

Residential Care Report – Redcar & Cleveland Borough Council

Background

Current Landscape

At the time of the Fair Cost of Care Exercise taking place there were a total of 26 residential care settings providing a mixture of general residential, EMI and nursing support to residents predominantly in the older person (Age 65+) category within Redcar & Cleveland.

This market equates to 1,056 CQC registered beds, with a maximum market capacity of 1,033 beds (accounting for dual registered beds, or closed beds). Redcar & Cleveland Borough Council had 886 occupied beds across all domains. Of the 886 occupied beds, approximately 298 are occupied by self-funded residents, equating to 33% of the care home market.

There are currently 47 Redcar & Cleveland residents placed in care homes outside of the local authority, and a total of 46 residents from outside Redcar & Cleveland are currently placed in homes within our borough (these residents are included in the occupancy data in the tables on page 2)

Figure 1 illustrates the current spread of 65+ residential care provision in the borough, with those homes in red offering residential or residential EMI, and those in blue offering residential care and/or nursing and nursing EMI.

Figure 2 illustrates the current level of 65+ residential care supply and occupancy in the borough in terms of bed numbers and the number of homes offering each service type.

Fig 1: Older Persons Care Home settings by location

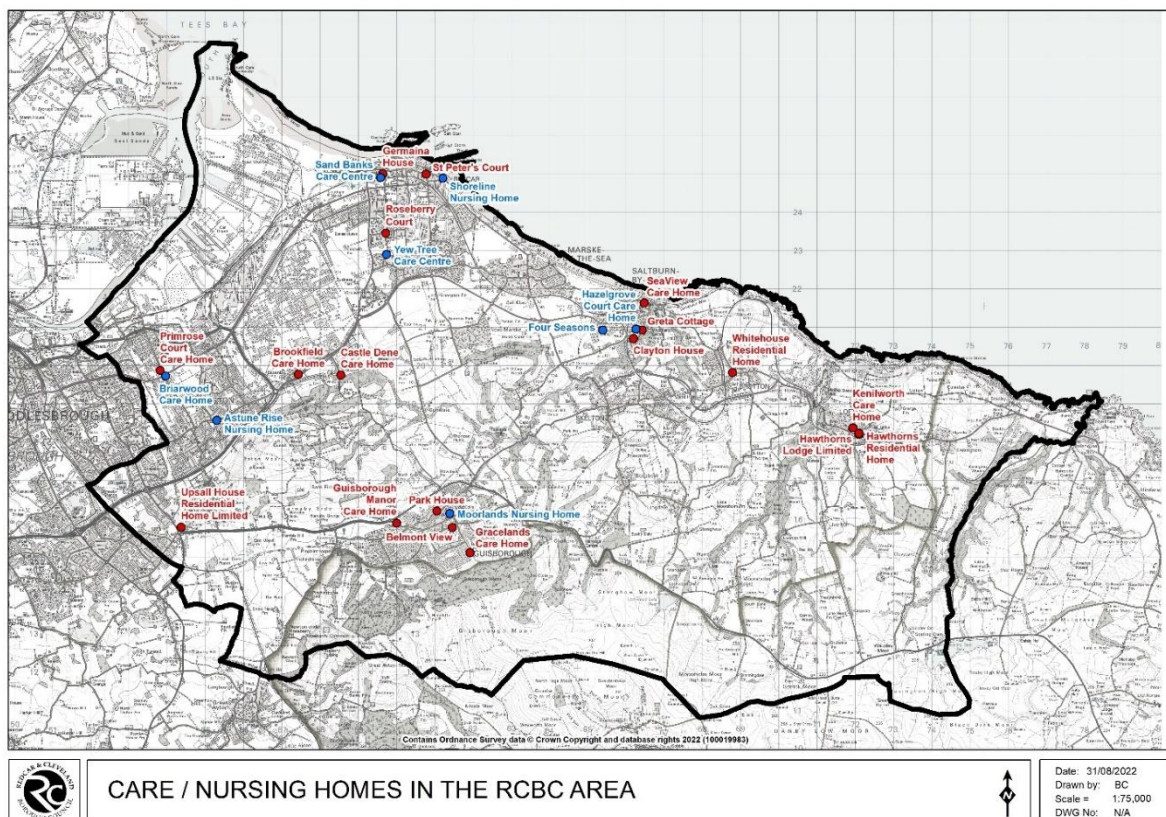


Fig 2: Residential Care supply by Service Provision:

Older Person Care Home Supply			
Provision:	Market Capacity	Occupied Beds	No. Homes Delivering each Provision
General Residential	424	384	26
Residential EMI	403	344	21
Nursing	124	102	8
Nursing EMI	82	56	5
Total:	1,033	886	

Source: Landscape/Power BI

Market Entry and Exit

Since 2017 Redcar & Cleveland has seen the closure of 5 older person residential care homes, 3 of which occurred since the start of the Covid-19 pandemic. This has equated to the loss of approximately 115 beds in the general residential and EMI sector and approximately 25 nursing beds.

