.51	£4.55	£8.11
Supplies and Services - Telephone & Internet (£)	£0.39	£1.06	£1.23	£1.86	£5.12
Supplies and Services - Council Tax (£)	£0.00	£0.71	£0.96	£1.41	£2.90
Supplies and Services - Electricity, Gas & Water (£)	£16.66	£25.28	£44.64	£58.89	£63.02
Supplies and Services - Trade Waste (£)	£1.23	£3.71	£5.85	£6.16	£13.64
Supplies and Services - Transport (£)	£0.00	£1.44	£1.92	£2.99	£8.75
Staffing - Other Care Home Staff (£)	£1.30	£3.15	£4.05	£9.09	£14.63
Supplies and Services Costs	**£89.87**	**£115.06**	**£123.28**	**£141.38**	**£192.62**
Head Office - Central/Regional Management Staff (£)	£0.00	£0.00	£6.90	£11.22	£27.19
Head Office - Support Services (£)	£6.14	£24.09	£47.03	£57.71	£100.72
Head Office - Recruitment (£)	£0.97	£2.38	£5.37	£12.02	£14.96
Head Office - Other Head Office Costs (£)	£0.00	£4.45	£11.29	£27.08	£34.42
Head Office Costs	**£15.15**	**£32.21**	**£72.56**	**£111.26**	**£130.86**
Carer Staff (£) - without nursing enhanced (dementia	**£288.23**	**£335.70**	**£411.74**	**£441.68**	**£478.63**
Return on operations 2021 (£)	£0.00	£57.97	£124.44	£138.33	£168.33
Return on capital 2021 (£)	£0.00	£61.98	£124.92	£150.47	£199.77
Total (£) - care home occupied beds without nursing	**£858.75**	**£964.88**	**£1,070.42**	**£1,209.26**	**£1,514.77**

E. Reference Data Table [care homes with nursing]

IESE Location ID Location Name	LOW	LQ (25%)	MEDIAN	UQ (75%)	HIGH
Therapy Staff (£)	£0.00	£0.00	£0.00	£0.00	£0.00
Activity Staff (£)	£0.00	£1.44	£6.56	£7.87	£9.41
Service Management (£)	£0.00	£26.44	£31.60	£36.73	£50.68
Reception (£)	£0.00	£7.66	£10.69	£18.73	£80.87
Chefs/Cooks (£)	£10.03	£23.21	£26.29	£44.11	£54.23
Domestic Staff (£)	£52.13	£55.69	£63.25	£72.35	£81.19
Maintenance Staff (£)	£0.00	£1.09	£4.53	£9.32	£26.19
Other Care Home Staff (£)	£0.00	£0.00	£0.00	£25.98	£61.88
Staffing Costs	**£668.79**	**£765.97**	**£799.61**	**£886.70**	**£1,101.09**
Premises - Fixtures and Fittings (£)	£2.44	£4.14	£8.63	£11.75	£28.80
Premises - Repairs & Maintenance (£)	£10.91	£15.73	£19.32	£59.11	£74.96
Premises - Furniture, Furnishings and Equipment (£)	£0.00	£2.98	£7.77	£10.63	£19.90
Premises - Other Premises Costs (£)	-£16.10	£0.00	£0.00	£1.70	£2.68
Premises Costs	**£21.66**	**£34.48**	**£46.46**	**£60.58**	**£102.23**
Premises - Food Costs (£)	£22.99	£24.85	£29.94	£40.07	£47.80
Supplies and Services - Domestic cleaning (£)	£0.00	£7.34	£7.66	£8.01	£10.78
Supplies and Services - Medical Supplies (£)	£0.00	£0.04	£0.74	£3.28	£5.59
Supplies and Services - PPE (£)	£0.00	£0.00	£0.43	£1.74	£5.14
Supplies and Services - Office Supplies (£)	£0.00	£0.52	£1.30	£5.23	£7.64
Supplies and Services - Insurance (£)	£0.00	£1.92	£2.55	£7.25	£10.97
Supplies and Services - Reg Fees (£)	£1.04	£2.94	£3.41	£4.13	£11.79
Supplies and Services - Telephone & Internet (£)	£0.58	£0.82	£1.60	£1.95	£7.36
Supplies and Services - Council Tax (£)	£0.48	£0.59	£0.85	£1.31	£2.44
Supplies and Services - Electricity, Gas & Water (£)	£16.83	£29.29	£40.11	£57.91	£78.10
Supplies and Services - Trade Waste (£)	£0.00	£0.16	£3.01	£6.65	£8.25
Supplies and Services - Transport (£)	£0.15	£0.82	£2.68	£4.64	£8.75
Staffing - Other Care Home Staff (£)	£1.10	£2.38	£3.27	£4.50	£9.46
Supplies and Services Costs	**£72.52**	**£101.72**	**£118.02**	**£132.39**	**£136.29**
Head Office - Central/Regional Management Staff (£)	£0.00	£27.23	£57.34	£59.68	£210.21
Head Office - Support Services (£)	£0.00	£0.57	£5.34	£25.76	£42.40
Head Office - Recruitment (£)	£0.00	£0.31	£2.40	£4.82	£8.58
Head Office - Other Head Office Costs (£)	£0.00	£0.00	£0.00	£1.16	£23.13
Head Office Costs	**£15.15**	**£60.87**	**£76.37**	**£91.57**	**£210.21**
Carer Staff (£) - nursing residents	**£312.11**	**£366.31**	**£395.40**	**£461.65**	**£482.48**
Nursing Staff (£) - nursing residents	**£23.47**	**£178.33**	**£283.79**	**£327.60**	**£479.45**
Return on operations 2021 (£)	##########	£54.18	£98.68	£115.60	£121.11
Return on capital 2021 (£)	##########	£10.26	£46.13	£54.76	£190.00
Total (£) - care home occupied beds with nursing	**##########**	**£1,027.65**	**£1,151.51**	**£1,379.65**	**£1,462.60**

