

Harrow Council's Annex B: Market Sustainability and Fair Cost of Care Fund 2022 to 2023 Exercise

The Market Sustainability and Fair Cost of Care Fund sets out funding parameters in support of local authorities to prepare their markets for reform, including the further commencement of Section 18(3) of the Care Act 2014 in October 2023, and to specifically support local authorities to move towards paying providers a fair cost of care.

As a condition of receiving future funding from the fund, local authorities are required to evidence the work undertaken to prepare their markets for wider charging reform and thereby increase market sustainability. This required them to produce:

- Cost of care exercises for 65+ care homes and 18+ domiciliary care
- A provisional market sustainability plan, using the cost of care exercise as a key input to identify risks in the local market, with consideration given to the further commencement of Section 18(3) of the Care Act 2014 (which is currently in force only for domiciliary care) – a final plan will be submitted in February 2023
- A spend report detailing how funding allocated for 2022 to 2023 is being spent in line with the fund's purpose

This report sets out the approach adopted by Harrow Council in meeting the conditions of the fund and how the cost of care estimates submitted to DHSC within Annex A have been arrived at.

Cost of Care Report for 65+ Care Homes

Harrow Council's approach to the cost of care exercise

Harrow Council made an early decision to appoint an organisation to carry out the cost of care exercise on the basis:

- of the valued benefit of using an independent third-party organisation with considerable local experience of care markets
- of the reassurance to providers that their information would be treated confidentially and not shared with the council. This was particularly well received in the provider engagement sessions
- to provide the right focus and expertise we decided to invest some of our grant monies for external support to carry out the work and deliver the analysis required

Harrow Council commissioned Care Analytics to carry out its cost care exercise analysis. Harrow Council coordinated extensive engagement and communications

with of the providers during all stages of the exercise. Care Analytics were similarly commissioned by two other North-West London Local Authorities and ten outside of London.

Care Analytics have specialised in the financial analysis of services in adult social care, it has built its expertise in care markets and the costs of care as a company since 2009, although its owners have further previous experience in the field.

Harrow Council is presenting the data in its original format as offered by Care Analytics.

Provider engagement

Harrow Council made a significant attempt to positively engage with all providers in its border that were in scope. A great deal of officer time was devoted to in completing the exercise, involving several officers in the People's Directorate including Senior Director input and overview.

The range of engagement activities employed are listed below:

- Formal letters
- Dedicated and specific webinars and Team's meetings to the whole group of providers or for smaller groups
- Discussions in the fortnightly bedded care provider forums
- One to one telephone calls and Teams meetings
- Production of Guidance Documents
- Teams meetings with Care Analytics to discuss the process and consider any provider concerns
- The use of a dedicated cost of care email address and quick responses
- Regional engagement with North-West London Local Authorities through the WLA
- Allowing providers to contact Harrow Council and/or Care Analytics directly for any concerns or points of clarification
- Extensions to deadlines in response to provider requests (which meant less time for analysis)
- Chasing up regional or head office staff directly when providers had a policy to provide a response in this manner

Harrow Council sent all providers a detailed Provider Survey designed by Care Analytics to capture the necessary information. Responses were received directly by Care Analytics, rather than by the local authority, in order to address any concerns regarding confidentiality of business data. These returns were reviewed by Care Analytics, with responses clarified where needed, to produce the resulting data analysis of median and quartile costs required from this exercise.

Response rates

There are 24 older adult care homes in Harrow, comprising of 13 residential homes and 11 registered nursing homes. The table below sets out the final submission status of these homes

Care home submission status	No.
Usable submitted surveys using the Care Analytics template	11
Unusable submitted surveys using the Care Analytics template	3
Usable submitted surveys using the IESE portal	4
Unusable submitted surveys using the IESE portal	2
Did not send a submission	4

The table shows:

- **A response rate of 83.3%.**

A total of 20 homes submitted a response directly to Care Analytics or to the IESE portal.

- **A usable response rate of 62.5%.**

Only 15 of the 20 surveys submitted were usable due to data quality issues. The remaining five providers were asked to resubmit returns so that they were usable but chose not to or whose subsequent return was still unusable.

