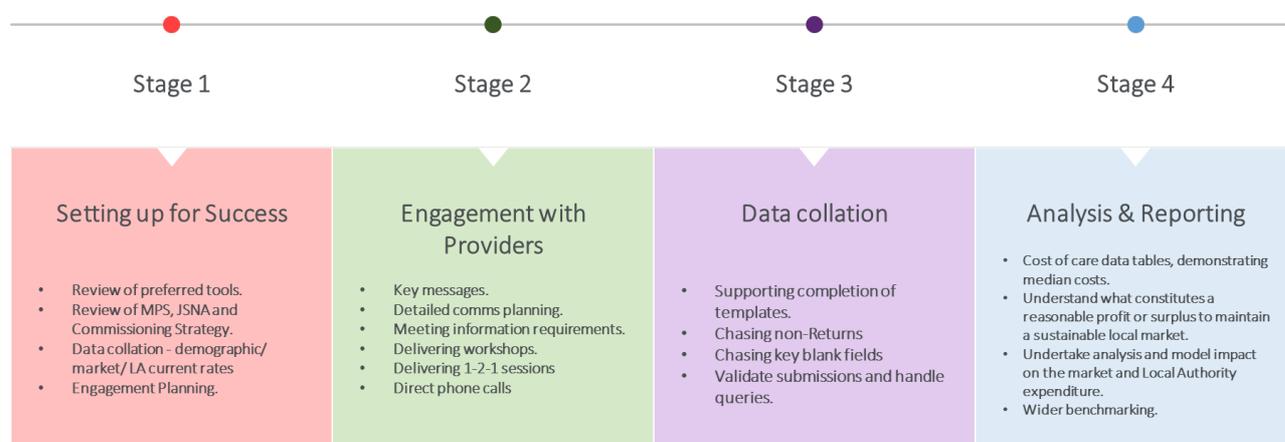


Cost of Care Report – 65+ Residential & Nursing Care Homes

Cost of Care Project Methodology

Cost of Care Stages

The project was split up into 4 key stages with each of the actions listed in the below graphic.



Tool Used for the Exercise

Bristol City Council's preference was for Peopletoo to utilise the Care Home Fair Cost of Care Toolkit developed by Iese and recognised Nationally as the preferred tool to complete this exercise.

This is a recognised tool already in use by a third of councils & 50 providers across the UK to support cost management and commissioning process for adults and children's services.

The tool was designed and developed specifically to include all key cost fields for data collection, with specific reporting functionality to enable analysis in line with DHSC requirements. The tool also provided a communication channel between commissioners, supporting consultancy organisations, and local providers to enable in-depth validation and query relating to the specific detail included in provider's returns.

Validation Process

The following diagram details Peopletoo's validation process implemented throughout the analysis and review stage of the exercise.

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Data Collection Period

Providers were asked to submit their April 2021- March 2022 costing via the Iese tool and were given the option to suggest a percentage uplift across the cost lines to denote where they are seeing increased costs from April 22.

Whilst the April 2021 - March 2022 data submitted by providers has been used for the main part of the analysis, all of the uplift information also supplied by providers has been reviewed to support the method of uplifting these costs to April 2022. This method has been detailed further down in the report.

Treatment of Outliers

Our best effort has been made to resolve any concerns about data supplied with providers as shown in our validation process.

Where we have been unable to get a response from a provider around cost queries submitted, and they were considerably outside the ranges of data we have seen for Bristol City Council, we have flagged those submissions as outliers and then agreed the approach to be taken with BCC. Details of the exclusions have been listed below, along with the approach as to why.

Exclusions made:

- 6 submissions excluded from Annex A calculations

Reasons for exclusions:

- 4x provider submissions were blank

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- 2x provider ROO/ROC Total considerably outside of range for Bristol (42% ROO & £545 ROC per bed)

Other queries were raised around carer/ nursing hours per resident per week varying – possible representing varying levels of complexity of residents within home and so we have chosen to exclude these submissions in our analysis.

Challenges in the Data

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

Accuracy of data provided

As evidenced above, the validation process was extensive, however the number of errors in the data that were resolved highlight the challenge of inaccurate data being submitted initially. As all not all queries were resolved and the validation process involved identifying outliers the veracity of the final data can not be guaranteed.

