

## Fair Cost of Care Return Annex B: 65+ Care Homes

### Providers in Borough

There are 12 care homes in Haringey registered to support older adults. All 12 provide Residential services and only 1 provides Nursing support. Of the 12 care homes Haringey chose not to survey 4 of them as 1 of these had closed, and the remaining 3 are dual designated to support both older and younger adults, however currently and historically the majority of residents are under 65 in these locations. Of the 8 providers surveyed, 7 are residential homes and one is a dual registered residential and nursing home.

### Provider Engagement

Multiple and sustained efforts have been made to engage collectively and individually with all 8 of the remaining providers (8 residential providers, and 1 also providing Nursing care), starting on 26 May 2022 with an email to all locations outlining requirements and process, followed by a dedicated provider forum on 9 June 2022.

Key contacts were sort for each location and communication was via regular group and individual email as well as frequent phone calls to offer help and support. Providers were also signposted to the available external advice and support options.

Briefings, updates and opportunities to raise issues and ask questions were provided at our monthly online Provider Forums, and an online Zoom session was organised with the Care Provider Alliance to demo the tool itself and answer any questions.

The initial deadline for receiving submissions was 10 July 2022, however, for those who did not submit further extensions were agreed on a case-by-case basis, with the last submission accepted in mid-August.

Data queries were made via the iESE tool, accompanied by follow-up emails and phone calls to individual locations notifying them that queries had been sent and also requesting verification documentation. Again, an initial deadline of 24 July 2022 was set for locations to respond to these requests, and subsequently extended to 14 August 2022, with further extensions agreed on a case-by-case basis.

Despite best efforts some providers did not engage with the process for various reasons such as lacking the skills/access to finance colleagues to be able to provide information at a suitable level to be used in the calculations, or simply providing their own fair cost figure without further engagement with Haringey Council

### Data Collection

Data was collected using the IESE data collection tool. All providers were asked to register with the tool and enter the requested data there. The entirety of requested data included:

- Actual expenditure for 2021-22 year broken down into the actual Annex A Section 3 table lines (e.g., Nursing Staff Costs, Staff Costs..., Fixtures and Fittings, R&M..., Food Supplies, Domestic & Cleaning... etc.)
- The providers expected uplift/inflation for each expenditure line to bring it to 2022/23 prices
- The providers approach to ROO and their ROO figure (for 2021/22 and 2022/23) to be a sustainable operation

- The providers approach to ROC. Whether their property is Rented or not. Their annual rental amount if rented. The value of their property if owned. The providers ROC figure (for 2021/22 and 2022/23) to be a sustainable operation
- Occupancy rates for 2021/22 and as at April 2022
- Weekly Staffing hours for each staff type (Nursing Staff, Nursing Assistants, Senior Carers, Carers). Providers were given the ability to specify multiple unit types with differing staffing hours (e.g., for Dementia and non-Dementia beds), however in all the returns received only 1 unit type was provided. A breakdown of weekly agency hours was also included
- Direct Staff costs. This included a breakdown of On costs (average % on payroll for Employers NI, Pension Contributions, Apprenticeship). A breakdown of Cover costs (average number of days per employee for Holiday, Training, Sickness, Maternity, Suspension, Other). The Hourly cost of each staff type, and each agency staff type.

Data was collected between 01/07/2022 and 07/08/2022. The tool allowed Haringey to query any anomalous or inconsistent data with the provider who could then adjust and comment in return. Providers were also subsequently asked to provide supporting information/evidence for the figures they included in the return for 2021/22 expenditure, and for staffing hours. This process was undertaken between 07/08/2022 and 06/09/2022.

Of the 8 providers engaged with initially, 4 submitted returns of sufficient quality to be used (50%). One provider submitted incomplete data, despite attempts to engage with the provider to complete the return, it remained incomplete and could therefore not be used.

