



Cambridgeshire County Council

Cost of Care exercise – Autumn 2022

Care Homes for over 65s

# 1 Introduction

## 1.1 Headline Results

- 1.1.1 In 2021, the Department for Health and Social Care (DHSC) published [Build Back Better-our plan for health and social care](#)<sup>1</sup> and [People at the heart of care - adult social care reform white paper](#)<sup>2</sup> which outlined significant legislative changes to Adult Social Care which would come into effect from October 2023. As part of these changes, councils across England with social care responsibilities were required to conduct an exercise with the local provider market to establish the costs of providing care based on guidance and a standardised methodology issued by DHSC. This report sets out the results of that exercise for care home provision in Cambridgeshire for people over the age of 65.
- 1.1.2 Submissions for the CoC exercise were received from 49 care homes; the Council currently has service users placed in 48 of these care homes. The returns represent 53.8% of providers in scope for this exercise.
- 1.1.3 The median cost of care returned through the exercise for each bed type is shown in the table below, together with the average cost of current Cambridgeshire County Council (CCC) placements for over 65s. The average rate values for Nursing and Nursing Dementia beds have been adjusted for Funded Nursing Care (FNC)<sup>3</sup> to make them comparable to the Cost of Care (CoC) output. The full breakdown of the figures in the cost of care exercise can be found in Appendix 1, Tables 2-3.

Table 1: CoC output and mean Cambridgeshire County Council over-65s bed rates, as at September 2022

	CoC Output	All Beds	In-County Spot Beds	Block Beds	Out of County Spot Beds
Residential	£911.17	£707.61	£719.93	£642.96	£786.09
Residential Enhanced	£915.57	£712.95	£726.96	£682.31	£712.59
Nursing	£1,170.69	£1,024.43	£1,058.56	£993.40	£1,023.82
Nursing Enhanced	£1,223.65	£1,121.33	£1,158.42	£1,012.83	£1,153.96

- 1.1.4 The data collected shows a higher cost for all care types from the CoC exercise when compared to the average rates the Council is currently able to procure through both spot and block bed commissioning. The CoC rates are between 9% and 28% higher than the rates currently paid for care home placements. This is a key concern as the Council strives to balance its duties to obtain best value for money for the public purse with the market position on costs that are being incurred in the provision of care. And the impact is wider than the CoC exercises undertaken so far, as these only cover homecare and

<sup>1</sup> <https://www.gov.uk/government/publications/build-back-better-our-plan-for-health-and-social-care>

<sup>2</sup> <https://www.gov.uk/government/publications/people-at-the-heart-of-care-adult-social-care-reform-white-paper>

<sup>3</sup> The NHS pays £209 per week towards care home placements where the service user has nursing needs, thus the rates the Council pays to providers for nursing placements are net of FNC contribution.

care homes for those aged over 65. The financial impact of increasing rates of pay in these areas will be felt across the wider care market with rates for other care provision also increasing and creating significant financial pressure

- 1.1.5 As with many local authorities, the Council is in an extremely difficult financial situation with significant savings to find to deliver a balanced budget in 2023/24 and beyond. The Council has many statutory services to deliver, which are all subject to increasing costs, of which adult social care is but one. Inflation is running at unusually high levels and putting further pressure on organisations and individuals which in turn puts pressure on the Council's limited budget. Therefore, whatever our aspirations for improving funding levels in the adult social care market, unless funding from Central Government meets the increased costs of this, the Council will be unable to meet the increased funding expectations generated by this exercise.
- 1.1.6 The Council recognises that the challenges of low fee rates, high inflation and workforce pressures affect the whole care market. It will target additional funding received from government for 2023/24 and 2024/25 to address low fee rates to providers in the Cambridgeshire care market to help manage these challenges.

## **1.2 Contents of the Report**

1.2.1 This report sets out:

- Section 2 – the approach CCC took to complete this exercise
- Section 3 – the level of provider engagement undertaken in completing the exercise and how the Council and LaingBuisson sought to promote provider engagement.
- Section 4 – the approach taken with the data received from providers including:
  - data validation,
  - identification of outlier values,
  - the approach taken with incomplete provider toolkit submissions,
  - how data has been uplifted to April 2022 values (where relevant),
  - how nursing staff and care staff costs have been calculated
  - the approach adopted for return on capital and return on operations.
- Section 5 – analysis of the value and representativeness of the data collected.
- Section 6 – the relationship between the median CoC output and fee rates, including comparison to fee rates currently paid by the Council.
- Section 7 – the Council's approach to uplifting fee rates.

1.2.2 The Council would like to thank the providers who submitted data for this exercise for their time and effort in engaging with the process and we look forward to having the opportunity to engage with you and the wider market further over the coming months.

## 2 Approach

2.1.1 In June 2022, the Council commissioned LaingBuisson to undertake a Cost of Care (CoC) exercise covering registered care homes for older people (65+), as described and specified in Department of Health and Social Care (DHSC) guidance. LaingBuisson undertook provider engagement, data collection, validation and analysis for the Council and provided the Council with a CoC report and their analysis Excel spreadsheet.

2.1.2 The Council's Finance Team then undertook their own analysis of the data, making some small changes to arrive at the figures presented by the Council in this report. These were specifically relating to the nursing and care staff lines and the treatment of PPE costs. Further details on the treatment of the data are provided in Section 4.

2.1.3 Data was collected between June and September 2022 using the Fair Cost of Care portal, commissioned by DHSC from iESE for this exercise. Care providers gave data as at April 2022, and/ or for the year 2021/22.

2.1.4 Both LaingBuisson and the Council registered on the iESE portal for Cambridgeshire, with LaingBuisson analysing the data collected through the portal and using the portal to raise queries with providers around outlier data.

## 3 Provider Engagement

### 3.1 Approach

LaingBuisson worked with the Council throughout July and August to engage with providers through a variety of communication channels. The Council sent out multiple communications about the exercise to its providers via formal letters, email, newsletters and promoted the exercise through relevant provider forums and contract management meetings and negotiations. LaingBuisson contacted providers in the market by telephone, explaining the exercise and encouraging them to participate. Over the course of the project, LaingBuisson made a total of 384 calls to care home providers in Cambridgeshire.

3.1.1 The Council and LaingBuisson held 2-weekly project meetings to discuss progress with provider engagement and submission of toolkits. Council officers identified key strategic providers (those who provide a large number of Council-commissioned beds) who had not responded. LaingBuisson engaged in more targeted and intensive communication for those providers, with Council officers from contracts and commissioning teams contacting providers where they still did not want to engage with the process

- 3.1.2 LaingBuisson also provided support to providers in completing their toolkit submissions through provision of remote advice and guidance.
- 3.1.3 Whilst clear deadlines were set and communicated to the market, a flexible approach was taken to receiving submissions, which aimed to maximise the response rate. The Council and LaingBuisson agreed to extend the deadline for providers to submit returns three times, with the original date of 24<sup>th</sup> June 2022 being extended to the final submission date of 1<sup>st</sup> September 2022. This increased the initial length of time for submissions from 2 weeks to just under 12 weeks. Providers have also been able to alter their submissions after that date, with any updated submissions incorporated into data analysis.
- 3.1.4 Where the data given by providers appeared incomplete or inaccurate, LaingBuisson contacted providers via the iESE portal and by phone to attempt to validate the data and arrive at accurate figures.