Some older adult nursing homes reported a significant number of residential residents and so their data has been used for both the residential and nursing analysis. Where nursing homes reported only a handful of residential residents (i.e. without nursing), all residents were classified as nursing.

How the cost of care information will be used and data integrity

Harrow Council understands and acknowledges the DHSC's aims in asking Local Authorities to carry out a cost of care exercise. Harrow Council has positively entered into the spirit of the exercise and made genuine efforts for a successful outcome which reflected in its response rates.

However, there are overall conclusion is that the cost of care exercise cannot be a replacement future fee setting and the median rates are just one factor. Data reliability and quality concerns of the exercise are addressed further below.

Fee setting negotiations will continue to be governed by many other factors such as inflation, pending national grant funding settlements, growing demand pressures and the council budget's; regional North-West London fee analysis; local authority commitments to the London Living wage; demographic changes; demand and supply of vacant beds; inflation and of course quality, amongst other factors. This is supported by recent KC legal advice fed back to Local Authorities.

There are several important considerations in terms of the integrity and reliability of the cost of care data in fee setting, which reinforces the above paragraph, which includes the following:

- Around 38% of care homes either did not send a response or whose response was unusable. National and regionally owned larger care homes fed back that they were less likely to complete a return or use the IESE portal which did not have the same level of analysis as the set of questions in the Care Analytics survey.
- The current rising inflation, living and running costs may reduce the accuracy and relevancy of the data submitted before the recent significant market changes. Inflation rates are forecast to reduce over the next few years and the details of the new 6-month energy scheme for businesses and other non-domestic users are yet to be published, are examples of the uncertainty.
- The council somewhat surprised with the results as it is aware that some care homes in Harrow have lower staffing ratios than those that submitted a usable response.
- Whilst some due diligence was carried out on the data provided, there was insufficient time to comprehensively review cost data with providers and no practical ways of scrutinising central overheads. Timescales were extended several times to allow more time for submissions, but this then reduced the time for due diligence given the tight timescales to complete the exercise.
- Different care home operators operating in the local market have different underlying business models. For example, care homes operated by groups have a different level of head office costs than those operated by independent smaller operations. In addition, newer built care homes will inherently have higher capital investments as opposed to older care homes, where mortgages have been considerably reduced or settled over time. These are both key considerations when setting an appropriate return on capital. We would also need to fully assess the impact of post-pandemic occupancy levels in care

homes and any residual impact that, that may be having on unit costs (which again would impact the calculation of an appropriate return on operations).

- DHSC guidance did not provide clear criteria for moderation (e.g. adjusting for Return on Capital/Return on Operations).
- Whilst DHSC guidance recommended querying outliers with providers, however there is no clear line between a cost being inefficient or an outlier.
- Costs can vary significantly from provider to provider, impacted by factors that include the size of the organisation, variations in staff pay rates and use of agency staff. There is also significant variation in Return on Operations costs submitted by home care providers and likewise Return on Capital.
- The suitability of using median as a metric; whilst it is fair to say that the median is less skewed by high outlier values (as opposed to mathematical averages), the median values themselves can be skewed if the dataset does not comprise an appropriate and representative sample of the existing make-up of providers in the local market. Harrow's survey response resulted in a reasonable sample size, but this should be accepted with caution, as this doesn't essentially indicate that the sample was sufficiently representative of the market. It is also vitally important to recognise (and ensure) whether the data that has been obtained reflects an overall pool of efficient providers as referenced. As the median rate simply selects one value in the middle of the range of prices submitted by providers, this does not guarantee that a median rate will correspond with an accurate market rate. Harrow uses a mean average calculation method to determine the iBCF rates. Providers submitted rates of return on operations and capital across a wide range of values, and in some cases with incomplete backing data on how the values were arrived at.
- Variation in the increase of pay for staff, for example, some providers pay the London Living Wage (which increased by 8% this year) compared to those that do not.