A higher number of returns from Residential Homes with Nursing

The returns provide greater representation of the 2 nursing categories, representing 88% of the beds occupied in the homes. This has an overall impact on the returns submitted and assurance of costs for home without nursing. This is further compounded with self funder costs, more details as to which are listed further down the report.

Accuracy of self-reported occupancy levels

The occupancy figures required by the exercise are to be representative of full year 2021/22. Firstly, this would not be a 'normal' year upon which to base a costing exercise due to the impact of the Covid-19 pandemic on care home occupancy. Secondly, self-reported levels of occupancy in Bristol are lower than commissioners would expect based on local records held.

The impact of Covid-19

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

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

In setting a cost of care locally, commissioners would like to be able to model several scenarios such as higher occupancy and lower Return on Operations and Return on Capital

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figures to better reflect an accurate locally position. At the time of writing this report, there is limited availability in the toolkit to undertake this modelling. This is a challenge gaining ground at a National level, with other commissioners wishing to undertake similar modelling activity.

Impact of Self Funders

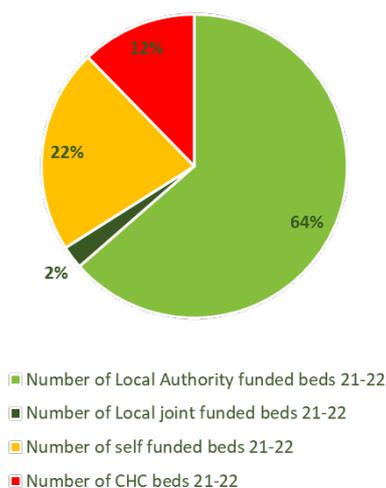
On 30 November 2017, the Competition and Markets Authority (CMA) published the final report of its market study into residential and nursing care homes for older people. The CMA’s Key findings included that self funders on average paid 41% more than local authority funded residents for the same care. The self funder market in Bristol is substantial with an estimated 38% of Care Home beds occupied by Self-Funders. This figure would suggest that some 880 people are funding their own care within the area.

Care Setting	Self-funded Service Users (%)
Care Homes	38%
Community Care	21%

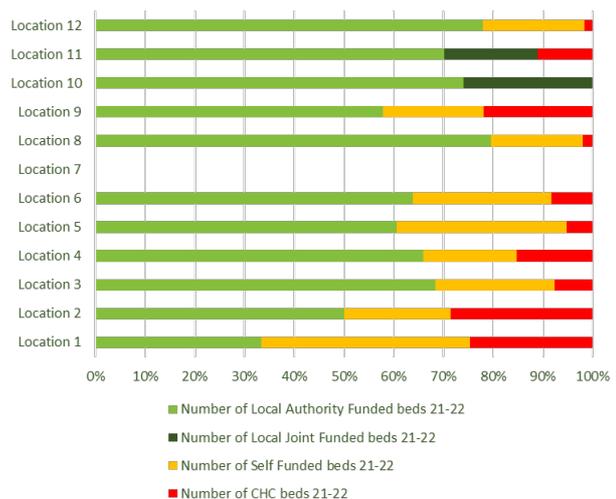
Source: [Care homes and estimating the self-funding population, England - Office for National Statistics \(ons.gov.uk\)](https://ons.gov.uk)
[Estimating the size of the self-funding population in the community, England - Office for National Statistics \(ons.gov.uk\)](https://ons.gov.uk)

The pie chart below shows the representation of different funding types from the sample of data submitted by providers and the table shows the percentage of beds occupied by self-funders in each of the returns:

Representation by Funding Type (21-22)



Resident Funding Split by Submission



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Care Home Providers Engagement and Representation

Engagement Plan

The following graphic shows the engagement plan and process set out with providers.



Engagement Summary

Critical to the success of the Cost of Care exercise was engagement with commissioned and registered care providers in Bristol, where the strength of strategic, trusted relationships with the Council varied. Peopletoo were commissioned to lead this exercise who brought with them a wealth of experience and skill in engaging providers from across the breadth of adult social care services, building relationships, and exploring difficult questions to enable and provide access to key information.

The framing around the exercise at the outset was crucial in supporting engagement with providers, and collaboration with local commissioners was central to the development of an effective communication plan, with key messages focusing on strategic relationship-building, mutual sustainability for the future and improving outcomes together. Effective and timely communication with the provider market prior to the commencement of the exercise was critical – clearly setting out exercise goals, timescales, and information requirements, plus a named key point of contact to ensure that providers could receive continual feedback throughout the process.