There are 2 new residential care homes set to open in the next 12 months, bringing a further 100+ beds back on to the market. The local authority has also received planning permission for a new 23 bed purpose-built care home in Redcar to open in late 2023, with the exact type of care provision yet to be confirmed.

Covid-19

The long-term impacts of the Covid-19 pandemic on residential care placements are yet to be fully realised. The pooled effects of high mortality rates in care homes, restrictions on placements due to outbreaks, and higher than normal staff absence, have resulted in an over-all drop in occupancy across residential care settings. We are yet to see occupancy return to pre-pandemic levels although there are signs of improvement as the vaccination programmes become more effective against the virus and Government restrictions start to ease.

Figure 3 below shows the reported Covid-19 deaths in Redcar & Cleveland Care Homes by year.

Fig3. CQC Reported C19 Deaths

CQC Reported Deaths in RCBC Care Homes Involving Covid-19 (all settings)	
2020	86
2021	31
Jan-Aug 2022	16

Source: ONS (2022)

Quality

A total of 32% of older persons care homes in Redcar & Cleveland were rated outstanding during local authority quality assurance assessments utilising the Provider Assessment and Market Management Solution (PAMMS), 60% of providers were rated good, and 7.5% were inadequate. The Care Quality Commission currently rates 21 of the 26 older person residential care homes as 'Good', with 4 homes holding a 'Requires Improvement' rating, and 1 home rated as 'Inadequate'.

Since 2016 the local authority has initiated the Tees-wide Safeguarding Adults Board (TSAB) Responding to and Addressing Serious Concerns Protocol (RASC) a total of 25 times for commissioned social care providers. Of those 25 occasions, 15 have been in relation to older persons care homes, involving 9 separate providers. Eleven of the RASC processes have taken place since the

Covid-19 pandemic began in 2020. Three of the 9 older persons care homes involved in the RASC process since 2016 have since been deregistered and no longer deliver care.

Care Costs

The local authority currently offers the following weekly bed rate:

General Residential: £673.47

Residential EMI: £708.83

Nursing Care is provisioned at the local authority general residential rate plus FNC at £209.

Current Demands

Figure 4 below shows the number of residential care admissions each financial year since 2015 by service level. Figures show that over-all admissions have fluctuated between 237 and 285 each year, with no clear definable increases in this period. Admission numbers across all domains of care pre-Covid-19 did show some fluctuation so the impact of Covid-19 on admissions is not as pronounced as it may have been. However, over-all admissions did appear to dip slightly throughout 2020/21, with the least affected appearing to be Residential EMI. It is notable that admissions for residential and residential EMI throughout 2020/21 and 2021/22 (Covid-19 being present for the entirety of both) showed an increase on the previous year 2019/20.

Fig. 4: 65+ Care Home Admissions

65+	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
Residential	120	142	132	140	104	106	116
Residential EMI	73	92	81	99	83	86	93
Nursing	31	28	28	21	26	15	17
Nursing EMI	13	22	18	25	19	13	12
TOTAL	237	284	259	285	232	220	238

Source: Landscape/Power BI

In line with our Care Act (2014) responsibilities, and in response to population projections which indicate a significant increase in residents aged 65+, as a local authority we have tried to promote and develop models of care focused upon maintaining residents' independence in the community. Locally we have seen an increase in demand for our extra care schemes and domiciliary care services in recent years. Presently the local authority has 5 extra care facilities with around 211 extra care beds primarily for residents aged 65+, all of which are currently occupied. Waiting lists for extra care continue to grow and as a result a new facility is being developed in the borough which will add a further 77 beds to the sector.

In addition, we have seen the number of domiciliary care and extra care support packages increase steadily in recent years, as has the number of weekly hours being provided, as Figure 5 illustrates. In addition, we are also seeing significant increases in the number of referrals for assistive technologies such as Telecare services for those aged over 65 (Figure 6).

Despite the average age on admission to older persons residential care being a relatively static 84 years since 2015 the uptake in independence models and preventative services would suggest we are likely to see an increased number of people entering 24hr residential care later in life, with more pronounced health and social care needs which can no longer be met by preventative models of care.

Fig. 5: Community Care packages of support & total hours

**Community Care & Support
Summary - RCBC**

	Apr-15	Apr-16	Apr-17	Apr-18	Apr-19	Apr-20	Apr-21	Apr-22
No. Packages:	1100	1103	1213	1339	1266	1321	1311	1331
Total Weekly Hours:	10443	10863	13310	16506	16579	19231	18127	17246

Figure 6: Telecare referrals and installations by year in RCBC

Year	Referrals	Installations
2015	536	354
2016	703	488
2017	728	423
2018	785	506
2019	1122	678
2020	985	665
2021	1028	685
2022 (to date)	805	460

Source: Beyond Housing

Local challenges

There are significant future market challenges facing the social care sector, such as uncertainties around the escalating cost of living - and any Government interventions which may or may not materialise - and the social care reforms set for implementation under Section 18(3) of the Care Act, which will be explored further in the Market Sustainability Plan.