## 3.2 Level of Engagement

- 3.2.1 In total, 77 care providers out of the 91 Cambridgeshire providers in scope for this exercise registered on the iESE portal. Of those 77 providers, 49 made CoC submissions via the portal. This represents 53.8% of the Cambridgeshire providers in scope. Those that didn't complete a submission were contacted by LaingBuisson to encourage positive engagement with the process and/or to ascertain why a submission would not be made.
- 3.2.2 The Council has service users placed in 48 of the 49 care homes who submitted a return. At the time of writing this report, the Council has service users placed in 85 of the care homes in scope for the exercise. Therefore, in relation to homes the Council has service users placed in, this represents a 56.4% response rate.
- 3.2.3 Further exploration of the representativeness of submissions across different bed types and types of providers can be found in section 5.5. Table 4 in Appendix 1 shows segmented response rates as calculated by LaingBuisson.
- 3.2.4 Where providers chose not to submit CoC returns, reasons given included that the provider did not believe the exercise would lead to any change in funding rates, and that the CoC exercise was too time consuming. The latter was a particular problem for smaller providers, who do not necessarily have the in-house expertise to complete the return and would, for instance, outsource the preparation of their annual accounts. Large corporate groups of care homes were able to allocate staff to the task of completing multiple submissions. This is reflected in the over-representation of large corporate groups in Cambridgeshire's submissions and the under-representation of small group or independent homes.

## 4 Data

### 4.1 Data Quality

4.1.1 The quality of the data submitted by providers was variable, with some providers able to complete all sections of the template with April 2022 and 2021/22 figures, while others only filled out part of the template or only provided 2021/22 data. Where possible, information from all submissions has been used.

4.1.2 LaingBuisson have said that in their experience from similar cost of care exercises, large corporate groups typically have the resources to submit consistent and reliable numbers, but SMEs and micro-businesses can find it challenging to deal with the volume and complexity of data requested in toolkits and may leave some questions unanswered and incorrectly answer others. This appears to be the case in the Cambridgeshire data, which may leave smaller providers further under-represented in Cambridgeshire's CoC numbers with a resulting impact on the accuracy of the cost outputs from the exercise.

### 4.2 Data Validation

4.2.1 LaingBuisson checked toolkit submissions for sense and consistency, contacting providers where there appeared to be anomalies. These were amended with the agreement of providers.

4.2.2 LaingBuisson checked each toolkit individually and compared it to submissions from similar care homes and to LaingBuisson's historic Care Cost Benchmarks dataset<sup>4</sup>. Toolkit submissions for individual cost lines were queried when they were found to be significantly outside of expected ranges, with particular attention paid to the plausibility of figures which contribute most notably towards total costs - most of which being costs related to staffing.

4.2.3 The iESE platform included a facility to query provider submissions, which was used by LaingBuisson to contact providers. The facility marks the submission as "in query" and it can only be brought out of "in query" by changes to submissions on the provider side. Where providers have not attempted to resolve queries on the platform their submission remains "in query". Cambridgeshire has 9 such submissions.

4.2.4 LaingBuisson have fully validated submissions from 23 providers (14 nursing homes and 19 residential homes). They have partially validated data from all 26 remaining providers (11 nursing homes and 5 residential homes).

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<sup>4</sup> LaingBuisson has collected cost data from UK wide care home surveys and local Fair Price exercises commissioned by councils, the NHS and independent care associations over more than a decade. They provided a useful source of benchmarking data against which 2022 CoC toolkit submissions could be compared, in particular with regard to staff hours per resident per week, which is the single most important driver of care home costs.

### 4.3 Missing and Incomplete Toolkit Submissions

- 4.3.1 Missing and apparent outlier values remain in Cambridgeshire's data where providers have been unable or have not wanted to engage in the validation process. However, where possible data from all toolkits has been included in the CoC output.
- 4.3.2 LaingBuisson used an outlier exclusion approach to identify and exclude outliers from the dataset. Outliers are defined as null or zero values for any cost line where a null or zero value is inappropriate, and non-zero values that are outside specified boundaries.
- 4.3.3 They adopted Double Median Absolute Deviation (Double MAD) as their preferred approach to setting outlier boundaries for each individual cost line.<sup>5</sup> This method was chosen because statistical testing for skewedness in the dataset confirms that it suffers from a highly asymmetric distribution across almost all categories. Using a singular Median Absolute Deviation (MAD) value would disregard this asymmetry and produce unreliable results.
- 4.3.4 An outlier was determined to be any data point that was more than 2 X MAD above or below the median of the validated dataset, with any such outlier excluded from the calculation of median costs in Table 2 (Appendix 1). This means that where LaingBuisson have not validated a provider's full submission, the provider's data is still included in the calculation of median costs if it is within 2 X MAD of the median of the validated submissions.

### 4.4 Base Price Year and Uplifts

- 4.4.1 All the CoC results cited in this report are expressed at April 2022 prices. Where a provider only submitted 2021/22 data, LaingBuisson have uplifted these figures to April 2022 prices. They have uplifted the data based on the National Living Wage for low-paid staff (care and domestic), the monthly earnings index for other staff, and CPI (Consumer Price Index) and CPIH (Consumer Price Index with Housing) percentage change figures for non-staffing costs for the 12 months up to April 2022<sup>6</sup>. These figures have been

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<sup>5</sup>  $MAD = median(|X_i - \bar{X}|)$

Median Absolute Deviation (MAD) is calculated by finding the absolute difference between each validated data point and the validated sample median and then calculating the median of these absolute differences. For normally distributed data, MAD is multiplied by a constant  $b = 1.4826$ , however, the distribution is unknown and not symmetric in our data sample.

The premises of the Double MAD method are similar to the classic version, with the only difference being the calculation of two Median Absolute Deviations: 1) the median absolute deviation from the median of all points less than or equal to the median and (2) the median absolute deviation from the median of all points greater than or equal to the median. This allows us to set pertinent outlier thresholds taking into account skewness in the data sample.

<sup>6</sup> Table 22, <https://www.ons.gov.uk/economy/inflationandpriceindices/datasets/consumerpriceinflation>

chosen on a point-by-point basis, where appropriate figures have been identified to account for relative price effects<sup>7</sup>, with overall CPI inflation figures used where no appropriate, goods/services-specific CPI figure has been identified. Uplift figures with CPI codes for each cost heading can be found in Table 5 in Appendix 1.

4.4.2 This was seen as the most appropriate way to uplift 2021/22 data by LaingBuisson. However, it does apply a full year's inflation to 2021/22 costs, where had the provider stated April 2022 values, they may not have reflected a full year's inflation as April is the start of the financial year, not the mid-point.

#### 4.5 Approach to Nursing and Care Staff Lines

4.5.1 Taking the median of care staff lines for each bed type returned a higher care staff cost for residential homes than for residential enhanced homes. This was despite the median (and mean) carer hours delivered in an enhanced residential placement being higher than in a residential placement.

4.5.2 The dataset for enhanced residential placements was smaller than for residential placements, with 21 submissions contributing to the median cost of care staff in enhanced residential placements, versus 33 for residential placements. Closer analysis of the dataset shows that there are four homes whose cost of care staff in a residential placement is greater than the highest validated cost of care staff in an enhanced residential placement. Three out of these four homes are nursing homes that also have residential placements (but no residential enhanced placements), with the fourth being a home with only residential placements.

4.5.3 Rather than making specific judgements about which homes should or should not be included in the calculation of medians and deviating from a statistical approach towards the data, the Council decided to calculate the median number of care staff hours for each bed category and a median blended hourly rate for care staff across all returns. Multiplying these together gives an adjusted median cost of care staff for each bed category.

4.5.4 This approach has also been adopted for care staff costs in the other bed categories, and for nursing staff costs, as we feel that it gives a truer median value in the market, rather than compounding factors that may lead to care or nursing staff costs being unusually high or low. The data points that affect the care and nursing staff costs figures are: the number of hours for each type of staff; the hourly rate paid to each type of staff; the on-costs rate used; the number of days staff are paid for, but do not work, e.g., paid training, annual leave, sick leave; the number of hours covered by agency staff; and the agency staff rates paid.