As well as utilising key forums and the local Association, Peopletoo were supported by National and Regional engagement and support opportunities which all providers locally were supported and enabled to access to ensure a breadth of information, advice and guidance was available.

A range of engagement and feedback tools to make participation in the exercise easy for providers were established; creating opportunities to meet collectively and individually, both virtually and in-person, to discuss and explore the specific information requirements. Peopletoo ensured that an auditable process for recording provider engagement and

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relevant outcomes of engagement was established, which also captures those that complete the cost of care tool kit, and those who chose not to register on the lease tool.

Peopletoo's skills and experience in provider engagement provided a high level of independence to the exercise, creating open space between providers and local commissioners which often enabled greater discussion and freer information sharing. Barriers to provider engagement included capacity and the availability of time to undertake the exercise, the inability to complete the toolkit due to the way in which accounts were collated at provider level and the inability to split data out against the required cost lines.

The following table shows the breakdown of provider engagement and submissions.

Category	No of Care Homes in Scope	% of Homes in Scope	% of Total No. of Registered Beds in Scope
In Scope	46	N/a	N/a
Registered / Attended Peopletoo Session	12	26%	25%
Engaged with Exercise*	43	93%	97%
Submitted Returns	18	39%	50%
Returns which can be used	12	26%	37%

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

Representation of Market

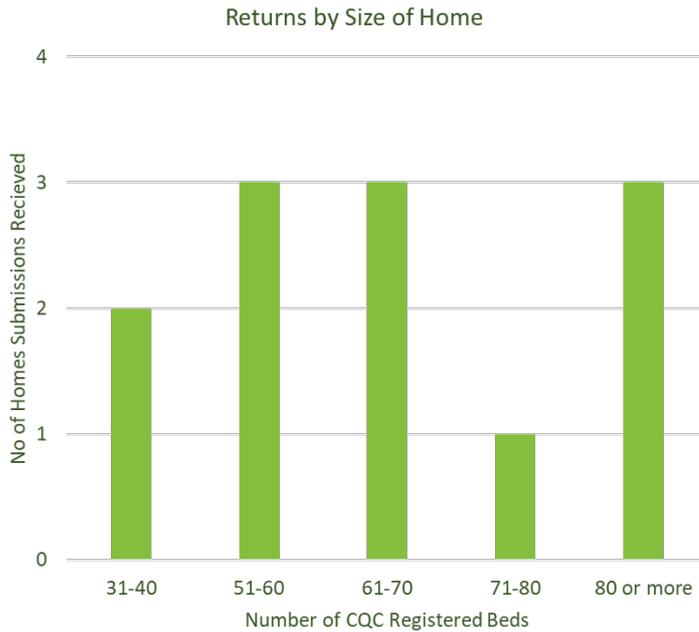
In order to understand the representation of Bristol City Council provider market from the sample data submitted by providers, analysis was undertaken on the size of homes, quality, bed type breakdown and funding type breakdown within the homes and occupancy.

Size of Homes

The graph below shows the care homes represented in the returns data in Annex A by the capacity of home. Overall, the returns represent providers of all sizes ranging from 40 CQC registered beds to 169 beds and the most common size of homes shown in returns was between 51- 70 beds, making up 50% of returns.

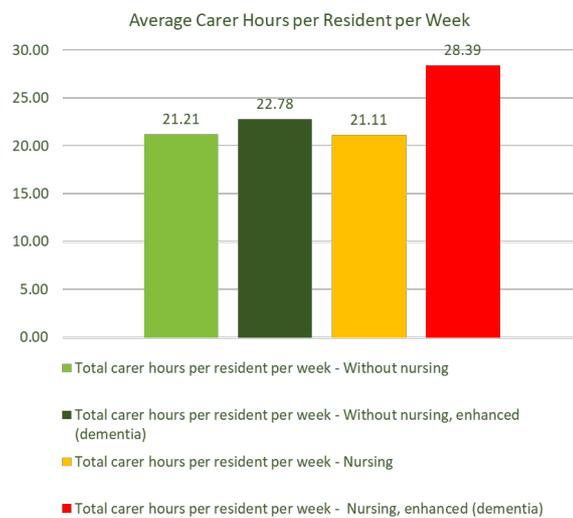
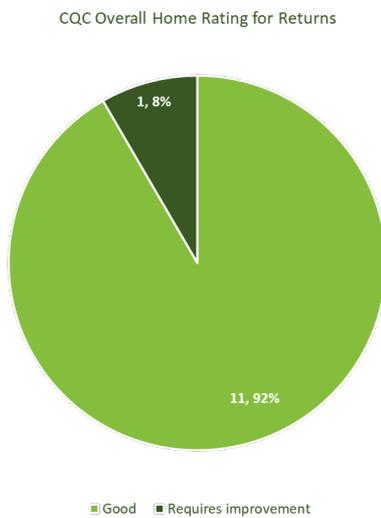
The median number of beds from the returns used to calculate Annex A is 66.5 beds.

