

Birmingham City Council: Fair Cost of Care

Summary report
September 2022

Final Draft



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Section 1: Executive summary



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Executive summary: Background and scope

The Market Sustainability and Fair Cost of Care (“FCoC”) Fund is

“designed to ensure local authorities can prepare their markets for reform and move towards paying providers a fair cost of care, as appropriate to local circumstances.”

[Market Sustainability and Fair Cost of Care Fund: purpose and conditions 2022 to 2023 - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/news/market-sustainability-and-fair-cost-of-care-fund-purpose-and-conditions-2022-to-2023)

The FCoC exercise aims to:

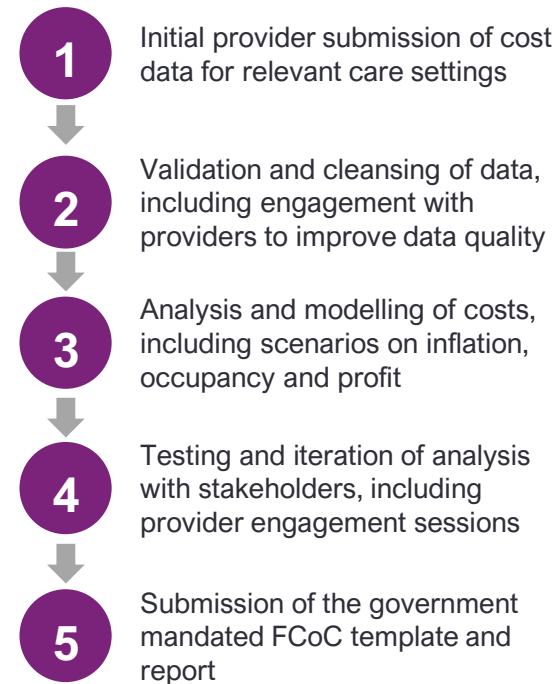
Understand the cost of providing care services, and identify the median cost of care from data supplied by care providers:

1. Age 65+ care homes, including residential and nursing care.
2. Age 18+ domiciliary care, including home care and extra care.

This report details:

1. The analytical methodology and assumptions used in the mandated FCoC exercise for Birmingham.
2. Insights derived from the FCoC analysis, including the headline median FCoC outputs and additional analyses which supports key conclusions on cost drivers and profitability within the care sector.

Summary FCoC exercise approach



Executive summary: Care homes

Summary results:

- Total cost outputs for 22/23 from the FCoC exercise are £934 for Without Nursing, and £1,137 for Nursing.
- Enhanced care (1) costs do not show a significant change in either Without Nursing or Nursing.
- Costs for 21/22 are 53% higher than the current (22/23) fee rate for Without Nursing, and 23% higher for Nursing. Projected costs for 22/23 are 63% higher than the current fee rate for Without Nursing, and 31% higher for Nursing.
- The higher costs for Nursing are primarily driven by the additional nursing staff costs.
- ROO is 8%-10% of total cost. ROC is 12%-13% of total cost. Both ROO and ROC margins vary by resident type (2).

Total cost per resident per week (including ROO/ ROC)

Resident type	Records	22/23 Fee rate (incl FNC) (3)	21/22 Median reported costs	22/23 Modelled inflation
Without Nursing	46	£ 572	£ 873	£ 934
Without Nursing Enhanced	37	£ 572	£ 898	£ 961
Nursing	29	£ 867	£ 1,064	£ 1,137
Nursing Enhanced	26	£ 867	£ 1,051	£ 1,123

Methodology and assumptions:

21/22 is used as the baseline year for care homes. Inflation is modelled for projected 22/23 costs using the following assumptions:

- Increase in **National Living Wage (“NLW”)** from 21/22 to 22/23 of **6.62%** applied to staff costs.
- **Consumer Prices Index including owner occupiers’ housing costs (“CPIH”)** as at April 2022 of **7.8%** for premises, services and head office costs.
- Return On Operations (“ROO”) and Return On Capital (“ROC”) are assumed to retain the **same percentage margins** on total cost as in 21/22. The overall margin for ROO and ROC is 21%-22% of total costs.

Data was collected from 110 homes located in Birmingham (from a total of 182 eligible homes); after initial validation of provider submissions, and exclusion of out of scope providers, **62** care homes were included in the analysis. Costs for each resident type were included where the reported occupancy (for that resident type) was non-zero; the resulting number of records per resident type are included in the table to the left.

Any costs ≤ 0 were excluded from the analysis.

1) Enhanced care as defined by the Government FCoC fund covers residents with enhanced needs (e.g. dementia).
 2) The principles used to calculate ROO and ROC are outlined in page 21.
 3) Nursing rates include Funded Nursing Care (FNC) fee of £209.19.

Executive summary: Home support and extra care

Summary results:

- Total cost outputs for 22/23 from the FCoC exercise are projected to be £20.95 for home support and £24.22 for extra care.
- Costs for 22/23 are 28% higher than the current (22/23) fee rate for home support and 47% higher for extra care.
- Profit is between 5% and 6% of total costs for all care types.
- Reported travel time and NI costs (direct care time) for home support are significantly lower than national benchmarks. Profit contributions per hour of care are higher than benchmarks. It should be noted that the benchmarks are based on national averages and the FCoC figures may be a reflection of local circumstances.
- PPE costs are generally in line with benchmarks; however the reported unit costs show high variability between providers.

Total cost of care per hour for each type of care

Care type	Records	22/23 Fee rate	22/23 Median reported costs	% Increase on fee rate
Home support	40	£16.43	£20.95	+28%
Extra care (1)	10	£16.43	£24.22	+47%

Methodology and assumptions:

22/23 is used as the baseline year for home care and extra care.

After initial validation of provider submissions, and exclusion of out of scope providers, **40** records were included for home support and **10** for extra care within the analysis.

For extra care, the majority of providers did not provide return on operations costs (profit). An assumption of 5% markup was applied based on data for other care types.

Two home support providers were excluded due to the total costs being near to zero.

Negative National Insurance (NI) costs and zero values for travel time, mileage or staff training time were excluded from the analysis for home support only.

1) 50% of the extra care submissions received were from one provider (with multiple schemes), which may skew the results.

Executive summary: Key conclusions and recommendations

General comments:

1. Cost of care exercise outputs for 22/23 are significantly higher than current fee rates for all care types, with the largest gaps in residential and nursing care settings. The move towards a Fair Cost of Care will present significant challenges for funding and commissioning.
2. Provider submissions show a wide variety of views on profit margins, most significantly for Return on Operations and Return on Capital in care homes. Further engagement with providers is recommended to explore profit assumptions and determine reasonable profit margins within the Fair Cost of Care.
3. Provider submissions also show wide ranges of costs in many key cost categories. Targeted engagement with providers to understand drivers for “outlier” costs would inform understanding the true cost of care and their operating models.

Care homes:

4. Provider submitted costs for 22/23 show a wide variety of views on changes to costs and profits; with many providers expecting cost increases well above inflation. Data collection was carried out before the recent Government announcements on energy support; provider assumptions relating to energy costs may change based on these announcements.
5. Analysis of occupancy levels in relation to costs do not show the trends that are expected. Costs are more significantly driven by care home size, with larger homes having higher costs per resident.
6. Engagement with providers should explore how provided occupancy levels were calculated and the potential factors that influence the higher costs in larger care homes.

Home support and extra care:

7. Reported costs are lower than Homecare Association recommended minimum costs, primarily driven by a few key cost categories (1). Homecare Association recommended minimum costs are based on national assumptions, whereas the reported costs will reflect the local urban environment and employee data.
8. Extra care costs are significantly higher than home support.

1) Source: [Homecare Association Minimum Price for Homecare 2022-2023](#).
 “Minimum price for homecare at Voluntary Living Wage (2022-2023)”.

Section 2: Programme approach



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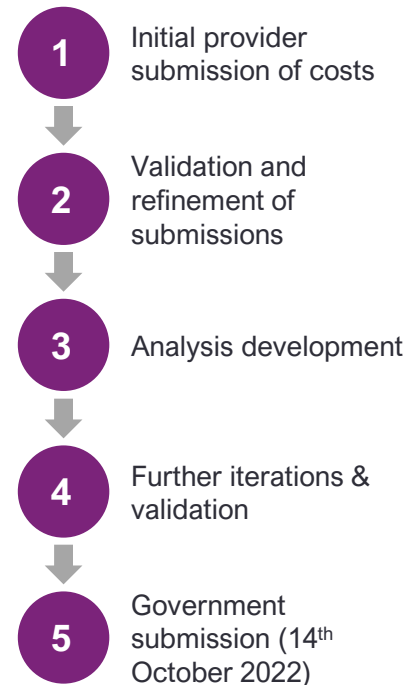
The approach was underpinned by close engagement with the providers

The following approach was adopted to conduct the Fair Cost of Care exercise for Birmingham:

1. The providers were required to submit data (between 6 June and 4 August 2022) on a variety of factors for both 65+ older adult care and 18+ domiciliary care. Providers were encouraged to take part through various communications and, where necessary, by issuing contractual breach notices. Care homes used the Care Cubed FCoC tool and Home support and extra care providers used the ARCC tool, both commissioned by LGA/ADASS.
2. Birmingham City Council engaged closely with the providers to understand any discrepancies in the submissions. Only returns that were internally validated were approved for inclusion in the analysis.
3. Once data collection was completed, the median costs of providing care in the local market was calculated for each of the cost lines.
4. After further validation with stakeholders, further iterations were developed along with a variety of scenarios on occupancy and inflation assumptions for 22/23.
5. The government mandated Fair Cost of Care template and report will be submitted on 14th of October.

The above was underpinned by close engagement with both care home and domiciliary care providers.

The returns were scrutinised in collaboration with the providers to improve the quality of data used in the exercise; however, this was limited and did not extend to validation of individual costs or accounts. Stakeholder engagement sessions were held by Birmingham City Council where the providers were updated on the ongoing programme and initial insights were shared and validated.



Section 3: Analytical methodology



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Care homes: Analytical methodology

Baseline year

Providers submitted both actual costs for 21/22 and an estimated cost for 22/23 based on a provider assumed uplift %.

Analysis was conducted to understand the variability between the 21/22 and 22/23 costs. Findings indicate that potential approaches to inflation have been inconsistently applied across providers (as displayed in the chart to the right).

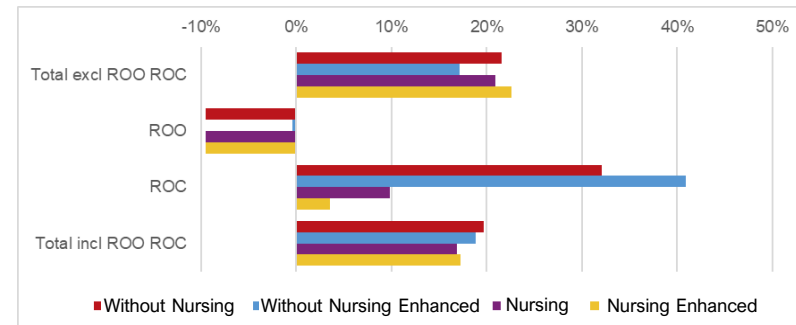
Therefore, 21/22 actuals were used together with a standard inflation rate against each cost category as a more representative scenario of Fair Cost of Care in 22/23.

Data processing

The source data was extracted from the care cubed portal based on the provider responses. 110 responses were received out of a total 182 eligible homes (60%). The following exclusions were performed:

- There were 78 approved submissions based on initial validation checks conducted by Birmingham City Council (43%).
- 16 young adult, learning disabilities and mental health home were excluded as these are not in scope for this exercise (9%), leaving 62 responses included in the analysis (34%).
- For each resident type, records were included only if the recorded occupancy (for that resident type) was >0. Most locations include more than one resident type.