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<sup>7</sup> Our approach to uplifting is broadly in line with guidance on inflationary adjustment set out in The Green Book 2022, Section 5.13, [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/1063330/Green\\_Book\\_2022.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1063330/Green_Book_2022.pdf)

- 4.5.5 A CIPFA qualified accountant at the Council studied how the iESE Fair Cost of Care tool calculates the care staff and nursing staff lines for each bed type in its output and used this knowledge to identify the relevant data points in the dataset for calculating median hourly rates for each type of staff and number of hours of care for each bed type.
- 4.5.6 New datapoints were calculated for each provider submission (“care staff hours” and “nursing staff hours” for each bed type, and “care staff rate” and “nursing staff rate”). Double MAD data validation was applied to the new datapoints to exclude outliers before the median was calculated on the remaining datapoints.
- 4.5.7 “Care staff hours” was calculated by summing the number of hours of care provided by carers, senior carers and nursing assistants for each bed type in each home in the dataset. (Nursing assistants are treated as care staff in the iESE tool).
- 4.5.8 “Care staff rate” and “nursing staff rate” incorporate the hourly rates paid to staff; the on-costs rate used; the number of days staff are paid but do not work, e.g., paid training, annual leave, sick leave; the rate paid to agency staff; and the proportion of hours covered by agency staff rather than employed staff.
- 4.5.9 “Care staff rate” is a blended rate for carers, senior carers and nursing assistants, taking into account the proportion of “care staff hours” delivered by each role and the hourly rate for that role, accounting for all the factors set out in 4.5.8. above.
- 4.5.10 It was felt that calculating blended “care staff hours” and “care staff rate” was necessary to account for different mixes in care home staffing – for example, very few homes have nursing assistants, but those who do have reduced carer or senior carer hours.

#### 4.6 Choice of Subtotals or Individual Lines

- 4.6.1 The output of the DHSC CoC exercise (shown in Table 2, Appendix 1) must be submitted to DHSC as Annex A of councils’ Market Sustainability and Fair Cost of Care returns. DHSC allows an Annex A return that assumes the CoC to be the sum of individual lines, the sum of the subtotals for each section of costs, the median total cost stated in returns, or any other median-based approach. Authorities are encouraged to choose the most appropriate median-based approach for their dataset.<sup>8</sup>
- 4.6.2 The Council considers that (excluding nursing and care staff costs) the most appropriate representation of costs is to use the subtotals for each section.

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[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/1100304/annex-a-example-grant-template-august-2022.xlsx](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1100304/annex-a-example-grant-template-august-2022.xlsx) (accessed 03/10/2022)

This is because providers have variously included costs within different lines within a section. Some providers have provided commentary on the iESE portal to that effect, telling us that they have included a datapoint in a different line. Therefore, to use the sum of individual lines would risk over or understating the value of some lines where some providers have inappropriately included or excluded costs. As long as providers have included costs in the right section, using the median subtotal for each section removes this risk.

4.6.3 As the Council has chosen a different method to calculate nursing and care staff lines, a non-nursing and care staff costs subtotal has been calculated excluding these lines.

4.6.4 Given the Council has chosen to use subtotals from individual sections, and individual lines feed into those subtotals, the Council has chosen to interpolate PPE costs. 73% of our provider returns had left this line blank. Providers will have no costs associated with PPE while this is provided for free by DHSC. However, without this support providers will have a PPE cost associated with each bed. Therefore, the median non-null value for PPE from validated submissions has been substituted for the null values in provider returns. Discussions with colleagues from other councils confirms this approach has also been taken in other submissions.

#### 4.7 Return on Capital and Return on Operations

4.7.1 The Council has chosen to use the following rates for Return on Capital (RoC) and Return on Operations (RoO).

- Return on capital – 6% per annum
- Return on operations – 5% per annum.

4.7.2 DHSC guidance<sup>9</sup> cites the Competition and Markets Authority's advice in its 2017 report on the care home market<sup>10</sup>, that the cost of capital for care homes should be calculated as the product of a) the value of the assets invested in the care home and (b) the required percentage annual return on capital.

4.7.3 To determine the value of assets invested in the home, care homes could provide a 'Red Book' valuation in the iESE toolkit and the date of the valuation in question. 23 of the Cambridgeshire submissions provided this information. LaingBuisson adjusted the valuations to express them as a 2022/23 £ value per resident in the home. Among the Cambridgeshire toolkits which reported valuations, the median figure was £73,234 per resident per annum.

4.7.4 The required percentage annual return on capital is determined by LaingBuisson to be 6%, based on the price that a care home operator typically must pay for a long-term lease on a turnkey care home asset. This

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<sup>9</sup> [Annex E: further detail on return on capital and return on operations - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/publications/care-homes-market-study-summary-of-final-report)

<sup>10</sup> <https://www.gov.uk/government/publications/care-homes-market-study-summary-of-final-report>

aligns with advice given by CIPFA at a CIPFA Adult Social Care Network webinar.<sup>11</sup>

4.7.5 To determine a value per bed per week for return on capital, it is necessary to apply the rate of return to a capital value per resident. This is the median freehold value per bed, divided by the occupancy per registered bed, expressed as a weekly value.

4.7.6 Cambridgeshire's return on capital (£99.47 per bed per week) is therefore calculated as:

$$\frac{6\% \times \text{£}73,234}{87\% \times 7/365}$$

4.7.7 The Council has chosen to use a return on operations (RoO) figure of 5%. The return on operations represents the provider's profit before interest, tax, depreciation, amortisation and rent payments.

4.7.8 73.5% of providers gave a return on operations percentage in their submissions. Validated return on operations percentages ranged from 5% to 15%, with all submissions being from for-profit providers. We recognise that we have a lack of representation in our returns from smaller providers.

4.7.9 The Council recognises that it has both a duty to stewardship of public funds and a duty to support the care provider market, which are often in conflict with one another. It has considered the submissions from providers in this exercise, and in the homecare cost of care exercise in which the mean RoO submitted was 5%. It has also benchmarked its treatment of return on operations against that of regional local authorities.

4.7.10 The Council considers that once property costs have been stripped out of care homes, the operating business (employing and managing staff to deliver care and support) has many similarities and similar risks to the operating business of a homecare provider. In the interests of consistency across the care provider market as a whole, and within the regional care market, we have therefore adopted a standard RoO of 5% for care homes as well.

## 5 Validity and Representativeness of Data

### 5.1 Sensitivity of Data

5.1.1 The median total costs set out in Table 2 (Appendix 1) are sensitive to the following factors:

- The efficacy of the validation process in eliminating implausible and incorrect toolkit submissions for individual cost lines.
- The validity of the rules adopted for elimination of outliers before calculating the medians for each cost line.

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<sup>11</sup> CIPFA webinar: Making the most of the cost of Care Exercise – 20<sup>th</sup> July 2022

- The return on capital and return on operations benchmarks.
- Calculation of capital cost per occupied bed, to which the return on capital benchmark is applied.
- Occupancy levels.

5.1.2 The nursing staff and care staff lines specifically are sensitive to the following factors:

- The hourly rates paid to nurses – nursing staff line.
- The hourly rates paid to carers, senior carers and nursing assistants – care staff line.
- The mix of care staff in a home.
- The cost and usage of agency staff.

5.1.3 This section examines some of these sensitivities.

5.1.4 The Double MAD method of data validation is a good method of removing outliers, although the number of outliers removed varies greatly across individual lines, with the lowest percentage of submissions used for an individual line being 35.4% and the highest being 83.3%. The use of subtotals instead of individual lines in arriving at CoC figures removes some of this variability. The lowest percentage of submissions contributing to a subtotal line is 59.2% and the highest is 81.6%. This still means that data from just over 40% of submissions has been excluded from one of the subtotal lines, as this data was outside the boundaries set by Double MAD validation.