However, presently there is a significant challenge for providers in the recruitment and retention of quality staff to enable them to adequately meet the needs of residents. This challenge is particularly pronounced when it comes to nursing provision, with many providers reliant on agency use to a level which they have not previously been accustomed. Recruitment and retention issues were made harder due to the pressures on care staff during the Covid-19 pandemic with most providers seeing increased staff turnover, a situation which has been exacerbated by the rising cost of living seen throughout 2022.

Recruitment issues within the domiciliary care sector also have the potential to adversely affect residential care admissions if they are not addressed. The inability to source packages of care in community has, and may continue to, increase short-term placements to residential settings and premature permanent admissions.

As a result of capacity issues in domiciliary care we have also seen an increase in hospital to care home admissions where, ordinarily, the resident's home would be the preferred destination. Presently we are seeing approximately half of all hospital discharges to care homes under D2A funding resulting in a permanent admission to residential settings. This problem is being coupled with increased pressures on Foundation Trusts to facilitate timely discharge in light of increasing demand for hospital beds.

Redcar & Cleveland Fair Cost of Care Exercise

In line with the guidance published by Central Government, Redcar & Cleveland Borough Council conducted a Fair Cost of Care exercise for the 65+ residential care market within the borough. The data collection, analysis and market engagement was outsourced to consultancy firm

CommercialGov to conduct on behalf of the local authority. This approach was taken to provide a level of independence from the local authority and avoid any perceived prejudice during the data gathering exercise. It was hoped that using an external consultant would increase market engagement in the Fair Cost of Care exercise and the consultant could offer additional specialist support to providers to assist with data submission and any troubleshooting that should occur. CommercialGov were also assisting 11 other local authorities across the UK on Fair Cost of Care, three of which were in the northeast.

Providers were introduced to CommercialGov via a Care Home Forum dedicated to Fair Cost of Care and contact details for CommercialGov were shared with providers. Prior to the CHIP submission portal (Care Cubed) going live, the local authority distributed Care Cubed guidance material on what the exercise would entail and the expected level of data that the portal would be asking for. The Care Cubed portal was then live for 1 month for providers to enter their 2021/22 data, during which time CommercialGov offered group and 1-1 support sessions to providers. CommercialGov followed this up with telephone calls and emails to providers who had failed to engage in the submission via Care Cubed or had not responded to the support sessions.

Closure of the submission period was then extended by 1 week by the local authority to allow providers additional time to complete data submissions.

There followed a period of two weeks where CommercialGov contacted providers to verify submissions and seek further clarity or explanation on figures submitted where this was required.

What follows is a summary of CommercialGov's report.

1.0 Response Rate

There were 15 completed surveys of the 26 providers within scope of the 65+ Residential Care FCOC exercise. This represents a **completed response rate of 58%** of those invited to complete the survey, an above average response rate in comparison to provider returns being seen nationally. The total provider responses covered approximately 71% of the occupied beds within Redcar & Cleveland.

2.0 Count of Observations

DHSC Guidance for Annex A required local authorities to submit raw provider data for 2021/22 with adjustments for April 2022 inflationary uplift applied. For transparency, below is a table of the median weekly bed rates for each of the four main support domains for the raw 2021/22 data before the April 22 percentage uplift was applied:

Support Area:	2021/22 per resident/per week Medians prior to April uplift being applied
Residential	£701.69
Residential EMI	£753.33
Nursing	£1,267.90
Nursing EMI	£1,072.66

2.1 65 plus Care Home Places without Nursing (£/resident/week)

The following table demonstrates the raw data for residential homes with an inflationary uplift of 10.3%. See section 4 for more information on the inflationary uplift.

	Count of Observations	Lower Quartile	Median	Upper Quartile
Staff Total	14	£394.84	£414.18	£489.06
Nursing Staff	14	£0.00	£0.00	£0.00
Care Staff	14	£257.86	£295.41	£311.63
Therapy Staff (Occupational & Physio)	14	£0.00	£0.00	£0.00
Activity Co-ordinators	14	£2.83	£9.70	£12.30
Service Management (Registered Manager/Deputy)	14	£31.55	£39.26	£61.80
Reception & Admin staff at the home	14	£6.82	£10.53	£12.44
Chefs / Cooks	14	£24.51	£36.76	£46.35
Domestic staff (cleaning, laundry & kitchen)	14	£30.23	£37.73	£46.13
Maintenance & Gardening	14	£7.80	£11.01	£13.52
Other care home staffing (agency)	14	£0.00	£0.02	£4.43
Premise Total	14	£14.99	£25.31	£51.58
Fixtures and Fittings	14	£0.00	£1.15	£7.51
Repairs and Maintenance	14	£7.16	£10.35	£20.23
Furniture, Furnishings and Equipment	14	£0.28	£2.75	£4.53
Other Care Home Premise Costs	14	£0.00	£1.03	£7.51
Supplies and Services Total	14	£88.02	£89.84	£102.25
Food Supplies	14	£24.71	£28.51	£37.49
Domestic and Cleaning Supplies	14	£5.14	£7.70	£10.72
Medical Supplies (excluding PPE)	14	£0.93	£1.08	£3.08
PPE	14	£0.00	£0.00	£2.86
Office Supplies	14	£1.29	£3.25	£4.83
Insurance	14	£3.28	£5.74	£6.63