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Quality

The below graphs show the CQC quality rating for the homes included in the sample size, along with the average carer hours listed per resident per week.

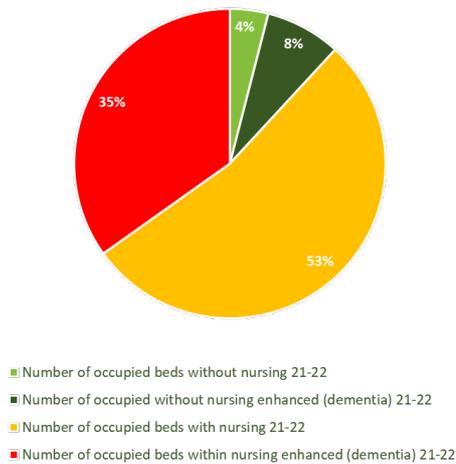


Bed Category Split

The pie chart below shows the representation for each of the 4 categories listed as part of this exercise: Residential, Residential Enhanced, Nursing, Nursing Enhanced.

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Bed Split Represented in Returns (21-22)



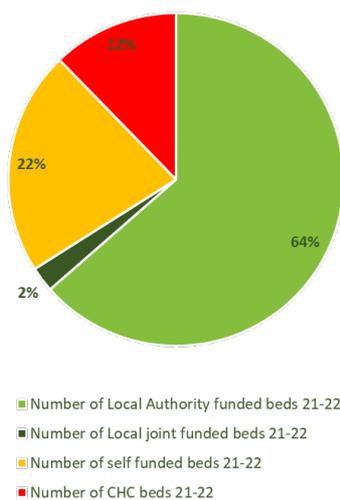
The returns provide greater representation of the two nursing categories, representing 88% of the beds occupied in the homes in comparison to the two residential categories are still represented, just in smaller numbers.

Funding Breakdown

This pie chart below shows the representation of different funding types within the care homes that have submitted returns.

From the sample data received from provider, 64% of the beds occupied were funded by the Local Authority and 22% of the beds occupied were self-funded.

Representation by Funding Type (21-22)



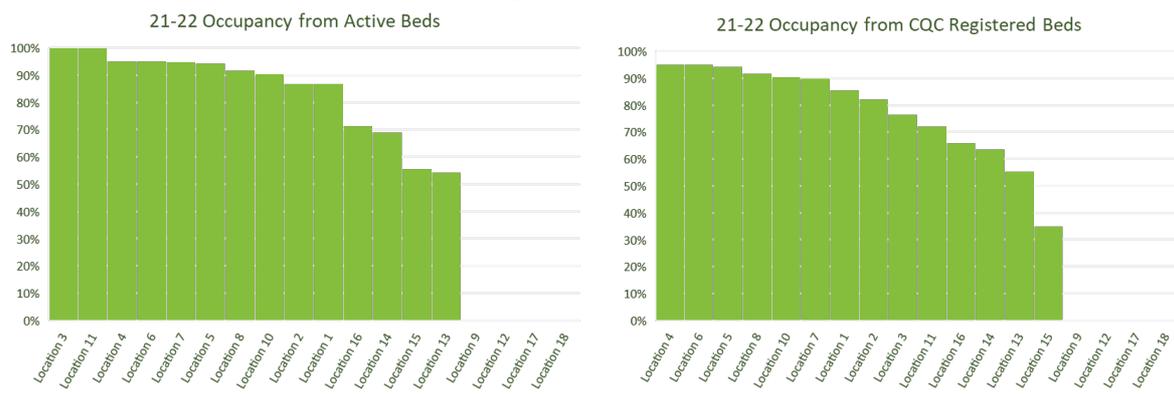
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Occupancy

The below two graphs show the occupancy levels listed by the providers, both from the total number of active bed, and from the total number CQC registered beds.