5.1.5 The return on capital benchmark seems appropriate as a methodology, as it can be linked to the capital invested in the business. The return on operations benchmark seems less appropriate given providers generally seek a return on the capital invested in the business, and RoO is linked to operating costs and head office costs instead. Residential homes are under-compensated for their investment in the business, while homes that only have nursing and nursing dementia beds are over-compensated by this methodology.

5.1.6 The cost of capital per occupied bed was highly variable across the submissions we received. None were excluded through Double MAD validation but adopting a median value could significantly over-compensate some homes for their investment in their business and under-compensate others. The cost of land varies significantly across the county, such that a care home being built in the south of the county or in Cambridge city would require higher capital investment than one in the north of the county.

5.1.7 There was variation in the rates paid by homes to different care staff roles, but it was not significant. Very few submissions were excluded by Double MAD validation, with 90.0% of nurse rate figures and 86.4% of carer rate figures being used in determining the median.

5.1.8 It is worth noting that 35 homes (71%) are paying the real living wage or higher to their lowest paid care staff. Most of the remainder have made steps towards paying the real living wage, with only two (4%) paying their carers £9.50 per hour (the 2022/23 national living wage).

5.1.9 There was significant variation in the rates paid for agency staff and the usage of agency staff. The homes paying most for agency staff appear to be paying a premium of 50% on the lowest rates paid.

5.1.10 There are a variety of staffing models in the dataset, with providers submitting data for individual units in their care homes where they were able to. There is also variation across the units in some individual homes. There are several nursing homes that also provide residential and enhanced residential care. Many of their submissions show that they have nurses working on a unit with residential and enhanced residential beds and some may have fewer senior carers on that unit as a result. However, the iESE model only counts nursing staff costs against nursing and enhanced nursing beds, which we agree with in principle. However, in practice this may not reflect the setup of some nursing providers and may under-state the staff hours allocated to residential care types.

## 5.2 **Occupancy Levels**

5.2.1 Occupancy levels affect the CoC median outputs as all non-nursing staff and care staff lines are calculated by taking the cost for that item and dividing it by the number of occupied beds. Therefore, if a care home was at 50% occupancy, its non-nursing and care staff cost lines would be double the cost they would be if it were at 100% occupancy. The data will contain a mixture of fixed, semi-fixed and variable costs, so in some cases (variable costs) this treatment will be appropriate, but in most cases it will not. For example, care home management costs and head office costs charged to the home are likely to be the same regardless of its occupancy level.

5.2.2 Even nursing staff and care staff costs are likely to be semi-fixed costs, as a unit will have a number of residents it can support with a core staffing level before it needs to take on more care or nursing staff. A carer will not be assigned to care for one service user, but several. Therefore, some homes may be running at full capacity with the staffing hours they have stated, while others may be able to support more residents without needing to take on extra staff.

5.2.3 Occupancy levels in the Cambridgeshire dataset varied from 44% to 100% of active beds. The mean occupancy level was 87% of active beds, although this equates to 82% of CQC registered beds. Four homes had occupancy levels of under 70%, with a further seven homes having occupancy levels of between 70% and 80% of active beds.

5.2.4 Sector knowledge suggests that an efficient level of occupancy for a care home would be at or above 90%, with CIPFA guidance being that any care home running at an occupancy level of below 80% is unsustainable as a business.<sup>12</sup> The Council considers that this should be 80% of CQC registered

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<sup>12</sup> CIPFA webinar: Making the most of the cost of Care Exercise – 20<sup>th</sup> July 2022

beds, although guidance for this exercise suggests we consider occupancy to be the percentage of active beds filled.

- 5.2.5 Considering this, the Council tested the data against three different occupancy scenarios, with occupancy defined as the percentage of active beds filled. The first scenario removed the returns from the four homes with occupancy of under 70%; the second scenario adjusted all occupancy levels to 90%; and the third scenario adjusted any occupancy levels under 80% to 80%.
- 5.2.6 The results of this sensitivity testing affected the median output of the CoC by up to £20 per week but did not have the same magnitude of impact across all scenarios or bed types. Therefore, the Council has not adjusted the values in its return to reflect a higher level of occupancy. However, it recognises that improving occupancy levels across those care homes in Cambridgeshire with low occupancy would improve their sustainability and reduce their cost per bed.

### 5.3 Testing against LaingBuisson's *Care Cost Benchmarks*

- 5.3.1 LaingBuisson's *Care Cost Benchmarks* have been established for two decades and provide an objective, market-related norm to test the results of the CoC exercise against.
- 5.3.2 *Care Cost Benchmarks* would expect nursing care costs to be about £250 higher per week than residential care costs – made up from registered nursing staff input, plus some additional non-nurse care staff input. Cambridgeshire's CoC rates show a higher differential between residential and nursing rates than this, with the CoC value of a nursing bed being £260 more than that of a residential bed. The CoC value of an enhanced nursing bed is £308 more than that of an enhanced residential bed. In part this is due to the return on operations for nursing beds being £13-£15 higher than for residential beds.
- 5.3.3 It is also worth noting that the median number of carer hours in Cambridgeshire's dataset is slightly lower for a nursing bed than for the residential bed types. This does not reflect the expectations of LaingBuisson's *Care Cost Benchmarks*.
- 5.3.4 *Care Cost Benchmarks* would expect a differential between enhanced and non-enhanced residential care, with enhanced care at a higher cost. They would not expect any differential between enhanced and non-enhanced nursing care. This is not reflected in the output of Cambridgeshire's CoC data, with minimal differential (£4.40 per week) between residential and enhanced residential care, the latter being the more expensive. There is also a substantial differential between nursing and enhanced nursing CoC output (£52.96 per week).
- 5.3.5 LaingBuisson's *Care Cost Benchmarks* also provides data relevant to return on capital. LaingBuisson state that assuming an even spread of stock between the floor and ceiling, in line with the national balance between

converted and new build stock, the average capital value is about £70,000 per registered bed (£78,000 per occupied bed) nationally. This is similar to the median of £75,234 per bed in the Cambridgeshire CoC dataset.

## **5.4 Data Sample Size**

5.4.1 The dataset covered 49 homes, which represents 53.8% of the Cambridgeshire providers in scope for the exercise. The Council currently has service users placed in 48 of the homes, which represent 56.5% of the homes in scope that the Council has service users placed in. A return of over 50% is not completely unrepresentative of the market, but equally 46.2% of the providers in scope did not submit a return for the exercise, which is a substantial segment of the market missing.

5.4.2 The data sample for residential and enhanced residential placements was higher than for nursing and enhanced nursing placements as some nursing homes also have residential or enhanced residential placements.

5.4.3 The sample size for some data points was far smaller than for others, as not all providers filled in the full return. Additionally, how the return treats the data means that some provider data had to be excluded. For example, most providers chose to give a return on capital figure as a weekly value, representing the rent they pay per bed. Only 23 providers submitted a freehold valuation per bed. That means that Cambridgeshire's return on capital figure is based on data from 25.3% of providers in scope for the exercise.

## **5.5 Representativeness of the Data Sample**

5.5.1 The dataset represents 56.5% of the care homes in scope that the Council has service users placed in. If instead of providers we consider placements, the dataset covers 70.4% of the Council's in-county placements of over 65s in care homes. At the time of writing this report, the Council has 1,326 service users placed in care homes within the scope of this exercise; 934 of those service users are placed in care homes that have submitted a return for the CoC exercise. This is largely because although the Council buys beds in homes from across the market, it has a large concentration of placements in a smaller number of homes. This is partly due commissioning of block contracts for care home beds.

5.5.2 Representation of care homes the Council has block contracts with is 78.4%, whereas representation of care homes with spot purchased beds is lower at 65.5%. The Council's spot purchased beds represent its greatest price volatility in the market, so it would have been helpful to have greater representation and a better understanding of their costs.