Registration Fees	14	£3.61	£3.89	£4.15
Telephone and Internet	14	£1.05	£1.27	£1.61
Council Tax / rates	14	£0.52	£0.87	£1.49
Electricity, gas, water	14	£20.12	£24.75	£28.19
Trade and Clinical Waste	14	£1.81	£3.11	£5.79
Transport and Activities	14	£0.52	£1.06	£1.68
Other care home supplies and services costs	14	£1.41	£3.19	£8.00
Head Office Total	14	£21.21	£46.72	£60.94
Central / Regional Management	14	£0.00	£15.24	£32.38
Support Services (finance / HR / legal / marketing etc.)	14	£3.03	£4.89	£17.45
Recruitment, Training & Vetting (incl. DBS checks)	14	£0.05	£1.74	£2.95
Other head office costs (please specify)	14	£0.00	£0.07	£1.86
Return on Operations		£71.72	£79.28	£133.22
Return on Capital		£74.45	£118.62	£154.42
TOTAL		£665.22	£773.96	£991.47
Number of location level responses received	14	14	14	14
Number of locations eligible to fill in the survey	26			
Number of residents covered by the responses	14	289	289	289
Number of carer hours per resident per week	14	20.7	23.4	26.1
Number of nursing hours per	14			

resident per week				
Average carer basic pay per hour	14	£9.71	£9.73	£9.74
Average nurse basic pay per hour	14			
Average occupancy as a percentage of active beds	14	80.1%	87.3%	92.6%
Freehold valuation per bed	14	£34,733	£37,083	£64,636

2.2 65 + Care Homes Places without Nursing, Enhanced Needs (£/resident/week)

The following table demonstrates the raw data for residential homes with an inflationary uplift of 10.3%. See section 4 for more information on the inflationary uplift.

	Count of Observations	Lower Quartile	Median	Upper Quartile
Staff Total	13	£411.37	£442.93	£496.89
Nursing Staff	13	£0.00	£0.00	£0.00
Care Staff	13	£291.45	£311.11	£320.83
Therapy Staff (Occupational & Physio)	13	£0.00	£0.00	£0.00
Activity Co-ordinators	13	£1.78	£8.39	£12.38
Service Management (Registered Manager/Deputy)	13	£30.85	£32.62	£40.25
Reception & Admin staff at the home	13	£7.35	£10.51	£12.38
Chefs / Cooks	13	£20.66	£36.21	£42.12
Domestic staff (cleaning, laundry & kitchen)	13	£34.14	£39.20	£47.36
Maintenance & Gardening	13	£7.74	£11.04	£13.72
Other care home staffing (agency)	13	£0.00	£0.02	£4.43
Premise Total	13	£18.83	£22.78	£55.48
Fixtures and Fittings	13	£0.00	£0.79	£7.68
Repairs and Maintenance	13	£7.21	£13.92	£20.70
Furniture, Furnishings and Equipment	13	£0.03	£1.07	£4.42

Other Care Home Premise Costs	13	£0.00	£0.08	£3.04
Supplies and Services Total	13	£87.99	£90.07	£102.61
Food Supplies	13	£25.05	£28.20	£38.77
Domestic and Cleaning Supplies	13	£4.97	£8.18	£11.21
Medical Supplies (excluding PPE)	13	£0.94	£1.21	£2.70
PPE	13	£0.00	£0.00	£2.76
Office Supplies	13	£1.76	£3.33	£4.91
Insurance	13	£3.08	£5.99	£6.71
Registration Fees	13	£3.57	£3.84	£4.00
Telephone and Internet	13	£1.05	£1.25	£1.62
Council Tax / rates	13	£0.52	£0.63	£1.31
Electricity, gas, water	13	£22.23	£26.12	£28.40
Trade and Clinical Waste	13	£2.82	£3.11	£5.59
Transport and Activities	13	£0.43	£1.24	£1.74
Other care home supplies and services costs	13	£1.89	£3.31	£8.70
Head Office Total	13	£17.67	£45.88	£58.67
Central / Regional Management	13	£0.00	£8.53	£30.27
Support Services (finance / HR / legal / marketing etc.)	13	£3.03	£4.91	£17.84
Recruitment, Training & Vetting (incl. DBS checks)	13	£0.21	£1.82	£3.11
Other head office costs (please specify)	13	£0.00	£0.14	£1.89
Return on Operations	13	£71.30	£74.84	£81.73
Return on Capital	13	£89.34	£154.42	£176.28
TOTAL	13	£696.50	£830.92	£971.67
Number of location level responses received	13	13	13	13
Number of locations eligible to fill in the survey				
Number of residents covered by the responses	13	253	253	253
Number of carer hours per resident per week	13	21.6	23.7	26.2

Number of nursing hours per resident per week				
Average carer basic pay per hour	13	£9.71	£9.73	£9.74
Average nurse basic pay per hour				
Average occupancy as a percentage of active beds	13	79.0%	86.4%	93.6%
Freehold valuation per bed	13	£34,510	£60,515	£73,222

2.3 65+ Care Home Places with Nursing (£/resident/week)

The following table demonstrates the raw data for residential homes with an inflationary uplift of 10.3%. See section 4 for more information on the inflationary uplift.