Justification of the proposed approach to return on capital and return on operations

The DHSC's document 'Annex E: further detail on capital and return on operations' provided some guidance in support of the calculation of a return on capital and a return on operations. There is a large amount of discretion around the underlying calculation of both elements and expectations of a level of return will differ across provider business structures. Clearly the level of return needs to deal with the layers of risk and desired profit. The approach for the elements used by Care Analytics are as follows:

Return on capital

Care Analytics provisionally used the 'Potential Approach 1' as set out in the DHSC guidance whereby the return on capital value has been calculated using the median freehold value per bed (note: separate valuations have been obtained from this exercise for 65+ residential care and 65+ residential care with nursing care homes). Additionally, this included a provision in the calculation to reflect an estimate for the value of the equipment and furniture in a care home (the equivalent of depreciation). A return on capital has then been calculated using a rate of return on capital of 6.0%. At this stage, this represents a highly provisional figure, and its final value is subject to change as further analysis of the market is undertaken.

The above method is a similar approach to that used within its existing fees model. The alternative DHSC suggested method ('Potential Approach 2') using the Local Housing Allowance for Harrow would potentially generate a lower return.

Return on operations

Return on operations is a mark-up on operating costs. We are aware that to maintain a working market, providers need a reasonable rate of return on operations. The public sector should not be rewarding care home operators with excess profits, but equally should recognise that providers need to make a return to remain in the business and maintain provision. Care Analytics used an input of 5% for a return on operations. This was deemed a fair minimum plausible mark-up, though it was noted that different operating models can produce very different needs for a rate of operating return. The figure should therefore be seen as a guide rather than representing a robust assessment.

There was limited guidance on how to approach this complex area for the cost of care reporting with a large amount of discretion around both return on operations and return on capital.

Lower quartile, median and upper quartile costs

The following two table sets out, for residential and nursing care, details showing the count of observations, lower quartile, median and upper quartile (where relevant) of all items in Annex A, Section 3. To be included in the cost of care analysis, a care home had to report one or both of all their staffing costs and all their non-staffing costs. Where the total observation count is higher than the respective counts for staffing or non-staffing, this will be due to a handful of care homes which only reported either their staffing or their non-staffing data, but not both.

Residential - lower quartile, median and upper quartile costs

Cost of care exercise results – all cells should be £ per resident per week, MEDIANS

Totals for care home staffing

Types of care home staffing	Count of answers	1 st quartile All residential placements (excluding nurses)	Median All residential placements (excluding nurses)	3 rd quartile All residential placements (excluding nurses)
Nursing Staff				
Care Staff	13	£366.41	£404.93	£435.98
Therapy Staff (Occupational and Physio)				
Activity Coordinators	10	£14.06	£16.91	£21.19
Service Management (Registered Manager/Deputy)	13	£43.02	£54.27	£62.87
Reception and Admin staff at the home	10	£18.47	£22.02	£29.23
Chefs/Cooks	11	£32.73	£39.15	£41.75
Domestic Staff (cleaning, laundry, and kitchen)	11	£42.68	£53.05	£60.48
Maintenance and gardening	8	£3.46	£11.41	£17.55
Other care home staffing (please specify)				

Total care home staffing:

- Count of answers: 13
- 1st quartile: £538.86
- Median: £611.94
- 3rd quartile: £615.75

Totals for care home premises

Types if fittings and services	Count of answers	1 st quartile All residential placements (excluding nurses)	Median All residential placements (excluding nurses)	3 rd quartile All residential placements (excluding nurses)
Fixtures and fittings	7	£0.22	£11.74	£16.91
Repairs and maintenance	12	£28.04	£32.42	£62.80
Furniture, furnishing and equipment	8	£2.27	£4.40	£6.91
Other care home premises costs (please specify)				

Total care home premises:

- Count of answers: 13
- 1st quartile: £29.62
- Median: £50.68
- 3rd quartile: £76.51