Percentage change in reported costs from 21/22 to 22/23 (provider submitted)



Provider responses remaining after data exclusions

Resident type	Responses remaining
Without Nursing	46
Without Nursing Enhanced	37
Nursing	29
Nursing Enhanced	26
All resident types	62 (34% of eligible homes)

Care homes: Analytical methodology

Approach to reviewing outliers

In order to evidence whether outliers impact on the FCoC outputs, Tukey's test (1) was employed. This approach excludes any values outside a lower limit of [Lower Quartile] – 1.5 * [Interquartile Range (2)] and outside an upper limit of [Upper Quality] + 1.5 * [Interquartile Range (2)].

- The table on right displays the median total cost of care for both cases. This shows that excluding outliers makes a minimal difference to the final cost of care.
- Any outliers identified using the above methods were included in the analysis due to the minimal impact on the total cost of care. This also ensures that as large a sample size as possible is maintained for the analysis.

Other key assumptions

- **Inflation assumptions for 22/23:** The staff costs were assumed to grow in line with the % change to the national living wage from 21/22 to April 2022. All other costs were assumed to grow in line with the Consumer Prices Index including owner occupiers' housing costs for April 2022.
- All costs are assessed on a per resident per week basis as provided in the care cubed portal. No adjustments were made based on reported vs target occupancy levels; our analysis identified no relationship between occupancy and cost, therefore we would expect any such adjustments to be unreliable.

Total cost of care per resident per week comparison of outliers

Resident type	Including outliers	Removing outliers	Variance
Without Nursing	£ 873	£ 847	£ 26 (3%)
Without Nursing Enhanced	£ 898	£ 865	£ 33 (4%)
Nursing	£ 1,064	£ 1,051	£ 13 (1%)
Nursing Enhanced	£ 1,051	£ 1,042	£ 9 (1%)

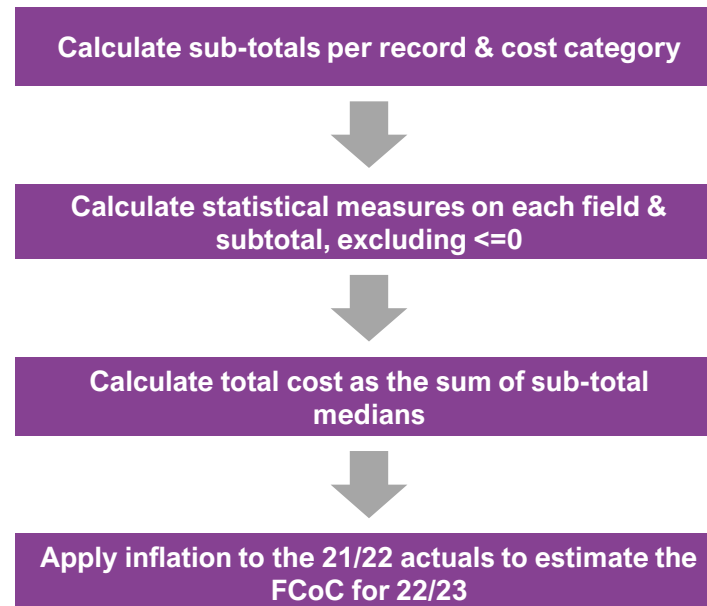
1) Exploratory Data Analysis by John Tukey (1977)
 2) Interquartile range is defined as:
 [Upper Quartile] – [Lower Quartile]

Care homes: Analytical methodology

Calculating Fair Cost of Care

The following methodology was used to calculate the Fair Cost of Care. Each cost of care was calculated based on the different resident types of Without Nursing (“WN”), Without Nursing Enhanced (“WNE”), Nursing (“N”) and with Nursing Enhanced (“NE”).

1. Calculate the sub-totals per record for each cost category: staff, premises, services, head office, return on operations, and return on capital.
2. Calculate the statistical measures on each field and sub-totals across the approved providers excluding any values ≤ 0 . The statistical measures included the minimum, lower quartile, median, upper quartile and maximum.
3. Add up the medians at a sub-total level. This approach was used to correct for potential differences in reporting of costs across the lower level categories within each sub-total (1).
4. Apply the agreed inflation assumptions, as defined on page 19, to the 21/22 actuals to estimate the Fair Cost of Care for 22/23.



1) As an example, many providers reported zero costs for therapy staff. We expect this to be in part due to providers not recording therapy staff as a separate category and therefore reporting these costs against other staff types. Reporting the median of the sub-total staff costs ensures these costs are fairly accounted for in the cost of care exercise.

Home support and extra care: Analytical methodology

Data processing

The source data was extracted from the ARCC data collection tool provided for domiciliary care, using the provided 22/23 data. The following exclusions were performed:

- Out of the approved responses, two responses were excluded for home support. These two responses had a direct care cost of approximately £0 per hour.
- No responses were excluded for extra care.

The table on the right displays the responses remaining for each type of care.

Approach to reviewing outliers

In order to evidence whether outliers impact on the FCoC outputs, Tukey's test (1) was employed. This approach excludes any values outside a lower limit of [Lower Quartile] – 1.5 * [Interquartile Range (2)] and outside an upper limit of [Upper Quality]+ 1.5 * [Interquartile Range (2)].

- The table on right displays the median total cost of care for both cases. This shows that excluding outliers makes a minimal difference to the final cost of care.
- Any outliers identified using the above methods were included in the analysis due to the minimal impact on the total cost of care. This also ensures that as large a sample size as possible is maintained for the analysis.

Provider responses received and remaining after data exclusions

Type	Eligible providers	Remaining responses
Home support	224	40 (18%)
Extra care	23	10 (43%)

Total cost of care per hour for each type of care comparison of outliers

Type	Including outliers	Removing outliers	Variance
Home support	£20.95	£20.42	£ 0.54 (3%)
Supported living	£17.25	£16.85	£ 0.40 (2%)
Extra care	£23.00	£22.94	£ 0.05 (0%)

1) Exploratory Data Analysis by John Tukey (1977)
 2) Interquartile range is defined as:
 [Upper Quartile] – [Lower Quartile]

Home support and extra care : Analytical methodology

Other assumptions

- Any National Insurance (“NI”) costs that have been entered as a negative number has been assumed to be £0.

Calculating Fair Cost of Care

The following methodology was used to calculate the Fair Cost of Care. Each cost of care was calculated based on the type of care.

- Aggregate the “other overheads” to a single category where providers have added further costs outside the fixed categories within the data collection templates.
- For extra care only, only three out of the ten providers supplied a profit in the data collection templates. Due to this, a 5% mark-up was assumed for all extra care providers which is consistent with the figures reported for supported living. For home support, the median profit % was reported to be 6%. This is higher than the recommended minimum of 3% by the Home Care Association (1). Therefore the reported figures were utilised to calculate the final FCoC.
- Calculate the statistical measures for each field across the approved providers. The statistical measures included the minimum, lower quartile, median, upper quartile and maximum. For home support providers where, travel time, mileage or staff training time has been entered as a zero value, these were excluded from the statistical measures as these were considered to be invalid.
- Add up the medians of individual fields to estimate a Fair Cost of Care per hour (2).

Aggregate the “other overheads”
to a single category



[Extra care only] Apply a 5% for
profit



Calculate the statistical measures
on each field



Calculate total cost as the sum of
the individual medians from each
field

(1) Source: [Homecare Association Minimum Price for Homecare 2022-2023](#). “Minimum price for homecare at Voluntary Living Wage (2022-2023)”.

(2) Please note that the approach to calculating the FCoC for home support and extra care is different from care homes as there was limited scope for providers to input costs in incorrect fields. Therefore the sum of the medians was considered to be accurate for home support and extra care.

Section 4: Care home insights



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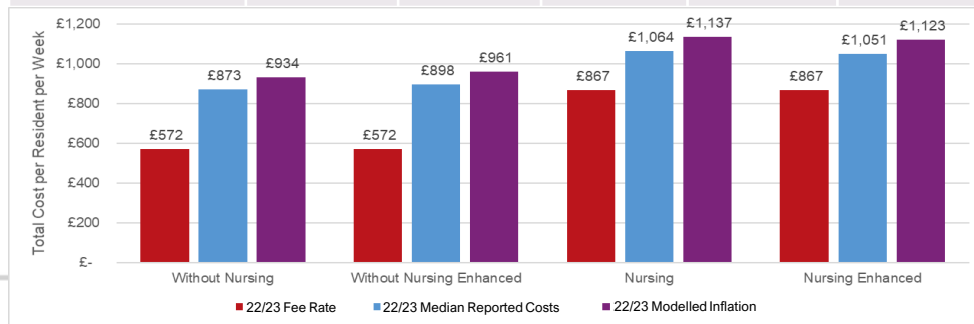
22/23 FCoC exercise outputs for without nursing are 63% higher than the current fee rate; nursing shows a smaller increase at 31%

The table and chart on the right provides a comparison of the current fee rate, the median reported costs in 21/22, and modelled inflation for 22/23, for each resident type. The figures displayed are the costs per resident per week. Further statistics are provided within Appendix A.

- The median cost of care submitted by providers for 22/23 are £934 for Without Nursing and £1,137 for Nursing.
- Enhanced care costs do not show a significant change in either Without Nursing or Nursing. Nursing Enhanced shows a slight decrease on Nursing.
- Costs for 21/22 are 53% higher than the current rate for Without Nursing, and 23% higher for Nursing. Projected costs for 22/23 are 63% higher than the current rate for Without Nursing, and 31% higher for Nursing.
- The smaller increase for Nursing is due to the inclusion of the FNC rate of £209.19 on top of the BCC fee rate of £658.
- 22/23 inflation is modelled using CPIH and National Living Wage; further details on the methodology used in this modelling is provided in the subsequent slides.

Total cost per resident per week comparison (including ROO/ ROC) by type of resident

Resident type	22/23 fee rate (1)	21/22 Median reported costs	21/22 Increase on current fee rate	22/23 With modelled inflation	22/23 Increase on current fee Rate
Without Nursing	£ 572	£ 873	+53%	£ 934	+63%
Without Nursing Enhanced	£ 572	£ 898	+57%	£ 961	+68%
Nursing	£ 867	£ 1,064	+23%	£ 1,137	+31%
Nursing Enhanced	£ 867	£ 1,051	+21%	£ 1,123	+30%



1) Current fee rates do not include separate rates for enhanced care. Nursing rates include Funded Nursing Care (FNC) fee of £209.19.

Varying levels of inflation were reported between 21/22 and 22/23 costs by providers

The chart on the right displays the change in reported costs between 21/22 and 22/23 for each cost category.

- Cost increases reported by providers for 22/23 vary by resident type and cost category. Not all providers completed data entries for 22/23, therefore the sample size is lower than for 21/22 costs.
- Median ROO costs are lower for 22/23. This may reflect provider expectations that profits will be reduced due to cost and wage inflation.
- Median ROC shows significant differences by resident type. This indicates differing views by residential and nursing care providers on property valuations and investment plans.

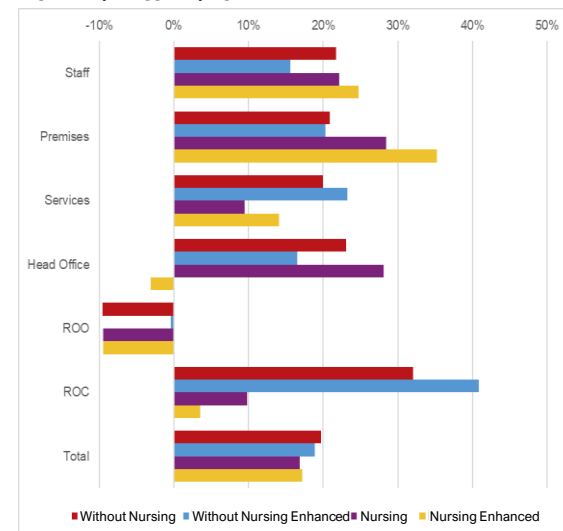
The table below displays a comparison between the reported costs for 22/23 and 21/22 costs with inflation assumptions for 22/23 (“Modelled inflation”)

- 22/23 reported costs are higher than the inflation modelling by £111 for Without Nursing and £106 for Nursing.