	Count of Observations	Lower Quartile	Median	Upper Quartile
Staff Total	3	£724.01	£773.51	£923.40
Nursing Staff	3	£203.92	£295.22	£374.63
Care Staff	3	£344.58	£365.90	£407.06
Therapy Staff (Occupational & Physio)	3	£0.00	£0.00	£0.00
Activity Co-ordinators	3	£6.23	£6.47	£10.35
Service Management (Registered Manager/Deputy)	3	£14.73	£18.43	£44.65
Reception & Admin staff at the home	3	£5.81	£6.25	£10.40
Chefs / Cooks	3	£38.48	£39.66	£44.45
Domestic staff (cleaning, laundry & kitchen)	3	£35.53	£36.26	£39.17
Maintenance & Gardening	3	£9.31	£10.97	£11.01
Other care home staffing (agency)	3	£0.00	£0.00	£49.94
Premise Total	3	£11.98	£13.71	£20.78
Fixtures and Fittings	3	£0.00	£0.00	£3.51
Repairs and Maintenance	3	£6.68	£7.27	£8.24
Furniture, Furnishings and Equipment	3	£4.30	£4.42	£4.49
Other Care Home Premise Costs	3	£0.04	£0.08	£4.54
Supplies and Services Total	3	£74.28	£83.20	£85.66

Food Supplies	3	£25.32	£26.49	£27.92
Domestic and Cleaning Supplies	3	£9.41	£12.21	£12.70
Medical Supplies (excluding PPE)	3	£1.08	£1.21	£2.71
PPE	3	£0.00	£0.00	£2.36
Office Supplies	3	£2.08	£3.12	£3.23
Insurance	3	£4.93	£5.99	£6.22
Registration Fees	3	£3.97	£4.00	£4.10
Telephone and Internet	3	£0.78	£1.05	£1.30
Council Tax / rates	3	£0.52	£0.53	£1.01
Electricity, gas, water	3	£15.60	£19.45	£20.84
Trade and Clinical Waste	3	£0.00	£0.00	£2.93
Transport and Activities	3	£0.23	£0.43	£0.65
Other care home supplies and services costs	3	£2.82	£3.31	£4.54
Head Office Total	3	£45.05	£45.88	£57.06
Central / Regional Management	3	£42.42	£42.71	£49.85
Support Services (finance / HR / legal / marketing etc.)	3	£1.82	£2.07	£2.55
Recruitment, Training & Vetting (incl. DBS checks)	3	£0.00	£0.00	£4.76
Other head office costs (please specify)	3	£0.07	£0.14	£0.15
Return on Operations	3	£185.12	£225.95	£226.62
Return on Capital	3	£172.22	£275.75	£275.75
TOTAL	3	£1,212.67	£1,418.01	£1,589.27
Number of location level responses received	3	3	3	3
Number of locations eligible to fill in the survey				
Number of residents covered by the responses	3	45	45	45
Number of carer hours per resident per week	3	25.4	27.5	30.3
Number of nursing hours per resident per week	3	8.3	11.0	13.9
Average carer basic pay per hour	3	£9.50	£9.50	£9.50

Average nurse basic pay per hour	3	£17.80	£18.00	£18.00
Average occupancy as a percentage of active beds	3	86.2%	88.2%	88.9%
Freehold valuation per bed	3	£35,526	£35,526	£35,526

2.4 65+ Care Home Places with Nursing, Enhanced Needs (£/resident/week)

The following table demonstrates the raw data for residential homes with an inflationary uplift of 10.3%. See section 4 for more information on the inflationary uplift.

There is a concern around the quality of data for enhanced needs. Nursing enhanced needs has resulted in a lower cost than nursing. This isn't logical and doesn't reflect the reality of operating in these markets. The reason for this is thought to be the method of data collection using CareCubed. It was complicated for providers to differentiate their costs and staffing ratios between different areas of care. The result was that most providers spread their costs across all areas probably resulting in higher costs for Nursing and lower costs for Nursing Enhanced Needs. The small number of providers in the market for nursing exacerbates this problem leaving question marks around how sound the final result is for these categories of care.