Totals for care home supplies and services

Type of Supplies and Services	Count of answers	1 st quartile	Median	3 rd quartile
		All residential placements (excluding nurses)	All residential placements (excluding nurses)	All residential placements (excluding nurses)
Food supplies	13	£26.89	£35.66	£40.22
Domestic and cleaning supplies	13	£7.93	£10.06	£11.66
Medical supplies (excluding PPE)	12	£5.09	£8.75	£15.08
PPE	6	£1.45	£2.82	£3.91
Office supplies (home specific)	13	£2.03	£5.55	£7.69
Insurance (all risks)	12	£4.09	£4.40	£13.30
Registration fees	13	£2.27	£3.49	£3.74
Telephone and internet	13	£1.05	£3.08	£6.04
Council tax/rates	11	£1.16	£1.17	£1.71
Electricity, gas and water	13	£21.29	£38.98	£42.73
Trade and clinical waste	11	£3.53	£4.24	£6.40
Transport & Activities	10	£0.65	£0.98	£2.18
Other care home supplies and service costs	12	£4.34	£12.52	£21.98

Total care home supplies and services:

- Count of answers: 13
- 1st quartile: £113.09
- Median: £124.78
- 3rd quartile: £148.79

Totals for head office

Types of head office costs	Count of answers	1 st quartile	Median	3 rd quartile
		All residential placements (excluding nurses)	All residential placements (excluding nurses)	All residential placements (excluding nurses)
Central / Regional Management	7	£11.11	£24.34	£26.53
Support services (finance/HR/legal/marketing etc.)	12	£7.22	£8.91	£33.03
Recruitment, training, & vetting (inc. DBS checks)	10	£0.70	£2.34	£11.15
Other head office costs (please specify)	6	£2.23	£47.88	£130.05

Total head office costs:

- Count of answers: 13
- 1st quartile: £34.48
- Median: £36.35
- 3rd quartile: £73.04

Overall Totals

Totals	Count of answers	1 st quartile	Median	3 rd quartile
		All residential placements (excluding nurses)	All residential placements (excluding nurses)	All residential placements (excluding nurses)
Total Return on Operations		£35.80	£41.19	£45.70
Total Return on Capital		£107.21	£128.98	£228.51
TOTAL		£859.05	£993.92	£1,188.318

Supporting information on important cost drivers used in the calculations:	Count of answers	All residential placements (excluding nurses)	All residential placements (excluding nurses)	All residential placements (excluding nurses)
Number of location level survey responses received	13	13	13	13
Number of locations eligible to fill in the survey (excluding those found to be ineligible)				
Number of residents covered by the responses	13	303	303	303
Number of carer hours per resident per week	13	27.9	29.9	32.5
Number of nursing hours per resident per week				
Average carer basic pay per hour	13	£10.61	£10.86	£11.36
Average nurse basic pay per hour				
Average occupancy as a percentage of active beds	13	87.5%	93.8%	100%
Freehold valuation per bed	5	£77,917	£96,785	£183,043

Nursing - lower quartile, median and upper quartile costs

Cost of care exercise results – all cells should be £ per resident per week, MEDIANS

Totals for care home staffing

Types of care home staffing	Count of answers	1 st quartile All nursing placements	Median All nursing placements	3 rd quartile All nursing placements
Nursing Staff		£215.43	£217.70	£301.56
Care Staff	6	£395.64	£400.57	£416.30
Therapy Staff (Occupational and Physio)				
Activity Coordinators	6	£12.73	£16.91	£19.66
Service Management (Registered Manager/Deputy)	6	£32.04	£32.51	£43.02
Reception and Admin staff at the home	6	£15.60	£18.61	£22.19
Chefs/Cooks	6	£27.38	£29.45	£40.58
Domestic Staff (cleaning, laundry, and kitchen)	6	£63.73	£72.05	£100.21
Maintenance and gardening	6	£9.17	£10.25	£17.55
Other care home staffing (please specify)				

Total care home staffing:

- Count of answers: 6
- 1st quartile: £777.66
- Median: £806.14
- 3rd quartile: £887.23