5.5.3 The representation across the different bed types is variable, with the lowest representation for nursing dementia beds – 65.8% in scope were covered by CoC returns, falling to 53.7% of spot purchased nursing dementia beds. The highest representation is for nursing beds – 73.9% in scope were covered by

CoC returns. (The Council's commissioned bed types are residential, residential dementia, nursing and nursing dementia, with dementia beds being equivalent to the "enhanced" beds in the exercise).

- 5.5.4 This level of representation is welcomed. However, a quarter to a third of the Council's in-county placements remain un-represented, depending on the bed type considered.
- 5.5.5 Representation of providers varies across the county, with higher representation in the south of the county and lower representation in the north, see Appendix 1, Figure 1 and Table 4. Land values in South Cambridgeshire and Cambridge city are far higher than in Fenland; South Cambridgeshire is over-represented in the sample with Fenland being under-represented. This could skew return on capital values to be higher than if there was even distribution of returns across the county.
- 5.5.6 Additionally, staff pay rates may be affected by the location of a care home; in Cambridge city there are numerous employment options paying above National Living Wage, making working in the care sector a less attractive option. South Cambridgeshire has good transport links to Cambridge city and other employment centres south of the county, whereas residents in Fenland have poorer transport options to employment centres.
- 5.5.7 The Council's block bed rates reflect these factors, with the rate paid for beds in Fenland being the lowest and for beds in Cambridge city and South Cambridgeshire being the highest. Providers were happy to tender for contracts on these terms, which suggests that the market could also believe there is variability in the cost of care across the county. Therefore, a single median rate based on data from across the whole county may not be the most representative measure for the cost of care in Cambridgeshire.
- 5.5.8 There is also varying representation across different types of providers, with large corporate groups over-represented in the dataset for both residential and nursing homes (88% and 92% represented respectively), and small group or independent residential homes significantly under-represented (21% represented). Small homes may be expected to have lower overheads than a home that is part of a large corporate group, so this could skew some parts of the median CoC data.
- 5.5.9 It should also be noted that DHSC's CoC exercise is attempting to set a median cost of care across the market that assumes the same rate will be charged for every bed within a care type. The market does not work in that way and will not work in that way after adult social care reform. Some rooms in a care home will be nicer than other rooms, particularly in a care home that is converted rather than purpose built. Some rooms will be larger than others, have better views than others or better facilities. It is expected that there will continue to be variation in how much the market charges for individual rooms in these situations. Given councils' duty of stewardship of public funds, it is expected that the differential between a standard room and a better room may

be made up by first- or third-party top ups. The way the data is treated in the CoC exercise does not allow for this nuance.

## **5.6 Out of County Placements**

- 5.6.1 Cambridgeshire is bordered by eight other local authorities with responsibility for adult social care, who have all completed their own median cost of care exercises. It is the expectation of local authorities that when they place a service user in an out of county placement, under adult social care reform the rate they pay for that placement will be determined by the host authority. To do otherwise would skew other local care markets.
- 5.6.2 The Council currently has 163 over 65s placed in out of county placements, which represents 10.7% of care home placements for over 65s. Some of these will be in homes just over the border from Cambridgeshire.
- 5.6.3 There is substantial variation in the use of out of county placements across bed types, with residential beds at the lowest rate (8.4%) and nursing dementia beds being at the highest rate (18.8%), reflecting the lack of supply of nursing dementia placements in Cambridgeshire.
- 5.6.4 Given the high level of out of county placements, particularly for nursing dementia beds, the CoC exercise would never be able to return figures that are representative of the cost of the Council's placements, even if the figures could be taken as representative as the cost of Cambridgeshire placements. This makes it impossible for the Council (and any council with out of county placements, which is assumed to be all councils) to determine the financial impact of uplifting placement costs.

## **5.7 Further Testing**

- 5.7.1 LaingBuisson note that in previous cost of care exercises they have undertaken, they have sought external confirmation of the figures returned, by asking providers to submit payroll data to confirm staffing costs or staffing rotas to confirm hours of care provided, for example. They have not sought this evidence from providers for this exercise.
- 5.7.2 The Council has not undertaken any verification of the data through external evidence either. The Council notes that this is something that may need to be undertaken to ensure that none of the returns are misrepresenting costs in any way and would require cooperation from the provider market in making the information available to verify costs in their submissions. The Council has a duty of stewardship of public funds and must achieve best value. Under adult social care reform, if local authorities and individuals funding their care privately are to move towards paying the same rate for a care placement, local authorities also have a duty to these individuals to set fee rates that represent value for money.

## **6 Relationship between the cost of care and fee rates**

6.1.1 The Department for Health and Social Care (DHSC) has recognised in its guidance that the median actual operating costs from which local authorities arrive at a cost of care in their area will not reflect the costs of each individual provider in their local area. The guidance states that “the outcome of this cost of care exercise is not therefore intended to be a replacement for the fee setting element of local authority commissioning processes or individual contract negotiation.”<sup>13</sup>

6.1.2 The DHSC expectation is that actual fees will be informed by the cost of care exercise, but fee rates will continue to be based on sound judgement, evidence, and through a negotiation process, as is the case currently. The guidance goes on to say “paying a fair cost of care does not mean that all providers are paid the same rate, but rather the fair cost of care is the median value which fee rates will be “moving towards”.... As many local authorities move towards paying the fair cost of care, it is expected that actual fee rates may differ due to such factors as rurality, personalisation of care, quality of provision and wider market circumstances.”

6.1.3 Table 1 in Section 1 shows the average rates currently paid by the Council for its in-county and out of county spot placements, and block placements (all in-county), compared to the CoC median output. It is reproduced here for ease.

Table 1: mean Cambridgeshire County Council over-65s bed rates, as at September 2022

	CoC Output	All Beds	In-County Spot Beds	Block Beds	Out of County Spot Beds
Residential	£911.17	£707.61	£719.93	£642.96	£786.09
Residential Enhanced	£915.57	£712.95	£726.96	£682.31	£712.59
Nursing	£1,170.69	£1,024.43	£1,058.56	£993.40	£1,023.82
Nursing Enhanced	£1,223.65	£1,121.33	£1,158.42	£1,012.83	£1,153.96

6.1.4 One third of the Council’s care home placements for over 65s are on a block contract, although this varies by bed type, with greater block coverage for nursing placements (47%), and lower coverage for other bed types (25%-28%). These beds were commissioned in 2019 and 2020 on 10–15-year contracts and have preferential rates due to the guaranteed income to the provider, even when beds are empty. Separate lots were tendered for each bed type in each district in Cambridgeshire, with lower rates offered in some district areas than others to reflect the local market.

6.1.5 The remainder of the Council’s beds are purchased on spot contracts, the majority off a spot framework, as and when placements are needed. The Council does not have set spot bed rates, but its brokerage team purchase beds from the market at a negotiated rate for each placement. Therefore, there is wider variation in the rates paid for spot beds and their rates are more unpredictable.

<sup>13</sup> <https://www.gov.uk/government/publications/market-sustainability-and-fair-cost-of-care-fund-2022-to-2023-guidance/market-sustainability-and-fair-cost-of-care-fund-2022-to-2023-guidance> (accessed 30/09/22)

6.1.6 10.7% of the Council's care home placements of over 65s are in out of county homes. The rates paid here are even more variable as they depend on the local market the placement is made in.

6.1.7 As demonstrated by the data in Table 2, the Council currently pays substantially less than the CoC output across all its bed types. However, these rates do reflect what the Cambridgeshire and surrounding market is willing to sell placements to the Council at. Table 6 in Appendix 1 shows the average rates the Council has paid for beds on its spot framework since September 2021. This further demonstrates that the market is not currently demanding the median rates that are returned by the CoC exercise.