	Count of Observations	Lower Quartile	Median	Upper Quartile
Staff Total	2	£626.97	£689.08	£751.18
Nursing Staff	2	£32.52	£65.05	£97.57
Care Staff	2	£415.84	£510.86	£605.88
Therapy Staff (Occupational & Physio)	2	£0.00	£0.00	£0.00
Activity Co-ordinators	2	£7.98	£9.48	£10.98
Service Management (Registered Manager/Deputy)	2	£18.60	£18.76	£18.93
Reception & Admin staff at the home	2	£5.87	£6.36	£6.85
Chefs / Cooks	2	£25.41	£30.16	£34.91
Domestic staff (cleaning, laundry & kitchen)	2	£35.65	£36.50	£37.35
Maintenance & Gardening	2	£6.54	£6.91	£7.28
Other care home staffing (agency)	2	£2.50	£5.00	£7.49
Premise Total	2	£15.07	£16.43	£17.79
Fixtures and Fittings	2	£0.00	£0.00	£0.00
Repairs and Maintenance	2	£11.69	£14.18	£16.66
Furniture, Furnishings and Equipment	2	£1.11	£2.21	£3.32

Other Care Home Premise Costs	2	£0.02	£0.04	£0.06
Supplies and Services Total	2	£70.77	£76.18	£81.59
Food Supplies	2	£24.96	£25.78	£26.59
Domestic and Cleaning Supplies	2	£11.46	£11.71	£11.96
Medical Supplies (excluding PPE)	2	£1.56	£1.90	£2.25
PPE	2	£0.00	£0.00	£0.00
Office Supplies	2	£1.37	£2.02	£2.68
Insurance	2	£4.62	£5.38	£6.13
Registration Fees	2	£3.64	£3.74	£3.84
Telephone and Internet	2	£0.90	£0.95	£1.00
Council Tax / rates	2	£0.54	£0.57	£0.59
Electricity, gas, water	2	£15.54	£19.33	£23.12
Trade and Clinical Waste	2	£0.92	£1.84	£2.75
Transport and Activities	2	£0.06	£0.08	£0.10
Other care home supplies and services costs	2	£2.69	£2.90	£3.10
Head Office Total	2	£17.27	£26.25	£35.23
Central / Regional Management	2	£10.89	£21.30	£31.72
Support Services (finance / HR / legal / marketing etc.)	2	£2.18	£2.28	£2.39
Recruitment, Training & Vetting (incl. DBS checks)	2	£1.15	£2.29	£3.44
Other head office costs (please specify)	2	£0.18	£0.37	£0.55
Return on Operations	2	£110.80	£149.18	£187.57
Return on Capital	2	£201.15	£226.02	£250.88
TOTAL		£1,042.03	£1,183.14	£1,324.24
Number of location level responses received	2			
Number of locations eligible to fill in the survey				
Number of residents covered by the responses	2	35	35	35
Number of carer hours per resident per week	2	29.7	36.9	44.1

Number of nursing hours per resident per week	2	1.3	2.6	3.8
Average carer basic pay per hour	2	£9.50	£9.50	£9.50
Average nurse basic pay per hour	2	£18.50	£19.00	£19.50
Average occupancy as a percentage of active beds	2	88.2%	92.1%	96.1%
Freehold valuation per bed	2	£69,444	£69,444	£69,444

3.0 Median Values (£/resident/week)

	Residential	Residential EMI	Nursing	Nursing EMI
Staff Total	£414.18	£442.93	£773.51	£689.08
Nursing Staff	£0.00	£0.00	£295.22	£65.05
Care Staff	£295.41	£311.11	£365.90	£510.86
Therapy Staff (Occupational & Physio)	£0.00	£0.00	£0.00	£0.00
Activity Co-ordinators	£9.70	£8.39	£6.47	£9.48
Service Management (Registered Manager/Deputy)	£39.26	£32.62	£18.43	£18.76
Reception & Admin staff at the home	£10.53	£10.51	£6.25	£6.36
Chefs / Cooks	£36.76	£36.21	£39.66	£30.16
Domestic staff (cleaning, laundry & kitchen)	£37.73	£39.20	£36.26	£36.50
Maintenance & Gardening	£11.01	£11.04	£10.97	£6.91
Other care home staffing (agency)	£0.02	£0.02	£0.00	£5.00
Premise Total	£25.31	£22.78	£13.71	£16.43
Fixtures and Fittings	£1.15	£0.79	£0.00	£0.00
Repairs and Maintenance	£10.35	£13.92	£7.27	£14.18
Furniture, Furnishings and Equipment	£2.75	£1.07	£4.42	£2.21
Other Care Home Premise Costs	£1.03	£0.08	£0.08	£0.04
Supplies and Services Total	£89.84	£90.07	£83.20	£76.18
Food Supplies	£28.51	£28.20	£26.49	£25.78
Domestic and Cleaning Supplies	£7.70	£8.18	£12.21	£11.71