Totals for care home premises

Types of fittings and services	Count of answers	1 st quartile All nursing placements	Median All nursing placements	3 rd quartile All nursing placements
Fixtures and fittings	5	£0.22	£19.56	£46.83
Repairs and maintenance	6	£31.13	£34.10	£38.85
Furniture, furnishing and equipment	5	£1.19	£2.27	£19.70
Other care home premises costs (please specify)				

Total care home premises:

- Count of answers: 6
- 1st quartile: £36.51
- Median: £59.68
- 3rd quartile: £77.96

Totals for care home supplies and services

Types of supplies and services	Count of answers	1 st quartile	Median	3 rd quartile
		All nursing placements	All nursing placements	All nursing placements
Food supplies	6	£35.66	£36.59	£38.31
Domestic and cleaning supplies	6	£7.93	£15.33	£18.05
Medical supplies (excluding PPE)	6	£8.75	£25.39	£25.72
PPE	1	£2.10	£2.10	£2.10
Office supplies (home specific)	6	£2.48	£3.61	£7.69
Insurance (all risks)	5	£4.09	£8.97	£13.38
Registration fees	6	£3.19	£3.72	£3.99
Telephone and internet	6	£2.29	£5.82	£6.04
Council tax/rates		£0.67	£1.17	£1.37
Electricity, gas and water	6	£23.72	£27.05	£31.38
Trade and clinical waste	6	£3.59	£6.33	£6.40
Transport & Activities	4	£2.23	£6.99	£848
Other care home supplies and service costs	5	£21.98	£22.90	£30.83

Total care home supplies and services:

- Count of answers: 6
- 1st quartile: £124.78
- Median: £141.50
- 3rd quartile: £147.15

Totals for head office costs

Types of head office costs	Count of answers	1 st quartile	Median	3 rd quartile
		All nursing placements	All nursing placements	All nursing placements
Central / Regional Management	5	£11.11	£17.22	£21.13
Support services (finance/HR/legal/marketing etc.)	5	£32.31	£33.03	£68.02
Recruitment, training, & vetting (inc. DBS checks)	5	£9.09	£11.15	£27.75
Other head office costs (please specify)	4	£22.13	£120.11	£138.36

Total head office costs:

- Count of answers: 6
- 1st quartile: £74.20
- Median: £84.66
- 3rd quartile: £138.36

Overall totals

Totals	Count of answers	1 st quartile	Median	3 rd quartile
		All nursing placements	All nursing placements	All nursing placements
Total Return on Operations		£50.66	£54.59	£62.54
Total Return on Capital		£228.51	£228.51	£438.10
TOTAL		£1,292.32	£1,375.00	£1,751.33
Total Less FNC		£1,083	£1,166	£1,542

Supporting information on important cost drivers used in the calculations:	Count of answers	All nursing placements	All nursing placements	All nursing placements
Number of location level survey responses received	6	6	6	6
Number of locations eligible to fill in the survey (excluding those found to be ineligible)				
Number of residents covered by the responses	6	279	279	279
Number of carer hours per resident per week	6	24.7	31.0	32.4
Number of nursing hours per resident per week	6	7.0	9.3	10.8
Average carer basic pay per hour	6	£10.82	£11.14	£11.37
Average nurse basic pay per hour	6	£19.71	£21.00	£21.14
Average occupancy as a percentage of active beds	6	78.2%	81.3%	100%
Freehold valuation per bed	3	£183,043	£183,043	£364,685

The following is the full table in Annex A, Section 3 with one column of median values for each care line.

Cost of care exercise results – all cells should be £ per resident per week, MEDIANS

Totals for care home staffing

Types of care home staffing	All residential placements (excluding nurses)	All nursing placements	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
Nursing Staff		£217.70			£217.70	£217.70
Care Staff	£404.93	£400.57	£377.84	£432.02	£374.76	£426.38
Therapy Staff (Occupational and Physio)						
Activity Coordinators	£16.91	£16.91	£16.91	£16.91	£16.91	£16.91
Service Management (Registered Manager/Deputy)	£54.27	£32.51	£54.27	£54.27	£32.51	£32.51
Reception and Admin staff at the home	£22.02	£18.61	£22.02	£22.02	£18.61	£18.61
Chefs/Cooks	£39.15	£29.45	£39.15	£39.15	£29.45	£29.45
Domestic Staff (cleaning, laundry, and kitchen)	£53.05	£72.05	£53.05	£53.05	£72.05	£72.05
Maintenance and gardening	£11.41	£10.25	£11.41	£11.41	£10.25	£10.25
Other care home staffing (please specify)						