The average occupancy from active beds for 21-22 data, including those who have submitted occupancy figures, was 85%.

The average occupancy from CQC total number of registered beds, for 21-22 data, including those who have submitted occupancy figures was 78%.



Outcome of Cost Of Care Exercise

This section of the report explains the calculation process, the method for inflating cost from April 2020– March 2021 to April 22 costs, and the Local Authorities approach to return on operations and return on capital. The costs tables from Annex A are also included in this section, along with the lower and upper quartile breakdowns.

Approach to Calculating the Median

There are several methods that can be used to calculate the median values for this Cost of Care exercise. The 2 main options are listed below:

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

Both methods of calculation were analysed to understand the best approach to calculating the data. The most appropriate method selected was Option 1, medians calculated using the end per resident per week costing from each submission. This method was chosen as it would help to overcome where providers have been unable to apportion their costs at each line level.

This calculation of method was used to calculate the figures in Annex A. This method also decreased the interquartile range, in comparison to Option 2.

Both calculations are shown below.

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Option 1: Medians calculated using end per resident per week costings from each submission

Bed Type	Lower Quartile	Median	Upper Quartile
Care Home occupied beds without nursing: Final total	£1,011.67	£1,049.93	£1,101.66
Care Home occupied beds without nursing with dementia: Final total	£1,040.37	£1,126.92	£1,211.82
Care Home occupied beds with nursing: Final total *includes FNC	£1,122.14	£1,281.78	£1,325.96
Care Home occupied beds with nursing, dementia: Final total* includes FNC	£1,327.09	£1,355.40	£1,408.04

Option 2: Medians calculated at line level, summed at subtotals, then subtotals summed

Bed Type	Lower Quartile	Median	Upper Quartile
Care Home occupied beds without nursing: Final total	£843.08	£1,035.35	£1,300.37
Care Home occupied beds without nursing with dementia: Final total	£911.75	£1,117.48	£1,340.60
Care Home occupied beds with nursing: Final total *includes FNC	£971.98	£1,232.90	£1,510.27
Care Home occupied beds with nursing, dementia: Final total* includes FNC	£1,093.46	£1,412.98	£1,705.25

Note: Both above tables exclude submissions found to be outliers and excluded from Annex A calculations

Approach to Inflation

The data collected in the iese tool asks providers to submit their 21-22 costs with an option to apply an uplift for 22-23 cost base. The narrative submitted by care home providers and explored in market sustainability workshops is not dissimilar to the National narrative.

Due to the increasingly competitive nature of recruitment and retention of care staff and increasingly attractive NHS terms and conditions, providers are experiencing and fully expect to continue to experience increasing staffing costs in order to retain their skilled members of staff.

Uncertainty surrounding the cost of utilities is a further issue being raised at a National level by providers and as such, providers are again fully anticipating ongoing increasing pressures across these key cost lines. The predicted increases in many cases have been provided following the receipt of quotes from energy suppliers.

The utilisation of PPE post-pandemic has yet to reduce back down to what providers would classify as 'normal,' and with anticipated increasing winter pressures and potential likelihood of further Coronavirus outbreaks, providers expect that PPE-related costs will continue to increase at least in the short term.

The below table shows the average and median uplift listed by providers, where this was stated:

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% uplift 2021/22 to 2022/23 contained within returns	Average Uplift %	Median Uplift %
Care Home occupied beds without nursing: Final total	14.8%	13.7%
Care Home occupied beds without nursing with dementia: Final total	8.3%	7.3%
Care Home occupied beds with nursing: Final total	10.5%	7.8%
Care Home occupied beds with nursing, dementia: Final total	12.9%	11.1%

Not all providers chose to provide anticipated inflationary/uplift detail in their returns, therefore due to the limitations in the availability of uplift data submitted, and due to the uncertainty of the current financial, political and environmental factors surrounding the Health and Care Sector, Bristol City Council have chosen to take the following approach to uplifting the costs submitted by providers during this exercise:

- In calculating final medians, the council will Inflation the 21/22 reported costs by an estimated inflation rate for 22/23 (provided in the table below).