Only 1 provider subsequently provided suitable supporting evidence that was verified with the return. Haringey has currently used all 4 returns regardless of supporting information as none appeared to be outliers in any regard to the others, despite concerns about the accuracy of the information submitted. Of the 4 submissions used, 3 were residential and 1 was dual residential/nursing (50% and 100% of the in-borough locations, respectively).

## **Methodology for Estimates**

Haringey has taken the providers 2021/22 expenditure figures as provided, however for the additional calculations (uplift, ROO, ROC) Haringey has chosen to use its own figures/calculations as follows:

### **Occupancy**

Where providers occupancy levels were significantly lower than 90% due to underutilisation this created outliers in the “per bed” calculations where occupancy levels were used. Providers with occupancy levels below 90% have had their occupancy adjusted to 90% in the calculations in order to give a more accurate per bed figure, on the basis that this is consistent with homes in the area and reflects the wider position.

### **Uplift to 2022/23 for Expenditure**

Providers did provide their uplift percentages for each expenditure line in the initial return, though Haringey has chosen to use an 8% flat uplift to all costs for 2022/23. This is because this is in line with both the average percentage uplift in the providers returns and the current inflation rate for this year.

### **ROO**

Providers ROO were all based on a percentage mark up from operating costs. Haringey has chosen to use a 5% mark up on operating costs. Local market analysis undertaken by Care Analytics indicates that most charities operate with lower than 5% surplus expectations, sometimes with as low as 2% (which is breakeven with a buffer). By contrast most for-profit

care home providers will have operating profit expectations far above 5%, however provider profit expectations is a question of negotiation in the context of market forces rather than a cost to be modelled. NCL as a whole has therefore taken 5% as a reasonable assumption.

### ROC

Haringey has chosen to use 5% as its ROC mark up. Where properties are rented the ROC per bed per week has been calculated as  $(\text{Annual Rent Cost} + 5\%) / 52.14 / (\text{Nr of Beds})$ . Where the property is owned this has been calculated as  $(\text{Property Value} * 5\%) / 52.14 / (\text{Nr of Beds})$ . A ROC of 5% has been used as this puts the median values between £129-143. This is in line with the BRMA reference rents for Haringey which state £130. This is also in line with the calculated return percentages given by the providers (excluding one significant outlier).

### Enhanced Service Split

Within the tool providers had the opportunity to provide different staffing levels for different unit types, stating the types of beds included within each. However, in all returns only one unit type was entered, leading to there being no differentiation between non-enhanced and enhanced bed types, despite all providers having a mixture of both. As such Haringey's return for fair cost of care uses the same figure for both as we are unable, on the information available, to accurately calculate a figure for each type separately.

### Median Calculation

Given that of the providers whose submitted data has been used in the final figures endeavoured to include all costs, all zero values have been included within quartile calculations, and therefore the number of observations for each line is 4 (for residential). This is because if the sole reasons for lines being zero value are classification of items (e.g., one provider outsourced all catering and so Chef/Cook figures is included within Food supplies), or that the line being a zero value is accurate, then ignoring zero values in the median calculation would lead to artificially inflating the overall figure. For each line in Annex A and in the tables below the median value is calculated, and the final total figure is a summation of all the median values.

### Use of FCoC Outputs

Whilst best efforts have been put in by both Haringey Council and providers engaged with there are multiple issues with the final result that lead it to be difficult to take as a stand alone answer to a fair cost value.

Notably there is simply such a small sample size for Haringey to calculate a median figure from. Residential had only 4 returns, whilst Nursing had only 1. With a sample size of a small order the error margin for reporting median and quartile results as required by the FCoC exercise can be very large. Further it is generally better with small sample sizes to use equal weighting for each provider, rather than weight results by branch size. This minimises the impact of error caused by individual surveys; however, this is not ideal as small providers then have undue influence on the overall results.