Comparison of total cost per resident per week (including ROO / ROC)

Resident type	21/22 Median reported costs	22/23 Modelled inflation	22/23 Median reported costs
Without Nursing	£ 873	£ 934	£ 1,045
Without Nursing Enhanced	£ 898	£ 961	£ 1,067
Nursing	£ 1,064	£ 1,137	£ 1,244
Nursing Enhanced	£ 1,051	£ 1,123	£ 1,232

Percentage change in reported costs from 21/22 to 22/23



The 21/22 costs with inflation assumptions result in a lower growth compared to the reported 22/23 costs

22/23 inflation is modelled with (1):

- Increase in National Living Wage in April 2022 (+6.62%) applied to staff costs (2).
- CPIH as at April 2022 (7.8%) for premises, services and head office costs (3).
- ROO and ROC costs are inflated to maintain the same overall percentage margin (21-22% for ROO + ROC).

Two other inflation assumptions were compared:

- The EY Item Club, a forecasts that employs Bank of England and economic outlook data, which predicts a higher inflation rate of 8.7%.
- Reported 22/23 forecast costs from providers are much higher, varying between 17% and 20% by resident type. However, it should be noted that this dataset is smaller and shows varying inflation assumptions across the providers (as outlined in the previous slide).

The table to the right displays the total costs for 22/23 under different assumptions.

- The EY Item Club forecast illustrates a marginal increase over the baseline assumptions (CPIH & NLW). 22/23 reported costs show a more significant increase.

Comparison of total cost per resident per week (including ROO / ROC) for different 22/23 assumptions

Resident type	21/22 Median reported costs	22/23 Modelled inflation (CPIH & NLW)	22/23 Modelled inflation (EY Item Club)	22/23 Median reported costs
Without Nursing	£ 873	£ 934	£ 949	£ 1,045
Without Nursing Enhanced	£ 898	£ 961	£ 976	£ 1,067
Nursing	£ 1,064	£ 1,137	£ 1,156	£ 1,244
Nursing Enhanced	£ 1,051	£ 1,123	£ 1,142	£ 1,232

- 1) This follows the standard methodology for modelling inflation used by BCC.
- 2) [National Minimum Wage and National Living Wage rates - GOV.UK \(www.gov.uk\)](https://www.gov.uk/national-minimum-wage-rates)
- 3) [Consumer price inflation, UK - Office for National Statistics](https://www.gov.uk/consumer-price-inflation)

Higher costs for nursing are primarily driven by staff costs

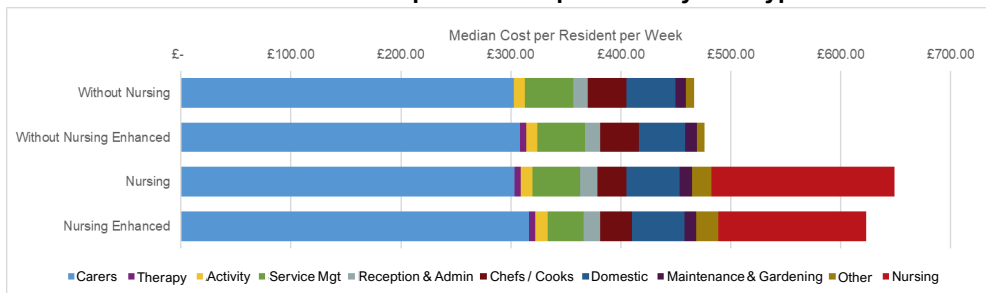
The chart on the right displays the median costs (per resident per week) for 21/22 by cost category. The chart below provides a breakdown of staff costs by staff type.

- The higher total costs for Nursing and Nursing Enhanced are driven primarily by staff costs, primarily due to the additional nursing staff costs. Staff costs marked as “other” are also higher for nursing. Enhanced care has slightly higher carer costs.
- Services, ROO and ROC costs are all higher for Nursing and Nursing Enhanced. Premises costs are similar for all resident types.
- Head Office costs are lower in Nursing and Nursing Enhanced.
- Across staff, premises, services and head office cost categories, 5% of costs were recorded under “other costs”. The highest “other” costs are under premises costs.

Cost breakdown – median cost by category 21/22



Staff cost breakdown – median cost per resident per week by staff type – 21/22



ROO and ROC contribute between 21% and 22% of total costs

The table displays the ROO and ROC for 21/22 compared to total costs:

- ROO varies between 8%-10% of the total cost (margin) across the four resident types. It is highest for Without Nursing (10%) and is generally lower for enhanced care residents (With and Without Nursing).
- ROC has lower variation across the four resident types, varying from 12%-13% of total cost (margin), and is generally higher for enhanced care residents.

There are a range of methodologies to calculate ROO and ROC forecasts, with a range of views apparent across the provider submissions on the target ROO and ROC.

In particular, ROC can be estimated from a range of factors including Local Housing Allowance and property valuation. Analysis of these different methodologies generated significantly different values **(1)**. **Provider submitted ROO and ROC for 21/22 are used** in this report in order to reflect the range of views across the sector. The ROO margins from submissions (8% to 10%) are slightly lower than comparative market profit estimates **(2)**; however these sources do not include separate ROC estimates.

ROO and ROC cost by resident type – 21/22

Resident type	ROO	ROC	Total cost	ROO %	ROC %
Without Nursing	£ 86	£ 106	£ 873	10%	12%
Without Nursing Enhanced	£ 74	£ 120	£ 898	8%	13%
Nursing	£ 94	£ 127	£ 1,064	9%	12%
Nursing Enhanced	£ 94	£ 135	£ 1,051	9%	13%

1) See Appendix A (page 45) for comparisons of ROC methodologies.
 2) Comparative profit estimates range between 10% and 20% of revenue.
[Laing Buisson UK Market Report 2022](#)
[CMA Care homes market study 2017 \(publishing.service.gov.uk\)](#)

All cost categories show high variability in reported costs

The tables below displays the summary statistics for 21/22 costs in the Without Nursing and Nursing resident types.

Variability in the dataset can be measured by comparing the Inter Quartile (IQ) range [UQ minus LQ] against the median.

- For both resident types, staff has the highest costs but has low relative variability.
- Premises, head office and ROC show the highest relative variability, exceeding 100% of median for some resident types.
- Nursing and Nursing Enhanced show the highest relative variability across most cost categories.

Summary statistics – Without Nursing – 21/22

Category	Min	LQ	Median	UQ	Max
Staff	£ 253	£ 401	£ 475	£ 525	£ 693
Premises	£ 14	£ 28	£ 40	£ 47	£ 144
Services	£ 52	£ 90	£ 109	£ 139	£ 219
Head Office	£ 0	£ 32	£ 56	£ 90	£ 121
ROO	£ 24	£ 59	£ 86	£ 113	£ 300
ROC	£ 24	£ 59	£ 106	£ 175	£ 624
Total (1)	£ 369	£ 669	£ 873	£ 1,088	£ 2,101

Summary statistics – Nursing – 21/22

Category	Min	LQ	Median	UQ	Max
Staff	£ 39	£ 556	£ 641	£ 753	£ 1,372
Premises	£ 2	£ 28	£ 44	£ 72	£ 144
Services	£ 1	£ 107	£ 123	£ 165	£ 219
Head Office	£ 0	£ 26	£ 34	£ 71	£ 121
ROO	£ 4	£ 60	£ 94	£ 125	£ 300
ROC	£ 25	£ 69	£ 127	£ 141	£ 402
Total (1)	£ 72	£ 846	£ 1,064	£ 1,326	£ 2,558

1) Total values shown are the sum of the statistics over all categories. As such, these may not correspond to the total costs for individual providers.

Staff costs contribute between 50% and 60% of total costs, with nursing costs being the most significant driver of total cost increases

The table displays the summary statistics for staff costs in 21/22.

- Staff costs for Without Nursing contribute 54% of the total costs; for Nursing this increases to 60%.
- Enhanced care has no significant increase in staff costs compared with non-enhanced resident types.

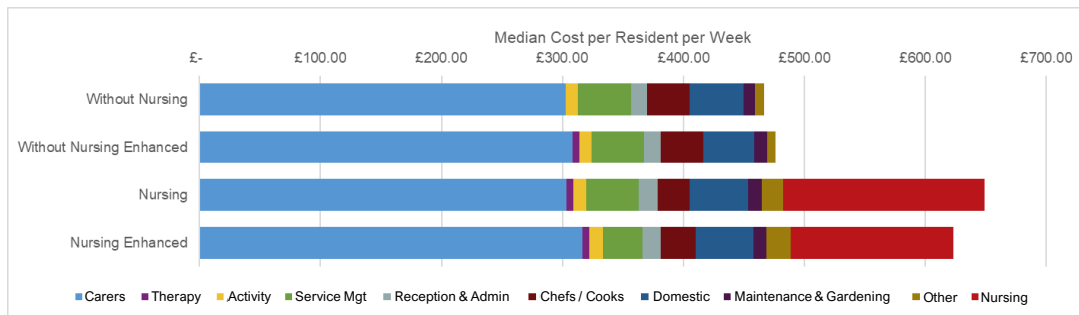
The chart displays the breakdown of median staff costs by staff type in 21/22.

- The increase in staff costs for Nursing and Nursing Enhanced is primarily due to the additional nursing staff costs. There is also a small increase in costs recorded as “other” staff types.
- Costs for carers are slightly higher for enhanced care.
- The remaining cost categories show similar median costs for all resident types.

Summary statistics – staff costs – 21/22

Resident type	Min	LQ	Median	UQ	Max	% of Total
Without Nursing	£ 253	£ 401	£ 475	£ 525	£ 693	54%
Without Nursing Enhanced	£ 253	£ 401	£ 484	£ 538	£ 693	54%
Nursing	£ 39	£ 556	£ 641	£ 753	£ 1,372	60%
Nursing Enhanced	£ 39	£ 552	£ 628	£ 831	£ 1,372	60%

Staff cost breakdown – median cost per resident per week by staff type – 21/22



Premises costs contribute 5% of total costs, with no significant difference by resident type

The table displays the summary statistics for premises costs in 21/22.

- Premises costs are a small component of the total cost, contributing only 4-5% of total costs.
- Premises costs do not vary significantly by resident type. Premises contribute a smaller proportion of the total cost for Nursing and Nursing Enhanced, as the total costs are higher.

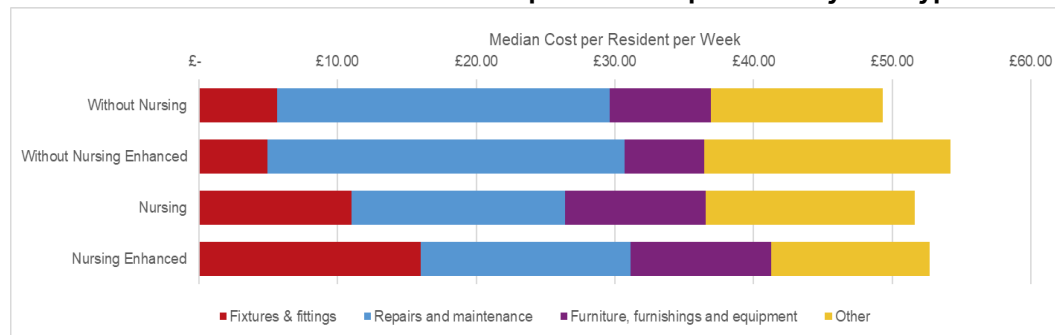
The chart displays the breakdown of median premises costs by cost type in 21/22.