Medical Supplies (excluding PPE)	£1.08	£1.21	£1.21	£1.90
PPE	£0.00	£0.00	£0.00	£0.00
Office Supplies	£3.25	£3.33	£3.12	£2.02
Insurance	£5.74	£5.99	£5.99	£5.38
Registration Fees	£3.89	£3.84	£4.00	£3.74
Telephone and Internet	£1.27	£1.25	£1.05	£0.95
Council Tax / rates	£0.87	£0.63	£0.53	£0.57
Electricity, gas, water	£24.75	£26.12	£19.45	£19.33
Trade and Clinical Waste	£3.11	£3.11	£0.00	£1.84
Transport and Activities	£1.06	£1.24	£0.43	£0.08
Other care home supplies and services costs	£3.19	£3.31	£3.31	£2.90
Head Office Total	£46.72	£45.88	£45.88	£26.25
Central / Regional Management	£15.24	£8.53	£42.71	£21.30
Support Services (finance / HR / legal / marketing etc.)	£4.89	£4.91	£2.07	£2.28
Recruitment, Training & Vetting (incl. DBS checks)	£1.74	£1.82	£0.00	£2.29
Other head office costs (please specify)	£0.07	£0.14	£0.14	£0.37
Return on Operations	£79.28	£74.84	£225.95	£149.18
Return on Capital	£118.62	£154.42	£275.75	£226.02
TOTAL	£773.96	£830.92	£1,418.01	£1,183.14
Number of location level responses received	14	13	3	2
Number of locations eligible to fill in the survey				
Number of residents covered by the responses	289	253	45	35
Number of carer hours per resident per week	23.4	23.7	27.5	36.9
Number of nursing hours per resident per week			11.0	2.6
Average carer basic pay per hour	£9.73	£9.73	£9.50	£9.50
Average nurse basic pay per hour			£18.00	£19.00

Average occupancy as a percentage of active beds	87.3%	86.4%	88.2%	92.1%
Freehold valuation per bed	£37,083	£60,515	£35,526	£69,444

As previously mentioned, the above tables include the raw data from provider submissions with an inflationary uplift for April 2022.

In addition we are proposing to apply the following adjustments:

Return on Capital

The Return on Capital has been set at £75.86 per resident per week.

This figure comes from using the Local Housing Allowance (LHA) methodology described in the DHSC guidance. The LHA rate for a one-bedroom dwelling in the Redcar BRMA area is £86.30/week for 22/23. The median cost of fixtures/fittings/maintenance from residential submissions for 21/22 is £10.44 (£1.05 for fixtures and fittings and £9.39 for repairs and maintenance). Therefore, the return on capital is £75.86 per resident per week using this methodology.

The reason for this adjustment is the wide range of different responses that were seen across provider submissions and the strong likelihood that capital figures have been included in both the premises section of the return and the return on capital figure by a number of providers. There is also evidence that national providers have included blanket rates for ROC for all homes within their portfolio, regardless of location, which therefore may not accurately reflect, as the DHSC guidance points out, 'that property prices and rents, and therefore justifiable levels of return on capital, vary substantially between local authorities'.

Moving to the approved LHA methodology leads to greater consistency of data and a more accurate calculation of a suitable return on capital for care homes in the Redcar & Cleveland area. One of the reasons for this is that the alternative method of calculation in the DHSC guidance is based upon a calculation of 5.5% of the freehold valuation of the home. However, only 9 of the providers who submitted through Care Cubed elected to provide a freehold valuation, meaning this could potentially create a much less accurate picture of Return on Capital. It is worth noting that the government guidance for using the freehold value/per-bed method of calculating the ROC cites commercial estate agent Knight Frank who use 5.5% to calculate yield on core care home stock. If this approach was taken it would result in the following ROC levels:

Residential - £34.41

Residential Dementia - £56.15

Nursing - £45.12

Nursing Dementia - £76.11

(average freehold value per bed / average number of occupied beds per home / 52.14 weeks per year)

These figures demonstrate the lack of consistency derived from this methodology and also the resulting lower rate than our approach of using the LHA methodology.

As we have identified from provider submissions, the median ROC calculations ranged from £118.62 (residential median) to £275.75 (nursing median). Both of these figures would represent a return on capital vastly in excess of what has been previously offered by the local authority in any fee negotiations, and equates to approximately 15% and 20% (respectively) of the total weekly bed rate.

We understand that the commitments that providers have will affect their views on a suitable ROC. However, as with Return on Operations, we must endeavour to find a suitable level which is an effective use of public funds and one which balances that with provider commitments and future market developments. Given the relatively even spread of care homes across the borough we also believe the LHA single rate methodology is the fairest way to balance any variance in property values and rents throughout the borough as a whole.

Return on Operations – The return on operations will be amended to be 6% of total operational costs of providers. This is again due to the high levels of inconsistency in returns from providers. We believe some providers may have included aspirational figures rather than what is reasonable or achievable given local authority funding as we have seen ROO ranging from 6% to 64%.

When setting a suitable level for Return on Operations there are a number of factors we must consider. While providers should be permitted to make reasonable profit for the risks associated with investing in the market, in coming to a suitable return on operations we must balance responsible use of public money with managing a sustainable residential care market. We must also consider regional partners to avoid destabilising the residential provider market beyond our local authority boundaries. We have also sought guidance from the Local Government Association who have advised that a 5% profit margin has been used in a number of fee setting exercises by local authorities nationally during fee setting exercises.

However, our local market conditions are also a large contributing factor, as ultimately a high profit margin will attract further market development in our borough, and conversely a figure too low may result in market exit. We currently have an adequate number of residential care beds in the borough with vacancies across all four domains. However, we are about to see the opening of two new residential care facilities in the next year, with another at the planning stage. This will result in approximately 125 additional residential beds in the borough. This would lead us to believe that the current Redcar & Cleveland bed rate is adequate to attract care home development, therefore we would ultimately not wish to inflate profit margins to a level which would attract further development, as potentially this will result in further bed vacancies across the residential sector, and ultimately losses for the sector as a whole.