Type	Rate	Weight	Total	Notes
Pay	6.60%	60.00%	3.96%	NLW
Non-Pay	9.50%	40.00%	3.80%	Average of CPI April to August 2022)
			7.76%	

The below tables show the lower, median and upper quartile costs that have come out from the exercise, both for 21-22 data and for April 2022.

21-22 CoC Lower Quartile, Median & Upper Quartiles:

Bed Type	Lower Quartile	Median	Upper Quartile
Care Home occupied beds without nursing: Final total	£1,011.67	£1,049.93	£1,101.66
Care Home occupied beds without nursing with dementia: Final total	£1,040.37	£1,126.92	£1,211.82
Care Home occupied beds with nursing: Final total *includes FNC	£1,122.14	£1,281.78	£1,325.96
Care Home occupied beds with nursing, dementia: Final total* includes FNC	£1,327.09	£1,355.40	£1,408.04

Inflation Method Applied (7.76%) 22-23 CoC Lower Quartile, Median & Upper Quartiles:

Bed Type	Lower Quartile	Median	Upper Quartile
Care Home occupied beds without nursing: Final total	£1,090.18	£1,131.40	£1,187.15
Care Home occupied beds without nursing with dementia: Final total	£1,121.10	£1,214.37	£1,305.85
Care Home occupied beds with nursing: Final total *includes FNC	£1,209.21	£1,381.25	£1,428.85
Care Home occupied beds with nursing, dementia: Final total* includes FNC	£1,424.95	£1,459.28	£1,482.45

Note: Above tables exclude submissions found to be outliers and excluded from Annex A calculations

Approach to ROO & ROC

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To arrive at cost of care rates for the exercise, an amount for return on operations for home care providers and return on operations and capital for care home providers needs to be added on top of the operating costs.

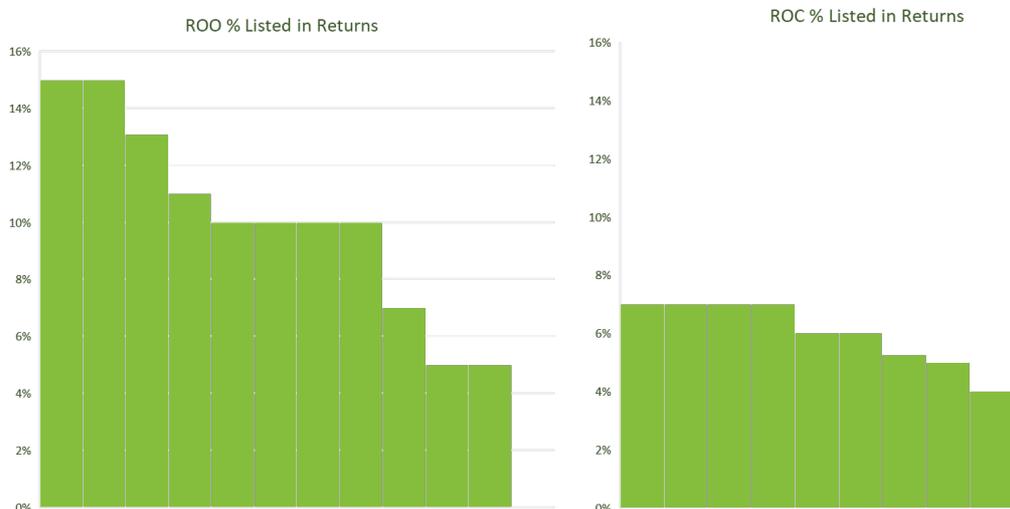
The DHSC guidance advises that these amounts are to be based on judgement of what is needed in a sustainable market informed by returns received, local market analysis and engagement with providers. While the cost of care template is expected to collect some relevant information from provider markets, such as the freehold value of a care home (to which a percentage net rental yield can be applied), some local judgement remains.

It is a requirement, however, that the Council's justification for the approach to return on operations and return on capital is communicated clearly to its provider market at the completion of the exercise.

The Council have indicated that 5% ROO and 5% ROC is a reasonable and acceptable rate locally to ensure sustainable provision for current and future demand in the local market. This is in line with the National position at the time of writing, and mirrors decisions that are being made by regional partners.

Given, however, the current climate and fragility of the market, it is recommended that this is reviewed on an annual review process in line with the Council's fee setting arrangements.