- The split of costs by cost category varies by resident type, although the total cost does not vary significantly. This may be due to variations in how providers have apportioned costs across the four categories.
- Nursing has higher costs for fixtures & fittings, and furniture, furnishings & equipment categories, whereas repairs & maintenance costs are lower.

Summary statistics – premises costs – 21/22

Resident type	Min	LQ	Median	UQ	Max	% of Total
Without Nursing	£ 14	£ 28	£ 40	£ 47	£ 144	5%
Without Nursing Enhanced	£ 17	£ 30	£ 40	£ 50	£ 144	5%
Nursing	£ 2	£ 28	£ 44	£ 72	£ 144	4%
Nursing Enhanced	£ 2	£ 27	£ 39	£ 71	£ 191	4%

Premises cost breakdown – median cost per resident per week by cost type – 21/22



Services costs contribute 12% of total costs, with costs for nursing increasing in line with total costs

The table displays the summary statistics for services costs in 21/22.

- Services costs are 12% of the total cost for all resident types. Services costs are higher for Nursing and Nursing enhanced, in line with total costs.
- Services costs show relatively low variability (based on the Inter Quartile Range) when compared with other cost categories.

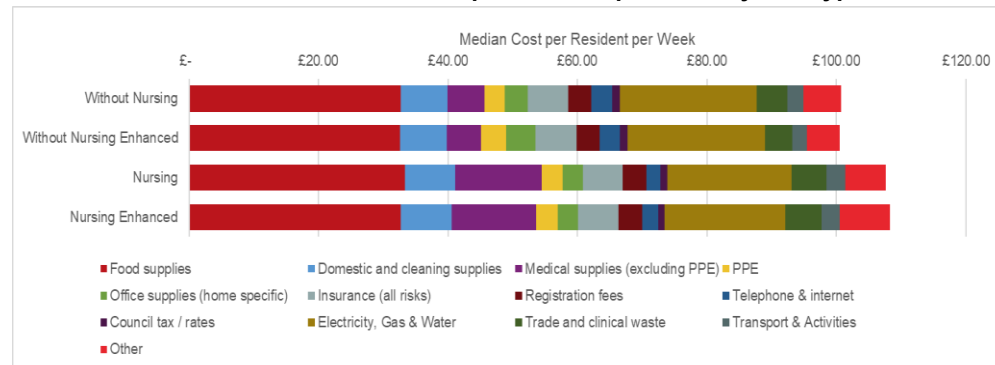
The chart displays the breakdown of median services costs by cost type in 21/22.

- The increase in costs for Nursing and Nursing Enhanced are primarily due to increased medical supplies and costs recorded as “Other”.
- Most cost categories have similar costs for all resident types.
- It is notable that PPE costs were still experienced by Providers in 21/22, despite the Government PPE provision.
- Electricity, gas and water, which can be highly exposed to price volatility, accounts for only £19-£21 of the total costs.

Summary statistics – services costs – 21/22

Resident type	Min	LQ	Median	UQ	Max	% of Total
Without Nursing	£ 52	£ 90	£ 109	£ 139	£ 219	12%
Without Nursing Enhanced	£ 52	£ 90	£ 107	£ 127	£ 212	12%
Nursing	£ 1	£ 107	£ 123	£ 165	£ 219	12%
Nursing Enhanced	£ 1	£ 108	£ 121	£ 156	£ 340	12%

Services cost breakdown – median cost per resident per week by cost type – 21/22



Head Office costs contribute between 3% and 8% of total costs

The table displays the summary statistics for head office costs in 21/22.

- Head office costs are a small component of the total cost, contributing between 3% and 8% of total costs.
- Head office costs are significantly lower for Nursing and Nursing Enhanced.

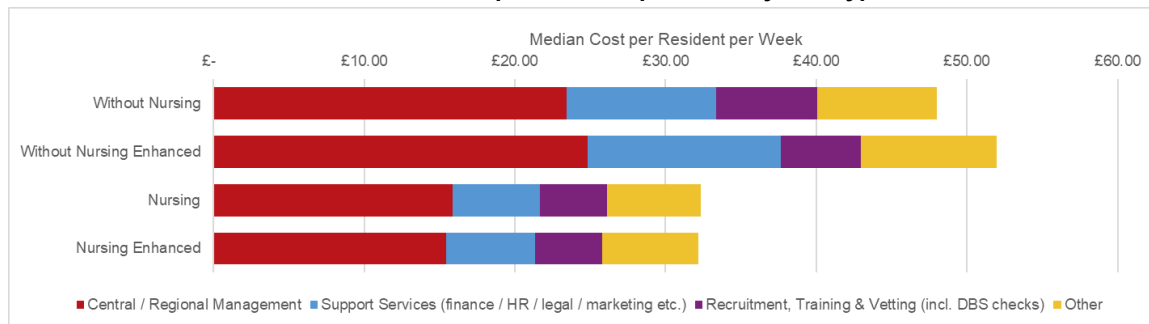
The chart (bottom right) shows the breakdown of median head office costs by cost type in 21/22.

- All cost categories are lower for Nursing and Nursing Enhanced, with the most significant drops in Central / Regional Management and Support Services.
- Nursing homes are generally larger than residential homes. They may benefit from efficiencies in overhead and head office costs as part of larger organisations.

Summary statistics – head office costs – 21/22

Resident type	Min	LQ	Median	UQ	Max	% of Total
Without Nursing	£ 0	£ 32	£ 56	£ 90	£ 121	6%
Without Nursing Enhanced	£ 0	£ 35	£ 72	£ 91	£ 120	8%
Nursing	£ 0	£ 26	£ 34	£ 71	£ 121	3%
Nursing Enhanced	£ 0	£ 28	£ 34	£ 64	£ 201	3%

Head office cost breakdown – median cost per resident per week by cost type – 21/22



There appears to be no relationship between the occupancy and total cost, possibly due to unreliable occupancy data

The charts to the right display a comparison of total cost against occupancy for individual care homes:

- 27% of homes reported 100% occupancy in 21/22. This may indicate that this data is unreliable.
- Average occupancy is recorded as 89%, with a minimum recorded occupancy of 58%.
- There does not appear to be a significant relationship between cost and occupancy. Some of the homes with lower costs have low occupancy levels of approximately 60%.

Further analysis on ROO, ROC, and total costs excluding ROO and ROC, also indicated no relationship between occupancy and cost.

Scatter plots of total cost vs occupancy – 21/22



Fixed and variable costs both show no relationship with occupancy

The charts to the right display a comparison of fixed and variable costs against occupancy for individual care homes.

- Neither category shows a significant relationship with occupancy.

It is expected that fixed costs are higher (per resident per week) in homes with lower occupancy, however the charts on the right do not show a strong relationship between these factors. The analysis performed indicates that other factors, such as home size, are more significant drivers of cost. Analysis on home size can be found on the next slide.

Scatter plots of fixed and variable costs vs occupancy – 21/22

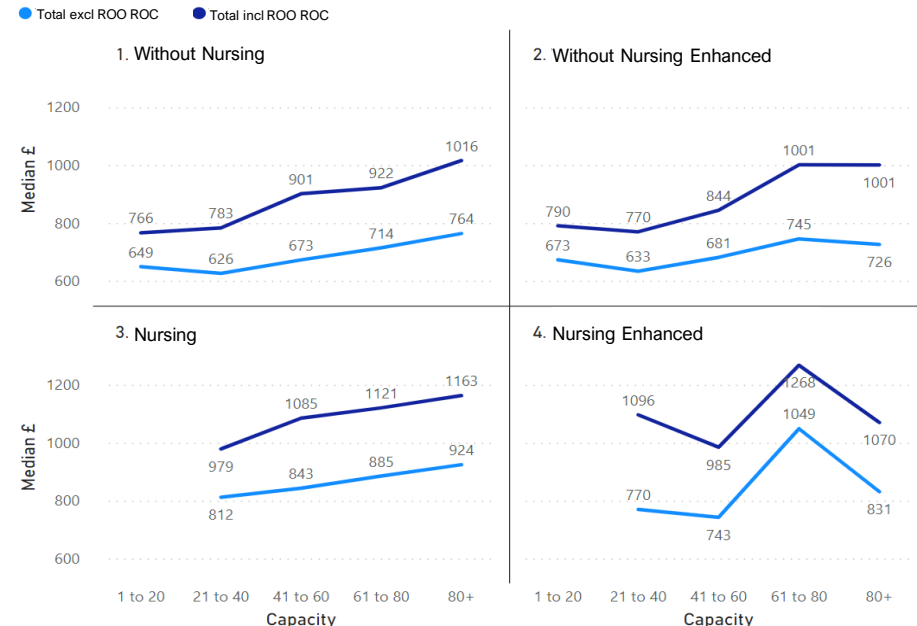


Larger homes report higher total costs

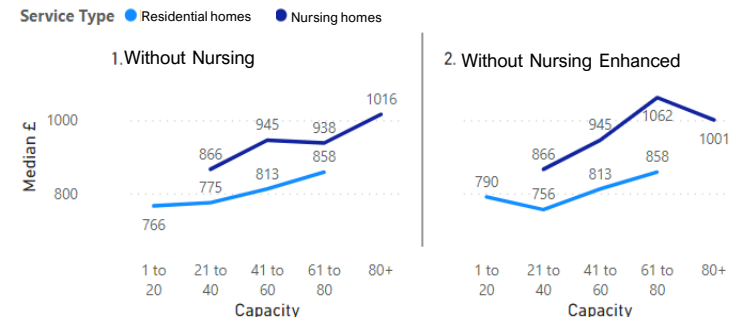
The charts to the right display a comparison of median total costs (both excluding and including ROO and ROC) against the reported capacity of the home. The charts below show the total costs (including ROO and ROC) split by service type.

- Total costs appear to increase with size of home.
- Nursing homes generally have higher costs than residential homes. Not all costs are split out by resident type, and so this is likely due to how costs have been apportioned across resident types.
- ROO and ROC are significant drivers of these higher costs in larger homes; larger homes have reported higher ROO and ROC costs.

Median total cost (excluding and including ROO & ROC) by capacity – 21/22



Median total cost by capacity and service type – 21/22

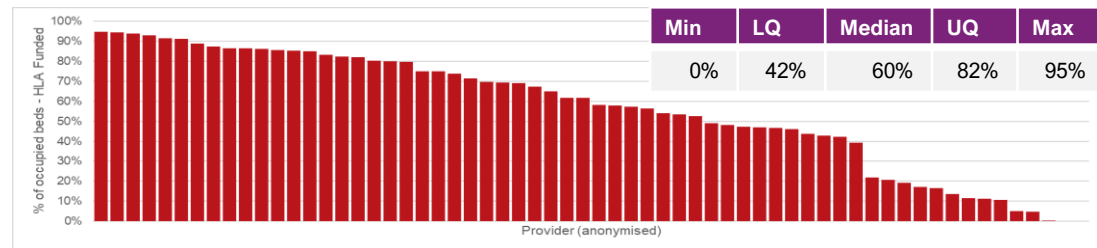


56% of occupied beds are HLA funded, with an additional 5% joint funded

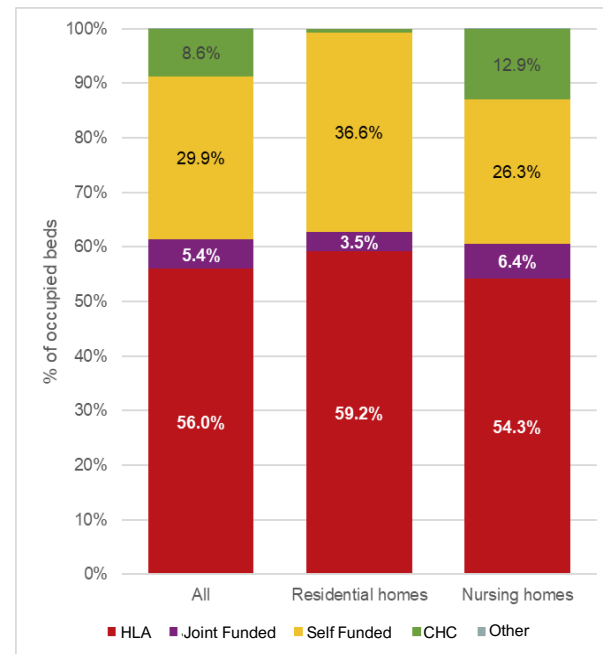
The chart to the right shows the overall proportions of occupied beds by funding type across the 62 provider submissions included in this analysis. The table and chart below show the distribution of Local Authority funded (HLA) beds as a percentage of total occupied beds.