6.1.8 This is likely to be because there is still cross-subsidy in the market between individuals privately funding their care and local authorities/ the NHS. However, this cross-subsidy is not set to start ending until October 2023, with private individuals who entered care homes prior to that date expected to continue paying the fee rates they agreed with the care home. Furthermore, there is expected to remain some differentiation in rates after October 2023 as some private individuals will choose to pay first- or third-party top ups for a higher standard of accommodation, or bypass local authorities in purchasing their care direct from care providers.

6.1.9 Therefore, although the Council intends to move towards uplifting its fee rates, it does not expect the output of the CoC exercise to represent the fee rates it should currently be paying the market. A range of issues will impact the costs of individual care homes and no model can address all the nuances in the care home market. Particular factors include:

- the lower level of engagement of smaller providers in the cost of care exercise;
- differences in the participation of care providers across different areas of the county, and the labour markets and capital values within which those homes are operating;
- inflationary issues with inflation running at such unusually high levels at the current time. Costs as at April 2022 would normally be expected to prevail over the full financial year. However, the high levels of inflation seen so far throughout 2022/23 mean that where providers have submitted cost information as at April 2022, care home costs per resident may change significantly over the course of the year.

6.1.10 Further work will be needed in collaboration with the market as part of future fee setting.

## 7 Approach to Uplifting Fee Rates

7.1.1 The Council has not yet set its uplift strategy for 2023/24. However, the general approach to setting an inflation budget to uplift fee rates applies. The Council applies the percentage uplift in the National Living Wage to the care

commitment assumed to relate to staffing costs for the lowest paid workers, and an estimate for CPI increase to other parts of the commitment it intends to award uplifts on.

- 7.1.2 For 2023/24, the Council is likely to take an approach of awarding some uplifts as recurrent funding and offer further, one-off support to providers to help them to deal with inflationary pressures in the current economic climate. Some prices (energy, fuel, food) are volatile and are currently affected by an international situation that will eventually change, with prices expected to return to more normal levels as a result.
- 7.1.3 The Council's elected Members have made a commitment to support care providers in moving towards paying the Real Living Wage where they do not currently do so, and the uplift strategy is expected to align with this commitment.
- 7.1.4 The 2021/22 uplift strategy targeted care home placements where the Council was paying its lowest fee rates, uplifting all those placements under a floor to that floor to improve market sustainability. The 2022/23 uplift strategy has given a blanket percentage uplift to care homes, as is written into the block contracts and spot framework contract. Where providers feel this is insufficient to meet their costs, they have the option to submit a Budget Analysis Form to the Council, detailing their cost pressures and their financial situation – profit/loss, reserves.
- 7.1.5 The data collected through the CoC exercise is welcomed, as it enables the Council to further understand the split of costs in care home placements and should help us to develop our uplift strategy for care homes in a more targeted manner. Where the data shows consistency, we may be able to apply more targeted CPI indices to elements of our placement costs.
- 7.1.6 It should be noted that, as with all local authorities, the Council is in an extremely difficult financial situation with significant savings to find to deliver a balanced budget in 2023/24. The Council has many statutory services to deliver, which are all subject to increasing costs, of which adult social care is but one. Therefore, whatever our aspirations for improving funding levels in the adult social care market, unless funding from central government meets the increased costs of this the Council will be unable to meet the increased funding demands of the care provider market.

## Appendix 1

Table 2: Median cost of care exercise results presented to DHSC in Cambridgeshire County Council's Annex A submission.

Cost of Care exercise results - all cells should be £ per resident per week	Non-Nursing		Non-Nursing with enhancement		Nursing		Nursing with enhancement	
<b>Staffing</b>	<b>499.56</b>		<b>503.75</b>		<b>746.72</b>		<b>797.16</b>	
Nursing Staff	-		-		255.77 (18)		255.77 (18)	
Care Staff	352.29	(34)	356.48	(23)	343.68	(15)	379.35	(13)
<b>Non-Nursing and Care Staff</b>	<b>147.27 (29)</b>		<b>147.27 (29)</b>		<b>147.27 (29)</b>		<b>147.27 (29)</b>	
Therapy Staff	-		-		-		-	
Activity Coordinators	9.58	(32)	9.58	(32)	9.58	(32)	9.58	(32)
Service Management	43.72	(34)	43.72	(34)	43.72	(34)	43.72	(34)
Reception & Admin	12.65	(29)	12.65	(29)	12.65	(29)	12.65	(29)
Chefs / Cooks	29.09	(34)	29.09	(34)	29.09	(34)	29.09	(34)
Domestic Staff	42.99	(38)	42.99	(38)	42.99	(38)	42.99	(38)
Maintenance & Gardening	9.54	(21)	9.54	(21)	9.54	(21)	9.54	(21)
Other Care Home Staff	19.96	(17)	19.96	(17)	19.96	(17)	19.96	(17)
<b>Care Home Premises</b>	<b>53.45 (44)</b>		<b>53.45 (44)</b>		<b>53.45 (44)</b>		<b>53.45 (44)</b>	
Fixtures & Fittings	20.52	(20)	20.52	(20)	20.52	(20)	20.52	(20)
Repairs and Maintenance	23.69	(37)	23.69	(37)	23.69	(37)	23.69	(37)
Furniture, Furnishings and Equipment	3.72	(33)	3.72	(33)	3.72	(33)	3.72	(33)
Other Care Home Premise Costs	3.46	(32)	3.46	(32)	3.46	(32)	3.46	(32)
<b>Care Home Supplies and Services</b>	<b>128.69 (33)</b>		<b>128.69 (33)</b>		<b>128.69 (33)</b>		<b>128.69 (33)</b>	
Food	40.36	(31)	40.36	(31)	40.36	(31)	40.36	(31)
Domestic & Cleaning	6.66	(31)	6.66	(31)	6.66	(31)	6.66	(31)
Medical Supplies	2.42	(41)	2.42	(41)	2.42	(41)	2.42	(41)
PPE	2.61	(43)	2.61	(43)	2.61	(43)	2.61	(43)
Office Supplies	2.28	(31)	2.28	(31)	2.28	(31)	2.28	(31)
Insurance	6.69	(34)	6.69	(34)	6.69	(34)	6.69	(34)
Registration Fees	3.74	(37)	3.74	(37)	3.74	(37)	3.74	(37)
Telephone & Internet	1.76	(45)	1.76	(45)	1.76	(45)	1.76	(45)
Council Tax / rates	1.23	(40)	1.23	(40)	1.23	(40)	1.23	(40)
Electricity, Gas & Water	38.93	(38)	38.93	(38)	38.93	(38)	38.93	(38)
Trade and Clinical Waste	4.73	(24)	4.73	(24)	4.73	(24)	4.73	(24)
Transport & Activities	2.55	(24)	2.55	(24)	2.55	(24)	2.55	(24)
Other Care Home	3.62	(42)	3.62	(42)	3.62	(42)	3.62	(42)
<b>Head Office</b>	<b>91.35 (30)</b>		<b>91.35 (30)</b>		<b>91.35 (30)</b>		<b>91.35 (30)</b>	
Central / Regional Management	47.82	(34)	47.82	(34)	47.82	(34)	47.82	(34)
Support Services	25.34	(39)	25.34	(39)	25.34	(39)	25.34	(39)
Recruitment, training & vetting	9.26	(30)	9.26	(30)	9.26	(30)	9.26	(30)
Other head office costs	13.23	(18)	13.23	(18)	13.23	(18)	13.23	(18)
<b>Sub-total Operating Costs</b>	<b>773.05</b>		<b>777.24</b>		<b>1,020.21</b>		<b>1,070.65</b>	
<b>Return on Operations</b>	38.65		38.86		51.01		53.53	
<b>Return on Capital</b>	99.47		99.47		99.47		99.47	
<b>Total</b>	<b>911.17</b>		<b>915.57</b>		<b>1,170.69</b>		<b>1,223.65</b>	