The below tables show the ROO & ROC rates inputted by providers as part of their submission.



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Annex A – Care Homes Part 1

Cost of care exercise results - all cells should be £ per resident per week, MEDIANS.	65+ care home places without nursing	65+ care home places without nursing, enhanced needs	65+ care home places with nursing	65+ care home places with nursing, enhanced needs
Total Care Home Staffing	£583.91	£657.89	£757.28	£927.69
Nursing Staff			£194.10	£198.14
Care Staff	£365.73	£439.70	£344.99	£511.36
Therapy Staff (Occupational & Physio)	£1.34	£1.34	£1.34	£1.34
Activity Coordinators	£13.42	£13.42	£13.42	£13.42
Service Management (Registered Manager/Deputy)	£36.42	£36.42	£36.42	£36.42
Reception & Admin staff at the home	£15.13	£15.13	£15.13	£15.13
Chefs / Cooks	£28.23	£28.23	£28.23	£28.23
Domestic staff (cleaning, laundry & kitchen)	£88.05	£88.05	£88.05	£88.05
Maintenance & Gardening	£17.55	£17.55	£17.55	£17.55
Other care home staffing (please specify)	£18.04	£18.04	£18.04	£18.04
Total Care Home Premises	£61.39	£61.39	£61.39	£61.39
Fixtures & fittings	£13.31	£13.31	£13.31	£13.31
Repairs and maintenance	£26.78	£26.78	£26.78	£26.78
Furniture, furnishings and equipment	£14.53	£14.53	£14.53	£14.53
Other care home premises costs (please specify)	£6.77	£6.77	£6.77	£6.77
Total Care Home Supplies and Services	£116.91	£116.91	£116.91	£116.91
Food supplies	£43.73	£43.73	£43.73	£43.73
Domestic and cleaning supplies	£13.52	£13.52	£13.52	£13.52
Medical supplies (excluding PPE)	£2.80	£2.80	£2.80	£2.80
PPE	£2.14	£2.14	£2.14	£2.14
Office supplies (home specific)	£3.11	£3.11	£3.11	£3.11
Insurance (all risks)	£6.89	£6.89	£6.89	£6.89
Registration fees	£4.43	£4.43	£4.43	£4.43
Telephone & internet	£1.94	£1.94	£1.94	£1.94
Council tax / rates	£1.06	£1.06	£1.06	£1.06
Electricity, Gas & Water	£22.32	£22.32	£22.32	£22.32
Trade and clinical waste	£5.86	£5.86	£5.86	£5.86
Transport & Activities	£3.45	£3.45	£3.45	£3.45
Other care home supplies and services costs (please specify)	£5.66	£5.66	£5.66	£5.66
Total Head Office	£114.69	£114.69	£114.69	£114.69
Central / Regional Management	£20.84	£20.84	£20.84	£20.84
Support Services (finance / HR / legal / marketing etc.)	£73.45	£73.45	£73.45	£73.45
Recruitment, Training & Vetting (incl. DBS checks)	£15.46	£15.46	£15.46	£15.46
Other head office costs (please specify)	£4.94	£4.94	£4.94	£4.94
Total Return on Operations	£105.25	£105.25	£105.25	£105.25
Total Return on Capital	£133.54	£133.54	£133.54	£133.54
TOTAL	£1,131.40	£1,214.37	£1,381.25	£1,459.28

Annex A – Care Homes Part 2

Care Homes - Annex A – Part 2	65+ care home places without nursing	65+ care home places without nursing, enhanced needs	65+ care home places with nursing	65+ care home places with nursing, enhanced needs
Number of location level survey responses received	5	4	11	7
Number of locations eligible to fill in the survey (excluding those found to be ineligible)				
Number of residents covered by the responses (TOTAL)	13.6	52.4	303.4	218
Number of carer hours per resident per week	21.21	22.78	21.11	28.39
Number of nursing hours per resident per week	N/a	N/a	6.72	6.01
Average carer basic pay per hour	£10.43	£10.43	£10.43	£10.43
Average nurse basic pay per hour	N/a	N/a	£18.68	£18.68
Average occupancy as a percentage of active beds	88.6%	88.6%	88.6%	88.6%
Freehold valuation per bed	£ 90,657.00	£ 90,657.00	£ 90,657.00	£ 90,657.00