F. Reference Data Table [care homes with nursing, enhanced]

IESE Location ID Location Name	LOW	LQ (25%)	MEDIAN	UQ (75%)	HIGH
Therapy Staff (£)	£0.00	£0.00	£0.00	£0.00	£0.00
Activity Staff (£)	£0.00	£4.71	£9.41	£11.75	£14.09
Service Management (£)	£30.38	£32.05	£33.72	£61.44	£89.15
Reception (£)	£8.27	£8.77	£9.26	£17.27	£25.28
Chefs/Cooks (£)	£18.76	£33.42	£48.08	£48.65	£49.21
Domestic Staff (£)	£73.81	£83.10	£92.39	£98.77	£105.14
Maintenance Staff (£)	£4.69	£9.04	£13.38	£16.91	£20.44
Other Care Home Staff (£)	£0.00	£0.00	£0.00	£25.51	£51.01
Staffing Costs	**£910.83**	**£957.36**	**£1,003.89**	**£1,048.18**	**£1,092.47**
Premises - Fixtures and Fittings (£)	£0.00	£1.91	£3.82	£8.10	£12.37
Premises - Repairs & Maintenance (£)	£22.04	£22.18	£22.31	£44.13	£65.94
Premises - Furniture, Furnishings and Equipment (£)	£0.00	£0.36	£0.72	£5.32	£9.91
Premises - Other Premises Costs (£)	£0.00	£1.14	£2.27	£46.90	£91.52
Premises Costs	**£26.85**	**£36.72**	**£46.59**	**£102.03**	**£157.46**
Premises - Food Costs (£)	£25.32	£27.31	£29.30	£44.30	£59.30
Supplies and Services - Domestic cleaning (£)	£6.33	£6.82	£7.31	£8.22	£9.12
Supplies and Services - Medical Supplies (£)	£0.00	£0.08	£0.16	£3.07	£5.98
Supplies and Services - PPE (£)	£0.00	£2.44	£4.87	£4.98	£5.09
Supplies and Services - Office Supplies (£)	£0.42	£3.35	£6.27	£6.96	£7.64
Supplies and Services - Insurance (£)	£8.64	£10.87	£13.10	£14.18	£15.26
Supplies and Services - Reg Fees (£)	£3.06	£3.21	£3.35	£5.73	£8.11
Supplies and Services - Telephone & Internet (£)	£1.20	£1.46	£1.71	£1.86	£2.00
Supplies and Services - Council Tax (£)	£0.76	£0.89	£1.01	£1.96	£2.90
Supplies and Services - Electricity, Gas & Water (£)	£41.82	£52.39	£62.96	£62.99	£63.02
Supplies and Services - Trade Waste (£)	£3.71	£4.54	£5.37	£9.14	£12.90
Supplies and Services - Transport (£)	£1.44	£4.03	£6.61	£7.68	£8.75
Staffing - Other Care Home Staff (£)	£1.30	£2.67	£4.03	£4.04	£4.05
Supplies and Services Costs	**£115.26**	**£125.78**	**£136.29**	**£164.46**	**£192.62**
Head Office - Central/Regional Management Staff (£)	£0.00	£0.00	£0.00	£12.05	£24.09
Head Office - Support Services (£)	£10.03	£33.87	£57.71	£79.22	£100.72
Head Office - Recruitment (£)	£3.57	£7.06	£10.54	£12.59	£14.64
Head Office - Other Head Office Costs (£)	£0.00	£0.78	£1.55	£17.99	£34.42
Head Office Costs	**£15.15**	**£63.21**	**£111.26**	**£121.06**	**£130.86**
Carer Staff (£) - nursing residents	**£390.67**	**£401.21**	**£411.74**	**£438.22**	**£464.70**
Nursing Staff (£) - nursing residents	**£341.05**	**£344.20**	**£347.35**	**£351.28**	**£355.21**
Return on operations 2021 (£)	£57.97	£74.45	£90.93	£129.63	£168.33
Return on capital 2021 (£)	£0.00	£30.99	£61.98	£100.99	£140.00
Total (£) - care home occupied beds with nursing enh	**£1,199.79**	**£1,298.29**	**£1,396.78**	**£1,629.45**	**£1,862.12**

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Sefton Council