<b>Supporting information</b>	Non-Nursing	Non-Nursing with enhancement	Nursing	Nursing with enhancement
Number of Location level survey responses received (fully verified)	18	13	13	13
Number of locations eligible to fill in the survey (excluding those found to be ineligible)	50		41	
Number of residents covered by the responses	744	577	742	745
Number of carer hours per resident per week	24.4	24.6	23.8	26.2
Number of nursing hours per resident per week	-	-	9.3	9.9
Average carer basic pay per hour	£10.77	£10.77	£10.77	£10.77
Average nurse basic pay per hour	-	-	£18.50	£18.50
Average occupancy as a percentage of active beds	87.0%			
Freehold valuation per bed	£75,234			

The values in brackets are the number of submissions contributing towards that figure. Section subtotals are the median subtotals, rather than the subtotal of the costs they relate to. The Non-Nursing and Care Staff row has been added to better illustrate Cambridgeshire's approach to the staffing data.

Table 3: Lower and Upper Quartiles from the DHSC cost of care exercise

Cost of Care exercise results - all cells should be £ per resident per week	LOWER QUARTILE				UPPER QUARTILE			
	Non-Nursing	Non-Nursing with enhancement	Nursing	Nursing with enhancement	Non-Nursing	Non-Nursing with enhancement	Nursing	Nursing with enhancement
<b>Staffing</b>	<b>467.31</b>	<b>461.48</b>	<b>728.68</b>	<b>806.68</b>	<b>560.96</b>	<b>537.50</b>	<b>928.54</b>	<b>908.05</b>
Nursing Staff	-	-	234.79	221.74	-	-	312.31	349.66
Care Staff	295.19	309.73	295.47	320.07	389.36	370.70	353.13	366.99
<b>Non-Nursing and Care Staff</b>	<b>134.79</b>	<b>134.79</b>	<b>134.79</b>	<b>134.79</b>	<b>171.50</b>	<b>171.50</b>	<b>171.50</b>	<b>171.50</b>
Therapy Staff	-	-	-	-	-	-	-	-
Activity Coordinators	8.28	8.28	8.28	8.28	11.72	11.72	11.72	11.72
Service Management	35.95	35.95	35.95	35.95	48.55	48.55	48.55	48.55
Reception & Admin	10.42	10.42	10.42	10.42	15.68	15.68	15.68	15.68
Chefs / Cooks	24.70	24.70	24.70	24.70	37.64	37.64	37.64	37.64
Domestic Staff	33.66	33.66	33.66	33.66	52.29	52.29	52.29	52.29
Maintenance & Gardening	7.62	7.62	7.62	7.62	11.44	11.44	11.44	11.44
Other Care Home Staff	14.55	14.55	14.55	14.55	40.32	40.32	40.32	40.32
<b>Care Home Premises</b>	<b>34.80</b>	<b>34.80</b>	<b>34.80</b>	<b>34.80</b>	<b>86.72</b>	<b>86.72</b>	<b>86.72</b>	<b>86.72</b>
Fixtures & Fittings	4.98	4.98	4.98	4.98	29.13	29.13	29.13	29.13
Repairs and Maintenance	20.29	20.29	20.29	20.29	31.75	31.75	31.75	31.75
Furniture, Furnishings and Equipment	0.66	0.66	0.66	0.66	6.56	6.56	6.56	6.56
Other Care Home Premise Costs	0.82	0.82	0.82	0.82	38.61	38.61	38.61	38.61
<b>Care Home Supplies and Services</b>	<b>114.74</b>	<b>114.74</b>	<b>114.74</b>	<b>114.74</b>	<b>134.54</b>	<b>134.54</b>	<b>134.54</b>	<b>134.54</b>
Food	38.42	38.42	38.42	38.42	43.21	43.21	43.21	43.21
Domestic & Cleaning	5.49	5.49	5.49	5.49	8.46	8.46	8.46	8.46
Medical Supplies	0.72	0.72	0.72	0.72	4.26	4.26	4.26	4.26
PPE	2.61	2.61	2.61	2.61	2.61	2.61	2.61	2.61
Office Supplies	0.89	0.89	0.89	0.89	3.51	3.51	3.51	3.51
Insurance	5.74	5.74	5.74	5.74	7.95	7.95	7.95	7.95
Registration Fees	3.38	3.38	3.38	3.38	4.25	4.25	4.25	4.25
Telephone & Internet	1.00	1.00	1.00	1.00	2.96	2.96	2.96	2.96
Council Tax / rates	0.64	0.64	0.64	0.64	1.52	1.52	1.52	1.52
Electricity, Gas & Water	32.88	32.88	32.88	32.88	52.96	52.96	52.96	52.96
Trade and Clinical Waste	4.27	4.27	4.27	4.27	5.90	5.90	5.90	5.90
Transport & Activities	2.21	2.21	2.21	2.21	2.89	2.89	2.89	2.89
Other Care Home	2.06	2.06	2.06	2.06	14.41	14.41	14.41	14.41
<b>Head Office</b>	<b>80.33</b>	<b>80.33</b>	<b>80.33</b>	<b>80.33</b>	<b>99.42</b>	<b>99.42</b>	<b>99.42</b>	<b>99.42</b>
Central / Regional Management	27.13	27.13	27.13	27.13	62.85	62.85	62.85	62.85
Support Services	11.04	11.04	11.04	11.04	46.08	46.08	46.08	46.08
Recruitment, training & vetting	5.91	5.91	5.91	5.91	10.84	10.84	10.84	10.84
Other head office costs	3.90	3.90	3.90	3.90	14.63	14.63	14.63	14.63
<b>Sub-total Operating Costs</b>	<b>752.25</b>	<b>724.32</b>	<b>985.20</b>	<b>1,047.70</b>	<b>857.00</b>	<b>796.86</b>	<b>1,197.90</b>	<b>1,156.18</b>
<b>Return on Operations</b>	37.61	36.22	49.26	52.38	42.85	39.84	59.89	57.81
<b>Return on Capital</b>	82.27	82.27	82.27	82.27	156.31	156.31	156.31	156.31
<b>Total</b>	<b>872.13</b>	<b>842.81</b>	<b>1,116.73</b>	<b>1,182.36</b>	<b>1,056.16</b>	<b>993.02</b>	<b>1,414.11</b>	<b>1,370.31</b>

<b>Supporting information</b>	Non-Nursing	Non-Nursing with enhancement	Nursing	Nursing with enhancement	Non-Nursing	Non-Nursing with enhancement	Nursing	Nursing with enhancement
Number of carer hours per resident per week	20.6	22.0	20.9	20.7	26.6	26.7	25.6	27.0
Number of nursing hours per resident per week			7.9	7.7			11.1	12.2
Average carer basic pay per hour	£10.26	£10.26	£10.26	£10.26	£10.94	£10.94	£10.94	£10.94
Nurse basic pay per hour			£17.61	£17.61			£20.00	£20.00
Occupancy as a percentage of active beds	78.5%				99.0%			
Freehold valuation per bed	£60,007				£135,843			

Subtotals are the quartile subtotals, rather than the sum of the lines they relate to.