- In total, 56% of occupied beds are Local Authority funded. A further 5% are joint funded.
- The median proportion of HLA funded beds by provider is 60%. The distribution shows that this is fairly skewed, with a small number of providers having very low proportions (<20%) of HLA beds; due to this, the median (60%) is higher than the overall proportion (56%).
- HLA funded beds are higher in residential homes (59%) compared to nursing homes (54%). Joint funded beds are lower in residential homes (4%) compared to nursing homes (6%).
- Self funded beds are the second largest category, at 30% of the total. Self funded beds are higher in residential homes (37%) compared to nursing homes (26%).
- CHC beds are primarily in nursing homes (13%) with a small number (<1%) in residential homes.
- “Other” makes up a very small proportion of beds at less than 0.1%.

HLA funded beds as percentage of total occupied beds – by provider and summary statistics – 21/22 (2)



Percentage of occupied beds by funding type – 21/22 (sum total of all beds within approved submissions - 1)



- 1) The values shown in the stacked column chart (right) are calculated from the sum of occupied beds across all validated provider submissions.
- 2) The summary statistics are calculated on the percentage of HLA funded beds by provider; half of the providers have 60% or higher HLA funded beds (the median). Note that this median is higher than the total 56% of beds, due to a small number of providers having significantly lower levels of HLA funded beds.

There appears to be no strong relationship between the proportion of HLA funded beds and cost of care

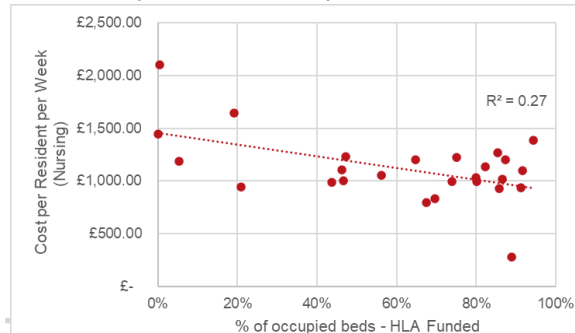
The charts below display comparisons of the proportion of HLA funded beds against cost per resident per week for Nursing residents. From left to right, these comparisons are shown for total costs (including ROO and ROC), ROO costs and ROC costs. Each point shown is an individual care home.

- Total cost per resident per week for nursing shows a slight downward trend, where care homes with higher proportions of HLA funded beds show lower costs. However, a high variation away from the trend line is observed, and the R-squared measure of fit (**1**) shows only a weak relationship.

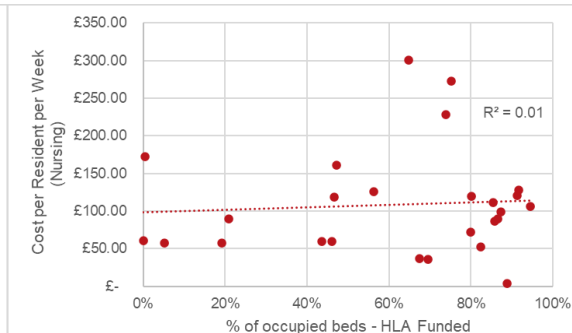
- ROO costs per resident per week show no relationship to the proportion of HLA funded beds. ROO costs vary across the providers independently of the HLA funded bed proportion.
- ROC costs per resident per week show a slight downward trend, however this appears to be skewed by outliers. Therefore, the data indicates that no significant relationship can be drawn for ROC.

The charts shown include only the costs for Nursing residents: analysis of other resident types provide similar results.

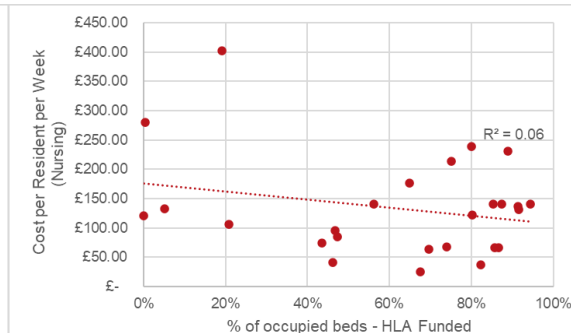
Total Cost (incl ROO & ROC) vs HLA Beds – 21/22



ROO vs HLA Beds – 21/22



ROC vs HLA Beds – 21/22



- 1) R-squared measures the strength of a linear relationship between two variables on a scale from 0 to 1, where higher values indicate a stronger relationship. Low values indicate little or no linear relationship between the variables

Section 5: Home care insights



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The FCoC exercise output for home care in 2022/23 is 28% greater than the current fee paid by the Council

The table on the right displays the hourly cost summary statistics and the chart displays the total hourly cost by provider:

- The median total cost per hour is projected to be £20.95 in 22/23.
- Wages and salaries comprise approximately 75%, overheads and other cost of services (COS) comprise 19%, surplus/profit comprises 6% of the median total cost.
- At an individual provider level, the maximum cost submitted by a provider is £43.00 and the lowest £16.80.

The table below displays a comparison of the 22/23 cost per hour with the current fee rate:

- All providers appear to have a cost higher than the fee rate in 22/23.
- The breakdown of the 22/23 costs by type can be found in Appendix A.

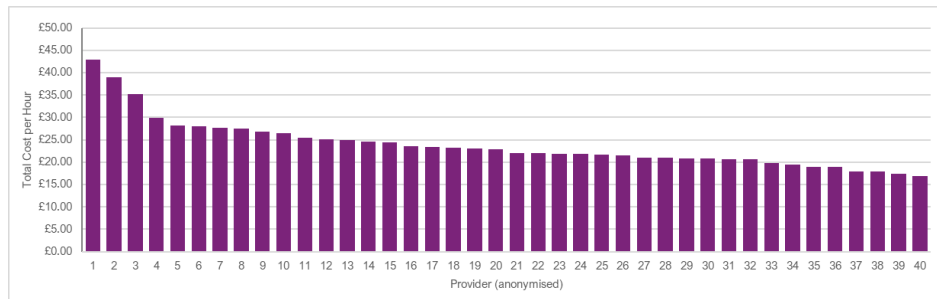
Hourly total cost comparison by year

Type	22/23 Fee Rate	22/23 Median Cost
Total hourly cost	£16.43	£20.95
Var from fee rate %		+£4.52 (+28%)

Hourly cost summary by type of cost for 22/23

Type	Min	LQ	Median	UQ	Max
Wages & salaries	£ 9.44	£ 13.33	£ 15.79	£ 18.36	£ 36.18
Overheads and other COS	£ 0.29	£ 2.53	£ 3.93	£ 6.69	£ 35.45
Surplus/profit	£ 0.00	£ 0.98	£ 1.23	£ 1.86	£ 5.87
Total (1)	£ 9.73	£ 16.84	£ 20.95	£ 26.90	£ 77.50

Hourly total cost by provider for 22/23



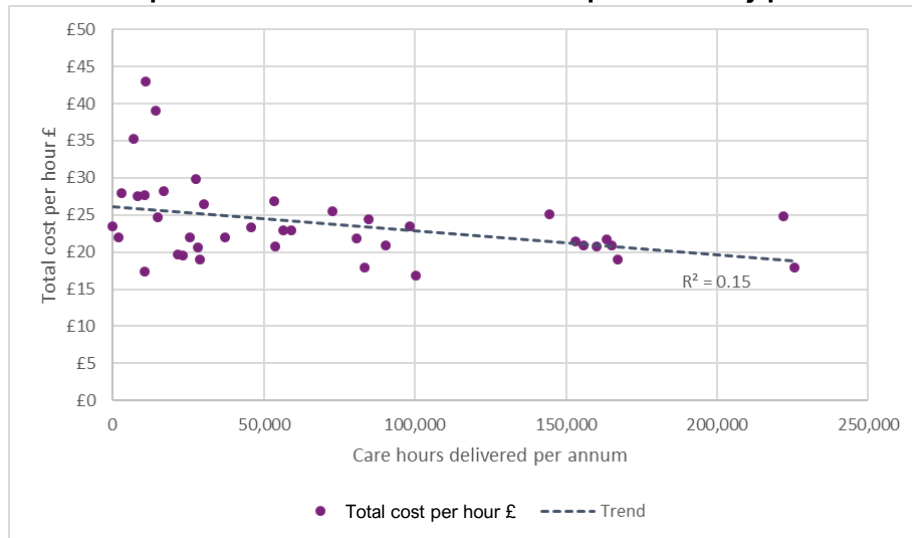
1) Total values shown are the sum of the statistics over all categories. As such, these may not correspond to the total costs for individual providers.

For providers delivering over 50,000 hours per annum, the cost per hour is relatively lower than those delivering <50,000 hours per annum

The chart on the right displays the total hourly cost against the care hours delivered per annum for each home support provider. The care hours delivered per annum is used as a proxy to estimate the size of the provider.

- **Care hours 0 - 50,000 per annum:** There appears to be no distinct relationship between the size of the provider and the total cost per hour.
 - There are some smaller providers who have a relatively high cost per hour of >£35, whilst others range between £16-£30.
- **Care hours > 50,000 per annum:** The providers in this cohort have a relatively lower cost per hour (<£25), with no providers reporting a cost higher than £25 per hour.
 - There appears to be some level of economies of scale, where some providers have a cost advantage by operating at a larger scale.
- The trend line shown on the chart demonstrates costs reducing for higher care hours. However, the R-squared measure of fit shows a weak relationship between these variables.

Total cost per hour £ vs care hours delivered per annum by provider



The travel time and NI costs are significantly lower when compared to Homecare Association recommended minimum costs

The table on the right displays the hourly cost summary statistics for the top 10 categories across the home care providers, along with the total cost, compared against Homecare Association benchmarks (1).

The top 10 cost categories make up approximately 95% of the total costs:

- The direct care cost is the highest contributor to the total cost at 48%. This appears to be in line with the minimum costs recommended by the Homecare association.
- The surplus/ profit for Birmingham is 75% higher than the minimum recommendation.
- The holiday, travel time, NI, mileage costs appear to be lower for Birmingham when compared to the minimum costs recommended. Travel time costs are 34% lower than benchmark; mileage costs are 46% lower; and NI costs are 21% lower. It is recommended that these areas are investigated further. However, FCoC figures may be a reflection of local circumstances, while the Homecare Association's figures represent a national average.

Total costs are 13% below the national minimum benchmark.