Despite multiple requests only 1 provider substantiated their figures with suitable supporting evidence to verify the figures in their return. Whilst the remainder of responses were not significantly out of line when looking at grouped cost outcomes, this does mean that the majority of information included within the final submission is unvalidated.

Furthermore, the cost information given by providers are significantly higher than existing pay rates of the council and other comparable local authorities, with evidence of self-funder income for just one location where cross subsidy might be a factor.

Given the above, for residential care, Haringey will use the fair cost of care exercise to develop our inflationary uplift plans for 2023/24 and beyond alongside other intelligence such as our local cost analysis commissioned from Care Analytics, and importantly affordability for the Local Authority and availability of funding. However, for nursing care, for which we have just one, unvalidated, data point, we will use the fair cost of care to further our external cost analysis from Care Analytics and use this to develop our inflationary uplift plans for 2023/24 and beyond subject again to what is affordable to the Local Authority.

For out of borough placements, we will consider the host borough's approach to fair cost of care.

## Annex A Median Values by Care Type

Cost of care exercise results - all cells should be £ per resident per week, MEDIANS.	65+ care home places without nursing	65+ care home places without nursing, enhanced needs	65+ care home places with nursing	65+ care home places with nursing, enhanced needs
<b>Total Care Home Staffing</b>	<b>£532.69</b>	<b>£532.69</b>	<b>£848.51</b>	<b>£848.51</b>
Nursing Staff	£0.00	£0.00	£247.75	£247.75
Care Staff	£411.63	£411.63	£578.06	£578.06
Therapy Staff (Occupational & Physio)	£0.00	£0.00	£0.00	£0.00
Activity Coordinators	£10.54	£10.54	£0.00	£0.00
Service Management (Registered Manager/Deputy)	£52.59	£52.59	£21.30	£21.30
Reception & Admin staff at the home	£7.33	£7.33	£0.00	£0.00
Chefs / Cooks	£11.95	£11.95	£0.00	£0.00
Domestic staff (cleaning, laundry & kitchen)	£27.45	£27.45	£0.00	£0.00
Maintenance & Gardening	£5.78	£5.78	£0.00	£0.00
Other care home staffing (please specify)	£5.43	£5.43	£1.41	£1.41
<b>Total Care Home Premises</b>	<b>£43.45</b>	<b>£43.45</b>	<b>£58.11</b>	<b>£58.11</b>
Fixtures & fittings	£6.10	£6.10	£0.00	£0.00
Repairs and maintenance	£23.32	£23.32	£33.06	£33.06
Furniture, furnishings and equipment	£14.03	£14.03	£15.90	£15.90
Other care home premises costs (please specify)	£0.00	£0.00	£9.14	£9.14
<b>Total Care Home Supplies and Services</b>	<b>£128.97</b>	<b>£128.97</b>	<b>£145.13</b>	<b>£145.13</b>
Food supplies	£38.94	£38.94	£44.28	£44.28
Domestic and cleaning supplies	£8.23	£8.23	£11.53	£11.53
Medical supplies (excluding PPE)	£5.23	£5.23	£14.66	£14.66
PPE	£1.08	£1.08	£2.17	£2.17
Office supplies (home specific)	£5.91	£5.91	£2.40	£2.40
Insurance (all risks)	£8.30	£8.30	£6.43	£6.43
Registration fees	£3.74	£3.74	£3.60	£3.60
Telephone & internet	£3.57	£3.57	£1.63	£1.63
Council tax / rates	£5.25	£5.25	£16.77	£16.77
Electricity, Gas & Water	£32.31	£32.31	£10.59	£10.59
Trade and clinical waste	£5.93	£5.93	£13.46	£13.46
Transport & Activities	£3.06	£3.06	£4.65	£4.65
Other care home supplies and services costs (please specify)	£7.41	£7.41	£12.97	£12.97
<b>Total Head Office</b>	<b>£76.10</b>	<b>£76.10</b>	<b>£68.12</b>	<b>£68.12</b>
Central / Regional Management	£44.58	£44.58	£34.95	£34.95
Support Services (finance / HR / legal / marketing etc.)	£18.05	£18.05	£21.41	£21.41
Recruitment, Training & Vetting (incl. DBS checks)	£13.48	£13.48	£11.75	£11.75
Other head office costs (please specify)	£0.00	£0.00	£0.00	£0.00
<b>Total Return on Operations</b>	<b>£43.67</b>	<b>£43.67</b>	<b>£53.69</b>	<b>£53.69</b>
<b>Total Return on Capital</b>	<b>£142.92</b>	<b>£142.92</b>	<b>£129.20</b>	<b>£129.20</b>
<b>TOTAL</b>	<b>£967.79</b>	<b>£967.79</b>	<b>£1,302.77</b>	<b>£1,302.77</b>