Table 4: Segmented response rates (validated plus partially validated) by key characteristics

	Nursing Homes			Residential Homes		
	Respondents	Homes in scope with the relevant characteristic	Response rate (%)	Respondents	Homes in scope with the relevant characteristic	Response rate (%)
Total	25	38	66%	24	48	50%
Strategic providers	16	23	70%	11	22	50%
<b>Provider sector</b>						
For-profit	24	37	65%	19	39	49%
Not-for-profit	1	1	100%	5	9	56%
<b>Build status</b>						
Purpose built	15	26	58%	10	16	63%
Not purpose built	6	12	50%	7	32	22%
<b>Operator scale</b>						
Large corporate group <sup>1</sup>	12	13	92%	7	8	88%
Medium group <sup>2</sup>	8	15	53%	13	21	62%
Small group or independent <sup>3</sup>	5	10	50%	4	19	21%
<b>Service scale</b>						
Large service scale (50+ beds)	18	28	64%	8	11	73%
Medium service scale (20-49 beds)	6	8	75%	14	33	42%
Small service scale (<20 beds)	1	2	50%	2	4	50%
<b>CQC ratings</b>						
Good or Outstanding	21	31	68%	23	44	52%
Not Good or Outstanding	4	5	80%	1	4	25%
<b>District Council</b>						
Cambridge City Council	4	8	50%	2	5	40%
East Cambridgeshire District Council	3	3	100%	3	6	50%
Fenland District Council	8	11	73%	4	9	44%
Huntingdonshire District Council	6	7	86%	6	14	43%
South Cambridgeshire District Council	4	6	67%	7	10	70%

<sup>1</sup> 40 or more care homes for older people across the UK

<sup>2</sup> 3 - 39 care homes for older people across the UK

<sup>3</sup> Fewer than 3 care homes for older people across the UK

Table 5: Uplifts from 2021/22 to 2022/23

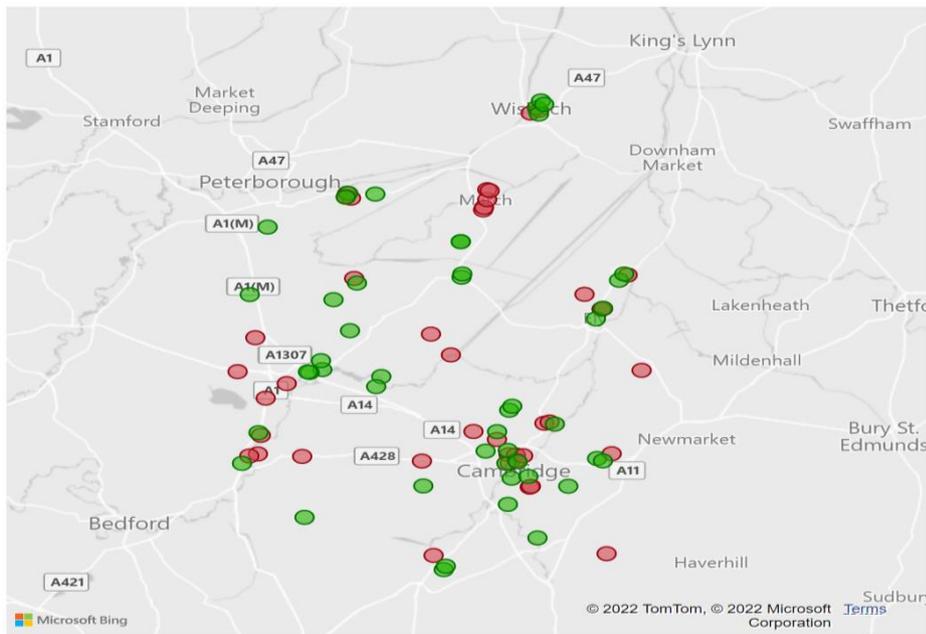
	CPI Code	CPI Item	12 Month % change to April 2022
Low paid staff (carers and domestic staff)	-	National Living Wage % increase, April - April <sup>14</sup>	6.6
Other staff (nurses and back office)	-	Average earnings index, April - April	4.1
Fixtures & fittings	D7GW	05.3 Household appliances, fitting, and repairs	9.9
Repairs and maintenance	D7GR	04.3 Regular maintenance and repair of the dwelling	7.6
Furniture, furnishings, and equipment	D7GU	05.1 Furniture, furnishings, and carpets	15.0
<i>Other care home premises costs</i>	D7G7	CPI (overall index)	9.0
Food supplies	D7G8	01 Food and non-alcoholic beverages	6.7
Domestic and cleaning supplies	D7GZ	05.6 Goods and services for routine maintenance	6.8
Medical supplies (excluding PPE)	D7NO	06.1 Medical products, appliances, and equipment	1.3
PPE	D7NO	06.1 Medical products, appliances, and equipment	1.3
Office Supplies	D7IH	05.6.1 Non-durable household goods	10.3
Insurance (all risks)	D7HF	12.5 Insurance	11.7
Registration fees	D7G7	CPI (overall index)	9.0
Telephone & internet	D7GF	08 Communication	2.8
Council tax / rates	CRQT	Council tax and rates (CPIH) <sup>15</sup>	7.9
Electricity, Gas & Water	D7GB	04 Housing, water, electricity, gas and other fuels	19.2
Trade and clinical waste	D7G7	CPI (overall index)	9.0
Transport & Activities	D7GG	09 Recreation and Culture	5.9
<i>Other care home supplies and services costs</i>	D7G7	CPI (overall index)	9.0
Central / Regional Management	D7NN	All services	4.7
Support Services (finance / HR / legal / marketing etc.)	D7NN	All services	4.7
Recruitment, Training & Vetting (incl. DBS checks)	D7NN	All services	4.7
<i>Other head office costs (please specify)</i>	<i>D7OB</i>	<i>12.7 Other services (NEC)</i>	<i>-3.1</i>

Source: Office for National Statistics for different CPI series

<sup>14</sup> [https://www.gov.uk/government/news/national-living-wage-increase-boosts-pay-of-low-paid-workers#:~:text=The%20improvement%20in%20the%20economic,2.2%20per%20cent\)%20in%202021.](https://www.gov.uk/government/news/national-living-wage-increase-boosts-pay-of-low-paid-workers#:~:text=The%20improvement%20in%20the%20economic,2.2%20per%20cent)%20in%202021.)

<sup>15</sup> Tables 8 and 22, <https://www.ons.gov.uk/economy/inflationandpriceindices/datasets/consumerpriceinflation>

Figure 1 Map of care homes in Cambridgeshire



● Submitted ● Not Submitted

Table 6: Average rates paid for spot bed framework beds, September 2021 – September 2022

Cambridgeshire spot placements made since 1st September 2021 65+ to 13th September 2022	All Cambridge shire in county spot placements 65+	Cambridge City	East Cambridge shire	Fenland	Huntingdonshire	South Cambridgeshire	Out of county 65+ placements	CCC total spend on spot placements including out of county
<b>No. Res</b>	94	18	36	12	7	20	9	102
<b>Average £</b>	£ 697.58	£ 715.11	£ 688.13	£ 690.42	£ 649.77	£ 722.23	£ 665.56	695.22
<b>No. Res DE</b>	89	9	20	18	21	21	3	94
<b>Average £</b>	£ 713.70	£ 768.56	£ 701.55	£ 685.28	£ 697.14	£ 742.12	£ 755.00	£ 714.22
<b>No. Nursing</b>	30	2	3	8	6	10	12	41
<b>Average £</b>	£ 844.94	£ 668.21	£ 1,054.21	£ 910.93	£ 730.70	£ 845.20	£ 797.73	£ 829.58
<b>No. Nurs DE</b>	24	8	5	5	5	1	9	33
<b>Average £</b>	£1,000.00	£ 1,245.77	£ 1,102.40	£ 752.00	£ 712.36	£ 912.40	£ 844.71	£ 956.32
<b>Total No. Spot Placements</b>	237	37	64	43	39	52	33	270
<b>Average placement £</b>	£ 751.45	£ 841.29	£ 736.89	£ 736.45	£ 696.74	£ 757.57	£ 769.16	£ 753.26