Top 10 hourly cost summary by type of cost

Cost category	Min	LQ	Median	UQ	Max	% total	Benchmark and var% (2)
Direct Care	£9.05	£9.69	£10.00	£10.43	£12.13	48%	£9.90 (+1%)
Back Office Staff	£0.60	£2.03	£2.87	£4.51	£19.84	14%	Not available (3)
Holiday	£0.28	£1.37	£1.44	£1.57	£2.48	7%	£1.67 (-14%)
Travel Time	£0.06	£0.82	£1.34	£2.08	£4.15	6%	£2.02 (-34%)
Surplus/Profit Contribution	£0.00	£0.98	£1.23	£1.86	£5.87	6%	£0.70 (+75%)
Mileage	£0.02	£0.46	£0.82	£1.12	£2.04	4%	£1.52 (-46%)
NI (direct care hours)	£0.00	£0.34	£0.82	£1.04	£2.17	4%	£1.04 (-21%)
PPE	£0.00	£0.17	£0.50	£0.72	£5.03	2%	Not available (3)
Pension (direct care hours)	£0.00	£0.25	£0.39	£0.43	£0.69	2%	£0.36 (+8%)
Rent/ Rates/ Utilities	£0.00	£0.21	£0.36	£0.63	£2.27	2%	£0.31 (+16%)
Total Cost	£9.70	£16.80	£21.00	£26.90	£77.50	100%	£24.08 (-13%)

- 1) Source: [Homecare Association Minimum Price for Homecare 2022-2023](#). "Minimum price for homecare at Voluntary Living Wage (2022-2023)"
- 2) The variance displayed is the % variance of the median against the benchmark
- 3) The benchmarks were not available at this level of breakdown for back-office and PPE

The largest volume of the visits last between 30-45 minutes

The table below displays the number of visits per week by provider for each visit length. Please note that the visit length has been rounded to the groupings below.

- The majority of the visits last between 30-45 minutes, with a median of 383 visits per week that last 30 minutes and 113 visits per week that last 45 minutes.
- There are a smaller volume of visits that are relatively longer (lasting more than 60 minutes).

The costs vary significantly based on the length of the visit. The FCoC exercise output is a blended rate, based on the average visit length using a weighted number of visits per week and the corresponding visit lengths. The resulting cost rates per hour range from £24.09 for a 15 minute visit, to £19.48 for a 60 minute visit. The 30 minute visit rate per hour of £21.02 is close to the blended rate of £20.95, as this visit length covers the majority (60%) of visits. Further detail on the methodology used to calculate the costs for each visit length are provided in Appendix A.

Number of visits per week by provider and median costs for each visit length

Visit length	Min (visits)	LQ (visits)	Median (visits)	UQ (visits)	Max (visits)	Cost per Visit	Cost per Hour
15 minutes	22	49	63	71	355	£ 6.02	£ 24.09
30 minutes	30	120	383	1,060	4,468	£ 10.51	£ 21.02
45 minutes	7	36	113	270	1,227	£ 15.00	£ 20.00
60 minutes	1	32	61	336	4,058	£ 19.48	£ 19.48
60+ minutes	5	10	17	43	250	Not calculated (1)	Not calculated (1)

1) 60+ minute visits are counted as 60 minute visits for the purposes of this analysis.

Some of the smaller providers appear to have higher back-office costs

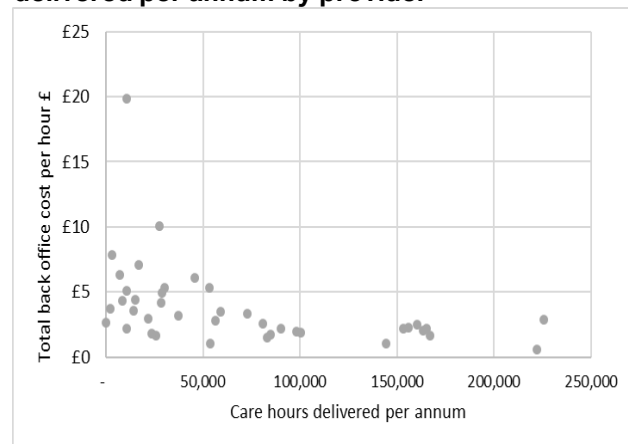
The chart below displays the distribution of the back-office costs per hour:

- The back-office costs vary significantly with a range of £0-£20 per hour across the providers.

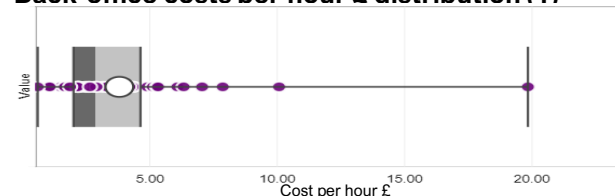
The chart on the right displays the hourly back-office cost against the care hours delivered per annum for each home support provider.

- The relatively higher back-office costs appear to be associated with the smaller providers with <50,000 care hours delivered per annum. However, many other smaller providers show costs in line with the overall median cost.
- Back office costs includes the costs for registered manager/s which is a regulatory requirement for every care provider, regardless of size. This may contribute to the relatively higher back-office costs for some of the smaller providers.

Back-office costs per hour £ vs care hours delivered per annum by provider



Back-office costs per hour £ distribution (1)



1) Appendix A contains guidance on the interpretation of a boxplot.

PPE unit costs submitted by providers are broadly in line with national benchmarks

The table on the right displays the PPE costs per unit from the provider responses. This is compared with a benchmark cost provided by the National Audit Office on the average unit costs of each unit purchased during 2019 (with the exception of visors that were purchased in 2020).

- The median unit cost for face masks and visors are in line with the national benchmarks (10%-11% variance).
- Whereas, the unit costs for aprons and gloves are approximately 50% higher in Birmingham when compared nationally.

With the Governments PPE scheme still live, it is unclear why PPE costs have been recorded or whether these relate to actual costs beyond the free PPE provided; **only 15% of the responses did not have a PPE cost recorded.**

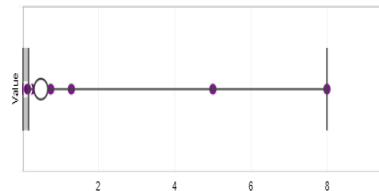
The charts on the right display the distribution of the unit costs for each type across the providers:

- There is large variations in the unit costs by provider. There are some values which appear to be significant outliers.

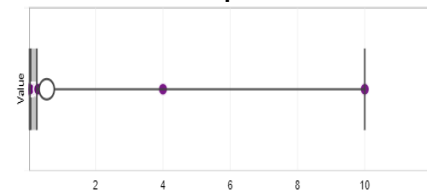
PPE costs per unit

Type	Median	Benchmark (1)	Benchmark var against median %
Apron	£0.04	£0.02	-£0.02 (-50%)
Face mask	£0.09	£0.10	+£0.01 (+11%)
Gloves	£0.06	£0.02	-£0.04 (-67%)
Visor	£0.93	£1.02	+£0.09 (+10%)

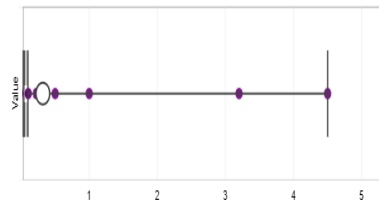
Apron costs per unit distribution (2)



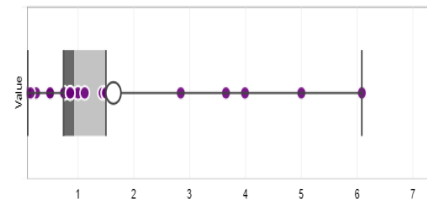
Face mask costs per unit distribution (2)



Glove costs per unit distribution (2)



Visor costs per unit distribution (2)



1) Source: [The supply of personal protective equipment \(PPE\) during the COVID-19 pandemic \(nao.org.uk\)](https://www.nao.org.uk/resources/publications/and-articles/articles/2021/06/the-supply-of-personal-protective-equipment-ppe-during-the-covid-19-pandemic/)
 2) Appendix A contains guidance on the interpretation of a boxplot.

Holiday and NI

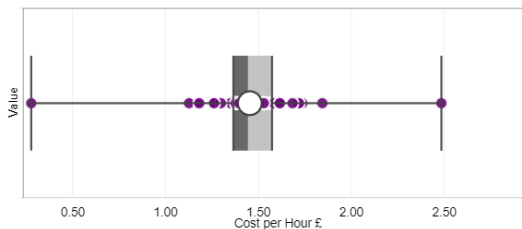
The table on the right displays the statistics and the charts at the bottom display the distribution for holiday and National Insurance (“NI”) costs from the provider responses.

- The holiday costs range between £0.28 and £2.48 per hour with a median of £1.44.
 - The holiday costs are evenly distributed with two extreme values at each end.
 - There were no providers with 0 values against holiday costs within the responses.
- The NI costs range between £0.02 and £2.04 per hour with a median of £0.82. The median is significantly below the recommended minimum values by the Homecare Association as noted in page 35.
- Approximately 10% of the providers reported zero NI costs.

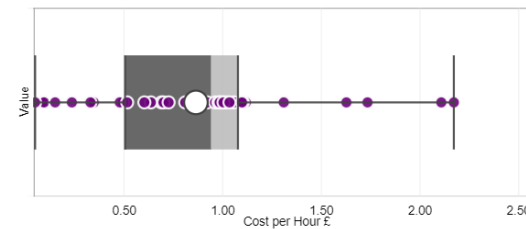
Holiday and NI cost statistics

Cost category	Min	LQ	Median	UQ	Max
Holiday	£0.28	£1.37	£1.44	£1.57	£2.48
NI (direct care hours)	£0.02	£0.46	£0.82	£1.12	£2.04

Holiday cost distribution (1)



NI cost distribution (1)



1) Appendix A contains guidance on the interpretation of a boxplot.

Travel time and mileage

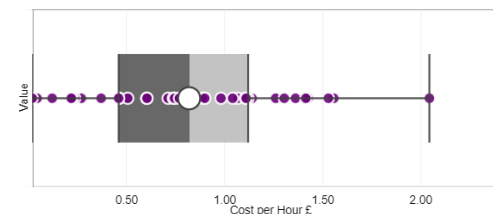
The table on the right displays the statistics and the charts at the bottom display the distribution for travel time and mileage costs from the provider responses.

- The travel time costs range between £0.06 and £4.15 per hour with a median of £1.34. The median is significantly below the recommended minimum values by the Homecare Association as noted in page 35.
 - Approximately 8% of the providers did not submit a cost for travel time.
 - The median travel distance per visit for Birmingham is reported as 2 miles. Whereas, the Homecare Association reports this as 4.3 miles nationally. The assumptions that have been used for the provider templates will need to be investigated to understand this significant variance.
- The mileage costs range between £0.00 and £1.04 per hour with a median of £0.82. The median is below the recommended minimum values by the Homecare Association as noted in page 35.
 - Approximately 5% of the providers did not submit a cost for mileage.
 - The mileage costs are distributed within a small range and the majority of the providers have submitted a cost of £1 or less.

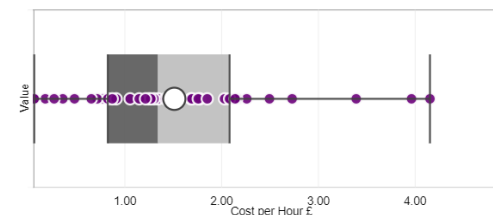
Travel time and mileage cost statistics

Cost category	Min	LQ	Median	UQ	Max
Travel Time	£0.06	£0.82	£1.34	£2.08	£4.15
Mileage	£0.00	£0.34	£0.82	£1.04	£2.17

Mileage cost distribution (1)



Travel time cost distribution (1)



1) Appendix A contains guidance on the interpretation of a boxplot.

Section 7: Extra care insights



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The FCoC median output for extra care in 2022/23 is £24.22 in 22/23 which is 47% higher than the current fee rate

The table on the right displays the hourly cost summary statistics and the chart displays the total hourly cost by provider:

- The median total cost per hour is projected to be £24.22 in 22/23.
- Wages and salaries form approximately 66%, overheads and other COS form 29% and any surplus/profit form 5% of the median total cost.
- At an individual provider level, the maximum cost submitted by a provider is £31.00 and the lowest £18.00.