Total for care home staffing:

- All residential placements (excluding nursing): £611.94
- All nursing placements: £806.14
- 65+ care home places without nursing: £584.85
- 65+ care home places without nursing, enhanced needs: £639.03
- 65+ care home places with nursing: £780.33
- 65+ care home places with nursing enhanced: £831.95

Totals for care home premises

Types of care home premises	All residential placements (excluding nurses)	All nursing placements	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
Fixtures and fittings	£11.74	£19.56	£11.74	£11.74	£19.56	£19.56
Repairs and maintenance	£32.42	£34.10	£32.42	£32.42	£34.10	£34.10
Furniture, furnishing and equipment	£4.40	£2.27	£4.40	£4.40	£2.27	£2.27
Other care home premises costs (please specify)						

Total for care home premises:

- All residential placements (excluding nursing): £50.68
- All nursing placements: £59.60
- 65+ care home places without nursing: £50.68
- 65+ care home places without nursing, enhanced needs: £50.68
- 65+ care home places with nursing: £59.60
- 65+ care home places with nursing enhanced: £59.60

Totals for care home supplies and services

Types of supplies and services	All residential placements (excluding nurses)	All nursing placements	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
Food supplies	£35.66	£36.59	£35.66	£35.66	£36.59	£36.59
Domestic and cleaning supplies	£10.06	£15.33	£10.06	£10.06	£15.33	£15.33
Medical supplies (excluding PPE)	£8.75	£25.39	£8.75	£8.75	£25.39	£25.39
PPE	£2.82	£2.10	£2.82	£2.82	£2.10	£2.10
Office supplies (home specific)	£5.55	£3.61	£5.55	£5.55	£3.61	£3.61
Insurance (all risks)	£4.40	£8.97	£4.40	£4.40	£8.97	£8.97
Registration fees	£3.49	£3.72	£3.49	£3.49	£3.72	£3.72
Telephone and internet	£3.08	£5.82	£3.08	£3.08	£5.82	£5.82
Council tax/rates	£1.17	£1.17	£1.17	£1.17	£1.17	£1.17
Electricity, gas and water	£38.98	£27.05	£38.98	£38.98	£27.05	£27.05
Trade and clinical waste	£4.24	£6.33	£4.24	£4.24	£6.33	£6.33
Transport & Activities	£0.98	£6.99	£0.98	£0.98	£6.99	£6.99
Other care home supplies and service costs	£12.52	£22.90	£12.52	£12.52	£22.90	£22.90

Total for care home supplies and services:

- All residential placements (excluding nursing): £124.78
- All nursing placements: £141.50
- 65+ care home places without nursing: £124.78
- 65+ care home places without nursing, enhanced needs: £124.78
- 65+ care home places with nursing: £141.50
- 65+ care home places with nursing enhanced: £141.50

Totals for head office costs

Types of head office costs	All residential placements (excluding nurses)	All nursing placements	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
Central / Regional Management	£24.34	£17.22	£24.34	£24.34	£17.22	£17.22
Support services (finance/HR/legal/marketing etc.)	£8.91	£33.03	£8.91	£8.91	£33.03	£33.03
Recruitment, training, & vetting (inc. DBS checks)	£2.34	£11.15	£2.34	£2.34	£11.15	£11.15
Other head office costs (please specify)	£47.88	£120.11	£47.88	£47.88	£120.11	£120.11

Total for head office costs:

- All residential placements (excluding nursing): £36.35
- All nursing placements: £84.66
- 65+ care home places without nursing: £36.35
- 65+ care home places without nursing, enhanced needs: £36.35
- 65+ care home places with nursing: £84.66
- 65+ care home places with nursing enhanced: £84.66