**Number of Observations and Quartiles by Type:**  
**Residential:**

Residential Cost of care exercise results - all cells should be £ per resident per week	Nr of Observations	Lower Quartile	Median	Upper Quartile
<b>Total Care Home Staffing</b>	4	£410.12	£532.69	£738.54
Nursing Staff	4	£0.00	£0.00	£0.00
Care Staff	4	£365.27	£411.63	£477.14
Therapy Staff (Occupational & Physio)	4	£0.00	£0.00	£0.00
Activity Coordinators	4	£0.00	£10.54	£22.40
Service Management (Registered Manager/Deputy)	4	£43.79	£52.59	£83.57
Reception & Admin staff at the home	4	£0.00	£7.33	£15.03
Chefs / Cooks	4	£0.00	£11.95	£31.22
Domestic staff (cleaning, laundry & kitchen)	4	£0.00	£27.45	£59.38
Maintenance & Gardening	4	£0.00	£5.78	£13.73
Other care home staffing (please specify)	4	£1.06	£5.43	£36.07
<b>Total Care Home Premises</b>	4	£29.27	£43.45	£81.45
Fixtures & fittings	4	£0.00	£6.10	£14.33
Repairs and maintenance	4	£19.31	£23.32	£27.01
Furniture, furnishings and equipment	4	£9.95	£14.03	£37.82
Other care home premises costs (please specify)	4	£0.00	£0.00	£2.29
<b>Total Care Home Supplies and Services</b>	4	£80.10	£128.97	£194.31
Food supplies	4	£31.83	£38.94	£46.19
Domestic and cleaning supplies	4	£7.07	£8.23	£9.63
Medical supplies (excluding PPE)	4	£2.69	£5.23	£9.34
PPE	4	£0.00	£1.08	£2.32
Office supplies (home specific)	4	£2.12	£5.91	£10.20
Insurance (all risks)	4	£5.83	£8.30	£13.03
Registration fees	4	£3.53	£3.74	£3.95
Telephone & internet	4	£2.81	£3.57	£6.17
Council tax / rates	4	£1.34	£5.25	£10.99
Electricity, Gas & Water	4	£16.88	£32.31	£52.38
Trade and clinical waste	4	£3.37	£5.93	£8.90
Transport & Activities	4	£1.26	£3.06	£6.34
Other care home supplies and services costs (please specify)	4	£1.38	£7.41	£14.89
<b>Total Head Office</b>	4	£47.02	£76.10	£124.49
Central / Regional Management	4	£26.21	£44.58	£66.54
Support Services (finance / HR / legal / marketing etc.)	4	£11.99	£18.05	£31.76
Recruitment, Training & Vetting (incl. DBS checks)	4	£8.81	£13.48	£24.45
Other head office costs (please specify)	4	£0.00	£0.00	£1.74
<b>Total Return on Operations</b>	4	£43.30	£43.67	£46.58
<b>Total Return on Capital</b>	4	£123.50	£142.92	£167.82
<b>TOTAL</b>	4	£733.32	£967.79	£1,353.18