The table below displays a comparison of the 22/23 cost per hour with the current fee rate:

- The current fee rate in 22/23 is £16.43 per hour. The 22/23 median cost per hour of £24.22 is 47% higher when compared to the fee rate.

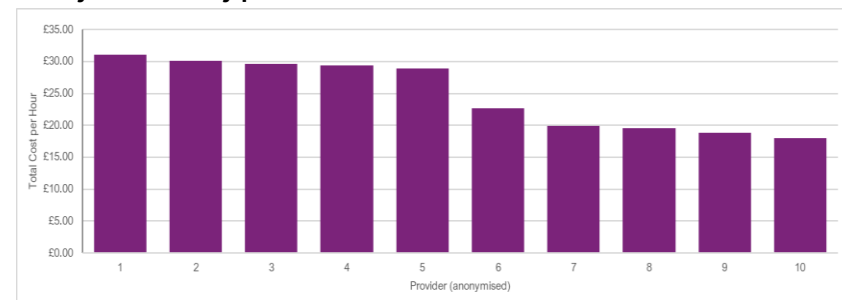
Hourly total cost comparison by year

Type	22/23 Fee Rate (2)	22/23 Median Cost
Total hourly cost	£16.43	£24.22
Var from fee rate %		+£7.79 (+47%)

Hourly cost summary by type of cost for 22/23

Type	Min	LQ	Median	UQ	Max
Wages & salaries	£12.21	£14.01	£15.87	£17.65	£22.09
Overheads and other COS	£2.38	£3.40	£7.12	£11.10	£14.96
Surplus/profit	£0.86	£0.94	£1.23	£1.41	£1.48
Total (1)	£15.45	£18.34	£24.22	£30.15	£38.53

Hourly total cost by provider for 22/23



- 1) Total values shown are the sum of the statistics over all categories. As such, these may not correspond to the total costs for individual providers.
- 2) Two fee rates are used: £16.43 (spot purchase) and £14.50 (block contract). Variance shown is from the spot purchase fee.

The direct care cost for extra care is £11.87 per hour which is significantly higher than the other care types

The table on the right displays the hourly cost summary statistics for the top 10 categories across the extra care providers. The top 10 cost categories make up approximately 98% of the total costs:

- The direct care costs contribute approximate 49% to the total costs and ranges between £9.77 and £12.87 per hour. The median cost is significantly higher than the other care types.
- The back office costs which contributes 20% to the total costs have a wider range between £2.31 and £7.16. Back-office costs make up a higher proportion of the total cost when compared to the other care types.

Top 10 hourly cost summary by type of cost for 22/23

Cost category	Min	LQ	Median	UQ	Max	% total
Direct Care	£9.77	£10.46	£11.87	£12.87	£12.87	49%
Back Office Staff	£2.31	£3.07	£4.80	£6.48	£7.16	20%
Central/ Head Office Recharges	£0.00	£0.05	£1.57	£1.90	£2.15	6%
Holiday	£1.28	£1.40	£1.51	£1.65	£1.83	6%
Surplus/ Profit Contribution (1)	£0.86	£0.94	£1.23	£1.41	£1.48	5%
NI (direct care hours)	£0.64	£0.81	£0.91	£1.08	£1.72	4%
Pension (direct care hours)	£0.21	£0.66	£0.67	£0.75	£0.83	3%
Sickness Maternity/ Paternity Pay	£0.27	£0.43	£0.51	£0.66	£1.41	2%
Telephony	£0.03	£0.16	£0.36	£1.61	£2.03	2%
IT (Hardware, Software CRM, ECM)	£0.00	£0.03	£0.25	£0.74	£1.38	1%

1) Only three out of the ten providers supplied a profit in the data collection templates. Due to this, a 5% mark-up was assumed for all extra care providers which is consistent with supported living.

Appendix A



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Comparison of ROC methodologies

ROC can be estimated from a range of factors including Local Housing Allowance (“LHA”) and property valuation (1). This outlines a comparison of ROC calculated using different methodologies, and justification for the use of provider submitted ROC estimates.

1. Provider ROC values (21/22)

- For Without Nursing, the median ROC is **£106**.
- This is a 16% markup over costs (excluding ROO / ROC).

2. Rate of return on property valuation

- ROC can be estimated using a rental yield/ rate of return on the current freehold valuation of the property. The guidance in (1) cites a yield of 5.5%.
- The median property valuation (per bed) in the provider submitted data is **£45,000**, or **£865** per bed per week.
- A 5.5% rate of return results in an ROC estimate of **£48**.
- This is a 7% markup over costs (excluding ROO / ROC) and is 55% lower than the provider submitted costs.

3. Local Housing Allowance (LHA) rates minus fixtures, fittings, repairs and maintenance

- The Birmingham LHA rate (2) for a 1 bed exclusive use (cat B) is **£121**.
- Median reported costs for fixtures, fittings, repairs and maintenance are **£30**.
- The estimated ROC using this methodology is therefore **£91**.
- This is a 14% markup over costs (excluding ROO / ROC) and is 14% lower than the provider submitted costs.

The provider submitted ROC estimates (point 1) are higher than the estimates using the two alternative methodologies. This reflects a range of views across the sector on ROC and is therefore used in our analysis.

The property valuation methodology results in significantly lower ROC estimates. Property valuations submitted by providers have not been validated, and may not reflect the full capital investment by providers.

The LHA rate methodology results in lower ROC estimates. The LHA rate used covers the whole Birmingham area and may not reflect local variation in property value.

1) [Annex E: further detail on return on capital and return on operations - GOV.UK \(www.gov.uk\)](https://www.gov.uk)
 2) [Local Housing Allowance \(LHA\) rates applicable from April 2022 to March 2023 - GOV.UK \(www.gov.uk\)](https://www.gov.uk)

Care homes cost statistics: Without Nursing

Without Nursing – cost statistics – 21/22

Category	Records	Min	LQ	Median	UQ	Max
Staff	46	£ 253.47	£ 401.25	£ 475.17	£ 525.07	£ 692.91
Premises	46	£ 14.31	£ 27.81	£ 40.04	£ 47.40	£ 143.86
Services	46	£ 52.09	£ 89.89	£ 108.87	£ 138.51	£ 219.18
Head Office	42	£ 0.37	£ 31.75	£ 56.47	£ 89.57	£ 121.10
ROO	42	£ 23.97	£ 58.83	£ 86.36	£ 112.53	£ 300.05
ROC	42	£ 24.35	£ 59.36	£ 106.02	£ 174.53	£ 623.81

Without Nursing – cost statistics – 22/23 (modelled inflation)

Category	Records	Min	LQ	Median	UQ	Max
Staff	46	£ 270.25	£ 427.81	£ 506.63	£ 559.83	£ 738.78
Premises	46	£ 15.43	£ 29.98	£ 43.16	£ 51.09	£ 155.08
Services	46	£ 56.15	£ 96.90	£ 117.36	£ 149.31	£ 236.28
Head Office	42	£ 0.40	£ 34.22	£ 60.87	£ 96.55	£ 130.55
ROO	42	£ 25.64	£ 62.93	£ 92.38	£ 120.37	£ 320.98
ROC	42	£ 26.05	£ 63.50	£ 113.41	£ 186.70	£ 667.33

Without Nursing Enhanced – cost statistics – 21/22

Category	Records	Min	LQ	Median	UQ	Max
Staff	37	£ 253.47	£ 401.06	£ 483.87	£ 538.02	£ 692.91
Premises	37	£ 16.52	£ 30.26	£ 40.31	£ 50.46	£ 143.86
Services	37	£ 52.09	£ 89.64	£ 107.11	£ 127.49	£ 212.16
Head Office	34	£ 0.37	£ 35.01	£ 72.26	£ 91.09	£ 119.73
ROO	35	£ 23.97	£ 57.56	£ 73.93	£ 104.61	£ 300.05
ROC	35	£ 24.35	£ 56.97	£ 120.40	£ 190.00	£ 623.81

Without Nursing Enhanced – cost statistics – 22/23 (modelled inflation)

Category	Records	Min	LQ	Median	UQ	Max
Staff	37	£ 270.25	£ 427.61	£ 515.90	£ 573.64	£ 738.78
Premises	37	£ 17.81	£ 32.62	£ 43.45	£ 54.40	£ 155.08
Services	37	£ 56.15	£ 96.63	£ 115.46	£ 137.43	£ 228.71
Head Office	34	£ 0.40	£ 37.74	£ 77.90	£ 98.19	£ 129.07
ROO	35	£ 25.65	£ 61.58	£ 79.10	£ 111.92	£ 321.02
ROC	35	£ 26.05	£ 60.95	£ 128.81	£ 203.28	£ 667.40

Care homes cost statistics: Nursing

Nursing – cost statistics – 21/22

Category	Records	Min	LQ	Median	UQ	Max
Staff	29	£ 39.39	£ 555.62	£ 641.26	£ 752.73	£ 1,371.63
Premises	29	£ 2.19	£ 28.49	£ 44.31	£ 72.09	£ 143.86
Services	29	£ 1.30	£ 107.32	£ 123.07	£ 164.65	£ 219.18
Head Office	28	£ 0.17	£ 26.13	£ 33.84	£ 71.08	£ 121.10
ROO	26	£ 4.10	£ 59.97	£ 94.18	£ 124.82	£ 300.05
ROC	26	£ 25.00	£ 68.73	£ 127.23	£ 140.75	£ 402.13

Nursing – cost statistics – 22/23 (modelled inflation)

Category	Records	Min	LQ	Median	UQ	Max
Staff	29	£ 42.00	£ 592.40	£ 683.71	£ 802.56	£ 1,462.43
Premises	29	£ 2.36	£ 30.71	£ 47.77	£ 77.71	£ 155.08
Services	29	£ 1.40	£ 115.69	£ 132.67	£ 177.49	£ 236.28
Head Office	28	£ 0.18	£ 28.17	£ 36.48	£ 76.62	£ 130.55
ROO	26	£ 4.38	£ 64.10	£ 100.67	£ 133.43	£ 320.76
ROC	26	£ 26.73	£ 73.47	£ 136.01	£ 150.46	£ 429.88

Nursing Enhanced – cost statistics – 21/22

Category	Records	Min	LQ	Median	UQ	Max
Staff	26	£ 39.39	£ 552.38	£ 627.58	£ 831.32	£ 1,371.63
Premises	26	£ 2.19	£ 27.32	£ 39.20	£ 70.50	£ 191.20
Services	26	£ 1.30	£ 108.17	£ 121.16	£ 155.89	£ 340.26
Head Office	25	£ 0.17	£ 27.73	£ 33.88	£ 63.62	£ 200.61
ROO	24	£ 4.10	£ 60.84	£ 94.15	£ 138.92	£ 300.05
ROC	24	£ 25.00	£ 72.48	£ 134.96	£ 232.39	£ 402.13

Nursing Enhanced – cost statistics – 22/23 (modelled inflation)

Category	Records	Min	LQ	Median	UQ	Max
Staff	26	£ 42.00	£ 588.95	£ 669.13	£ 886.35	£ 1,462.43
Premises	26	£ 2.36	£ 29.45	£ 42.25	£ 76.00	£ 206.11
Services	26	£ 1.40	£ 116.60	£ 130.61	£ 168.05	£ 366.80
Head Office	25	£ 0.18	£ 29.89	£ 36.52	£ 68.58	£ 216.26
ROO	24	£ 4.38	£ 65.03	£ 100.65	£ 148.50	£ 320.75
ROC	24	£ 26.72	£ 77.47	£ 144.27	£ 248.42	£ 429.87

Care Homes: Supporting information

The following supporting information fields are included within the government mandated FCoC template. The comments column provides additional comments on how each field was calculated for the FCoC exercise.