Overall totals

Totals	All residential placements (excluding nurses)	All nursing placements	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 Return on Operations	£41.19	£54.59	£39.83	£42.54	£53.30	£55.89
Total Return on Capital	£128.98	£228.51	£128.98	£128.98	£228.51	£228.51
TOTAL	£993.92	£1,375	£965.48	£1,022.37	£1,347.90	£1,402.10
Less FNC:		£1,166			£1,139	£1,193

Supporting information on important cost drivers used in the calculations:	All residential placements (excluding nurses)	All nursing placements	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	13	6	13	13	6	6
Number of locations eligible to fill in the survey (excluding those found to be ineligible)						
Number of residents covered by the responses	303	279	303	303	279	279
Number of carer hours per resident per week	29.9	31.0	27.9	31.9	29.0	33.0
Number of nursing hours per resident per week		9.3			9.3	9.3
Average carer basic pay per hour	£10.86	£11.14	£10.86	£10.86	£11.14	£11.14
Average nurse basic pay per hour		£21.00			£21.00	£21.00
Average occupancy as a percentage of active beds	93.8%	81.3%	93.8%	93.8%	81.3%	81.3%
Freehold valuation per bed	£96,785	£183,043	£96,785	£96,785	£183,043	£183,043

Data collection

The data from providers was collected during July and August 2022. The financial year was 2022/23. In some instances, historic cost data was used for non-staff cost categories, based on the providers most recent completed financial accounts. Each

cost was then uplifted to a 2022/23 equivalent baseline using an appropriate CPI index. This was done at the most granular level possible so that inflation adjustments are as accurate as possible.

Providers were also asked to identify any costs that had (or would) increase for 2022/23, to an extent, that would not be reflected using CPI measures of inflation. Many providers took advantage of this by providing details about structural cost increases, notably utilities and insurance. Each provider's costs were updated to reflect any new baseline where data was supplied.

Payroll data was collected from a recent payroll period in the 2022/23 financial year to inform employer national insurance and pension contributions as a percentage of wages.

Measures to determine how the cost of care data could be inflated in future years:

- Staffing costs would be uplifted using a combination of the National Living Wage (for lower paid staff) and any other reasonable method (for higher paid staff). Such a methodology would need to reflect any pay differentials where necessary to reflect different roles/responsibilities of staff.
- Non-staff costs would be uplifted using an appropriate CPI index.
- Any inflation methodology would also need to consider structural changes relevant to care home costs.

Description of the questions asked/template used as part of the data gathering exercise

The Provider Survey was designed by Care Analytics. It is an adapted version of the survey that they have used to conduct their existing market review service. Care Analytics market reviews have a wider scope than the DHSC's cost of care and therefore has a greater set of questions, which will allow a thorough analysis of the marketplace to be undertaken subsequent to the current DHSC process.

The survey asked detailed questions about the care home's facilities and residents. It then asks for a detailed breakdown of current staffing, wage rates by role, employment terms and conditions, and use of agency staff. Non-staff operating costs are collected from previous or current financial years at a granular level. Finally, there were a range of free text questions that providers can answer in their own words to inform the market review.

To promote engagement, providers were offered the opportunity to submit financial information in whatever format was exported from their finance system or was already available in their accounts. Care Analytics then standardised the data into

the required format for analysis. Many providers took advantage of this opportunity as it saved them considerable time.

To support the data submissions received from providers via the survey, two financial years' worth of accounts data were also requested, in order to help identify outlier costs or exceptional spends in any one particular year. This then allowed for informed treatment for the purpose of the exercise.

Non-staff costs were standardised to fit the necessary structure of the Annex A template. This is not an exact science as costs are recorded in diverse ways in finance systems. Wherever possible, Care Analytics did not seek to leave costs as 'other', as this makes meaningful comparison between homes more difficult. Line 37 and 44 in Annex A does not contain cost data as this captured in the relevant lines with its section.

A copy of the care homes survey is attached as 'Appendix – care home survey Harrow'.