Supporting information on important cost drivers used in the calculations:	Without Nursing	Without Nursing Enhanced	Nursing	Nursing Enhanced	Calculation comments
Number of location level survey responses received	46	37	29	26	Responses remaining after validation and data cleansing
Number of locations eligible to fill in the survey (excluding those found to be ineligible)	182	182	182	182	182 overall, split by resident type is unknown
Number of residents covered by the responses	726	558	670	555	Sum total over all included responses
Number of carer hours per resident per week	26	25	27	27	Median, excluding zeros
Number of nursing hours per resident per week	N/A	N/A	9	9	Median, excluding zeros
Average carer basic pay per hour	£10.26	£10.26	£9.92	£9.94	Median, excluding zeros
Average nurse basic pay per hour	N/A	N/A	£19.00	£19.00	Median, excluding zeros
Average occupancy as a percentage of active beds	89%	90%	89%	89%	Mean average
Freehold valuation per bed	£45,000.00	£45,000.00	£55,379.00	£59,895.83	Median, excluding zeros

Home support cost breakdown by cost category (1)

Cost category	Min	LQ	Median	UQ	Max	Cost category	Min	LQ	Median	UQ	Max
Direct Care	9.0	9.7	10.0	10.4	12.1	Training (3rd party)	0.0	0.0	0.0	0.1	2.8
Travel Time	0.1	0.8	1.3	2.1	4.2	IT (Hardware, Software CRM, ECM)	0.0	0.1	0.2	0.3	1.0
Mileage	0.0	0.5	0.8	1.1	2.0	Telephony	0.0	0.0	0.1	0.1	0.7
PPE	0.0	0.2	0.5	0.7	5.0	Stationery/ Postage	0.0	0.0	0.0	0.1	0.8
Training (staff time)	0.0	0.1	0.2	0.4	3.3	Insurance	0.0	0.0	0.1	0.2	0.8
Holiday	0.3	1.4	1.4	1.6	2.5	Legal/ Finance/ Professional Fees	0.0	0.0	0.0	0.1	1.3
Additional Non Contact Pay Costs	0.0	0.0	0.0	0.1	2.7	Marketing	0.0	0.0	0.0	0.1	0.6
Sickness Maternity/ Paternity Pay	0.0	0.1	0.2	0.4	1.4	Audit/ Compliance	0.0	0.0	0.0	0.1	0.2
Notice Suspension Pay	0.0	0.0	0.0	0.0	0.1	Uniforms/ Other Consumables	0.0	0.0	0.1	0.1	0.4
NI (direct care hours)	0.0	0.3	0.8	1.0	2.2	Assistive Technology	0.0	0.0	0.0	0.0	0.9
Pension (direct carehours)	0.0	0.3	0.4	0.4	0.7	Central/ Head Office Recharges	0.0	0.0	0.0	0.0	1.0
Back Office Staff	0.6	2.0	2.9	4.5	19.8	All other overheads	-0.3	0.0	0.0	0.1	1.2
Travel Costs (parking/vehicle lease etc.)	0.0	0.0	0.0	0.0	0.4	CQC Registration Fees	0.0	0.1	0.1	0.1	0.3
Rent/ Rates/ Utilities	0.0	0.2	0.4	0.6	2.3	Surplus/ Profit Contribution	0.0	1.0	1.2	1.9	5.9
Recruitment/ DBS	0.0	0.0	0.1	0.2	1.1						

1) Number of observations for travel time: 37
 Number of observations for mileage: 36
 Number of observations for training (staff time): 24
 Number of observations for all other categories: 40

Extra care cost breakdown by cost category (1)

Cost category	Min	LQ	Median	UQ	Max	Cost category	Min	LQ	Median	UQ	Max
Direct Care	9.8	10.5	11.9	12.9	12.9	Training (3rd party)	0.0	0.0	0.0	0.0	0.0
Travel Time	0.0	0.0	0.0	0.0	0.6	IT (Hardware, Software CRM, ECM)	0.0	0.0	0.3	0.7	1.4
Mileage	0.0	0.0	0.0	0.0	0.0	Telephony	0.0	0.2	0.4	1.6	2.0
PPE	0.0	0.1	0.1	0.2	0.8	Stationery/ Postage	0.0	0.0	0.0	0.1	0.1
Training (staff time)	0.0	0.1	0.2	0.2	0.5	Insurance	0.0	0.0	0.0	0.1	0.1
Holiday	1.3	1.4	1.5	1.7	1.8	Legal/ Finance/ Professional Fees	0.0	0.0	0.0	0.0	0.0
Additional Non Contact Pay Costs	0.0	0.0	0.1	0.2	1.5	Marketing	0.0	0.0	0.0	0.0	0.0
Sickness Maternity/ Paternity Pay	0.3	0.4	0.5	0.7	1.4	Audit/ Compliance	0.0	0.0	0.0	0.0	0.2
Notice Suspension Pay	0.0	0.0	0.0	0.0	0.1	Uniforms/ Other Consumables	0.0	0.0	0.0	0.0	0.0
NI (direct care hours)	0.6	0.8	0.9	1.1	1.7	Assistive Technology	0.0	0.0	0.0	0.0	0.0
Pension (direct carehours)	0.2	0.7	0.7	0.7	0.8	Central/ Head Office Recharges	0.0	0.1	1.6	1.9	2.1
Back Office Staff	2.3	3.1	4.8	6.5	7.2	All other overheads	0.0	0.0	0.0	0.0	1.0
Travel Costs (parking/vehicle lease etc.)	0.0	0.0	0.0	0.0	0.0	CQC Registration Fees	0.0	0.1	0.1	0.1	0.1
Rent/ Rates/ Utilities	0.0	0.0	0.0	0.0	0.2	Surplus/ Profit Contribution	0.0	0.0	0.0	0.4	2.7
Recruitment/ DBS	0.0	0.0	0.0	0.1	0.4						

Home support and extra care: Supporting information

The following supporting information fields are included within the government mandated FCoC template. The comments column provides additional comments on how each field was calculated for the FCoC exercise.

Supporting information on important cost drivers used in the calculations:	Home support	Extra care	Calculation comments
Number of location level survey responses received	40	10	<i>Responses remaining after validation and data cleansing</i>
Number of locations eligible to fill in the survey (excluding those found to be ineligible)	224	23	
Carer basic pay per hour	£10.00	£11.87	<i>Median direct care cost per hour</i>
Minutes of travel per contact hour	6 mins	2 mins	<i>Median travel time per visit</i>
Mileage payment per mile	£0.34	£0.45	<i>Median mileage payment per mile</i>
Total direct care hours per annum	49,524	28,516	<i>Median per provider</i>

Home support: cost by visit length

The FCoC exercise outputs provide a blended average cost rate (below) per hour of care across all visit lengths.

Costs are categorised into “Hourly” and “Visit” types, in line with the ARCC webinar guidance (1):

- Hourly costs are adjusted in line with the visit length. This includes direct care hour costs, along with any costs related to the direct care hours / revenue generating activity e.g. most overheads.
- Visit costs are the same for all visits, irrespective of visit length. This includes any costs related to travel and PPE.
- Some costs have elements of both hourly and visit cost types. These are split based on the proportion of direct care to travel time costs (from the blended cost rate). This approach is used for any costs relating to total carer time (direct care plus travel) e.g. holiday, NI.

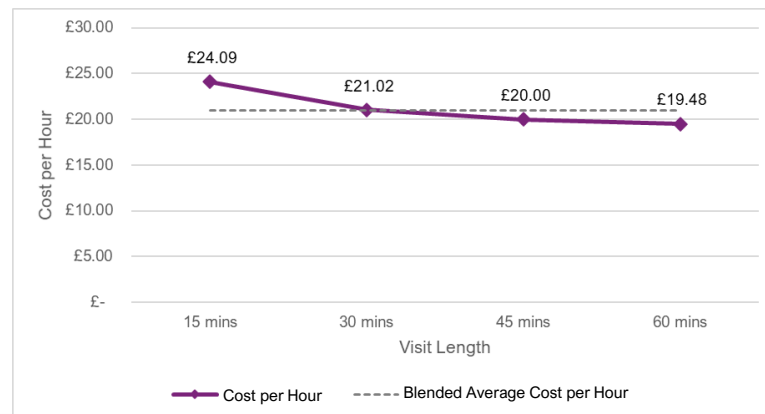
The blended cost rate is used with the median number of visits of different lengths to generate a cost per visit for 15 minute, 30 minute, 45 minute and 60 minute visits (shown to the right). The resulting cost rates per hour range from £24.09 for a 15 minute visit, to £19.48 for a 60 minute visit. The 30 minute visit rate per hour of £21.02 is close to the blended rate of £20.95, as this visit length covers the majority (60%) of visits.

Blended average and adjusted cost rates for 1 hour visits

Cost Rate	Hourly	Visit	Total
Blended (FCoC exercise output)	£ 17.95	£ 3.01	£ 20.95
1 hour adjusted rate	£ 17.95	£ 1.54	£ 19.48

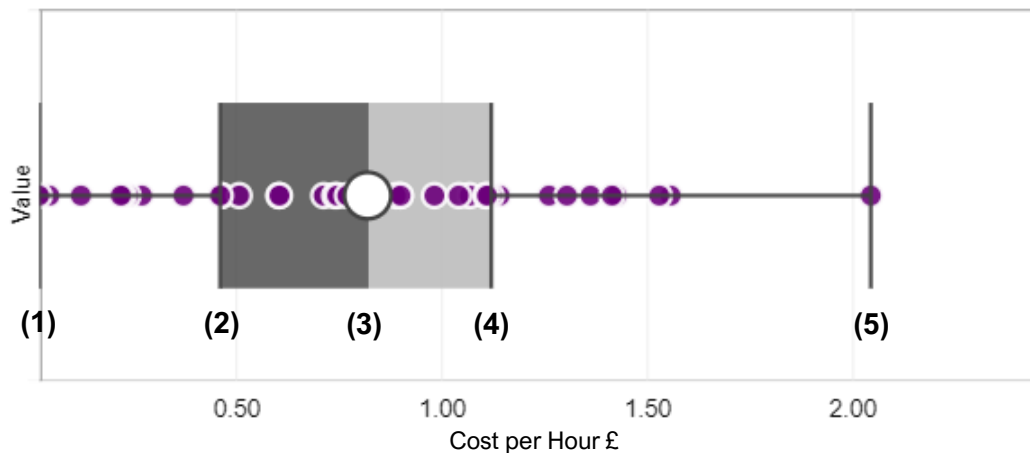
Costs by visit length

Visit Length	Median Visits	Weighting	Cost per Visit	Cost per Hour
15 mins	63	10%	£ 6.02	£ 24.09
30 mins	383	60%	£ 10.51	£ 21.02
45 mins	113	18%	£ 15.00	£ 20.00
60 mins	78	12%	£ 19.48	£ 19.48
Weighted Average				£ 20.95



Interpreting a box-plot chart

The chart and text below provide guidance on how a box-plot chart should be interpreted. The numbers on the chart correspond to the description outlined on the right. Each dot on the chart below represents a data point.



- 1) **Minimum:** This corresponds to the minimum value in the set of data being considered.
- 2) **Lower quartile (25th percentile):** The lower quartile represents the lowest 25% of the set of data being considered. Therefore 25% of the data is lower than the lower quartile.
- 3) **Median (50th percentile):** This is the middle value of the set of data being considered.
- 4) **Upper quartile (75th percentile):** The upper quartile represents the lowest 75% of the set of data being considered. Therefore 75% of the data is lower than the lower quartile.
- 5) **Maximum:** This corresponds to the maximum value in the set of data being considered.