It has also become apparent that in the main, across the north-east, return on operation levels being offered by local authorities as part of the FCOC exercise have ranged between 5-7%. Our initial assumptions of a 5% ROO were revised following initial consultation with providers and considering the factors outlined above we believe a Return on Operations of 6% would now present a reasonable and fair rate. This would therefore reduce ROO for the four care domains as follows:

Residential Care - £79.28 to £38.45

Residential EMI - £74.84 to £38.15

Nursing - £225.95 to £38.96

Nursing EMI - £149.18 to £37.48.

Occupancy – Occupancy levels were still significantly below previous levels across the sector as a whole during 2021/22, and remain lower than we would normally expect them to be in a healthy care sector, though they are continuing to recover. Since this exercise is designed to produce an indicative figure for what average level of fees is necessary to sustain a healthy sector in the long term, our current intention is to adjust the 2021/22 figures to reflect that.

We have worked on the assumption of 90% occupancy moving forward.

The higher the occupancy, the more efficiently a home is run from a cost perspective and 90% provides a good target to balance high occupancy and inevitable vacancies. Again, there are regional balances to be made in coming to this conclusion. We recognise that in the borough we saw occupancy fall during Covid-19, however we have seen this start to improve and we must base our assumptions moving forward on the occupancy of what we feel is a healthy residential care market, and this should be reflected in a rate which offers greater incentive for providers to fill vacant beds.

On the one hand we are mindful that we will have new market entrants in the coming year, which has the potential to drive occupancy down, however we are expecting general care home admissions to improve as we emerge from Covid-19, and as we have an increasingly ageing population and existing pressures on domiciliary care capacity this could drive people into residential care sooner than expected. These future uncertainties have led us to take a cautious approach by setting occupancy at 90% rather than higher, as we may expect to see under normal market conditions. We have also only made alterations across all 4 care domains to the effect of 1% by assuming the overall average occupancy rate from provider submissions across all domains combined of 89%. By doing this it has resulted in a smaller reduction for those care domains which showed occupancy lower than 89% from total returns. Based on these calculations the reductions across each area are as follows:

Residential - £5.80

Residential EMI - £6.00

Nursing - £9.14

Nursing EMI – No change

4.0 Approach to April 2022 Uplifts and Final Calculations

Providers were asked if they would like to include percentage uplifts to bring their 2021/22 actual costs in line with inflation such as NLW and CPI as of April 2022. There were large inconsistencies with percentage uplifts being applied, which may be explained by providers inputting cost increases being seen at the time of data entry in August 2022 rather than April 2022, or providers being at varying stages of negotiation with providers of insurance and utility services.

That said, rather than adopting an approach to the April 2022 uplift where we applied CPI indices to the 2021/22 data, we have attempted to stay true to what providers have told us and use the % increases inputted into Care Cubed as the basis for our calculations.

We calculated both the mean and the median percentage increase for each cost area for all providers. We did this by looking at the percentage uplift for each line to identify those areas providers had seen a large increase in costs, such as utilities and insurance and those areas with a lower increase, such as staff costs. These actual uplifts were then applied to the raw data for 21/22 to identify the inflationary impact for each cost area. This resulted in an overall mean uplift of 10.3% and a median uplift of 8.6%.

We are mindful of the local intelligence that providers have given us that they are experiencing sharp cost increases in some areas due to inflation in the cost of living in the UK, and some of these sharp increases were more pronounced between March and April 2022. In an attempt to accurately capture the impact of these rises for all providers we have decided to adopt the average percentage uplift in the April 2022 calculations rather than the median uplift of 8.6%.

This approach means some of the largest costs areas, such as staff costs (53% of total cost), are over inflated (7.6% mean uplift identified by providers as opposed to the 10.3% applied) while other areas

such as energy costs (3% of total cost) are under inflated (77% mean uplift identified by providers as opposed to the 10.3% applied). However, the overall total provides an accurate uplift based on provider returns.

5.0 Final Calculations with Adjustments

The following table summarises the impact that the adjustments mentioned in sections 3 and 4 have on both the 21/22 figures and when the adjustments and the Mean % uplift for April 2022 is applied.

	21/22 Weekly Bed Rates (with applied adjustments for ROC, ROO & Occupancy)	2021/22 Weekly Bed Rates – Including Uplift for April 2022
Residential	£627.18	£683.95
Residential Dementia	£649.93	£709.06
Nursing	£932.78	£1,021.04
Nursing Dementia	£842.33	£921.28

**Note: ROC is not subject to April 22 % uplift as ROC calculations are already based upon 22/23 LHA data*

The figures in the table above are largely reflective of the residential and residential EMI rates paid by the local authority in 2021/22 and 2022/23. The residential rate for April 2022 is just over £10 per bed/per week higher than the current residential rate of £673.47 and fractionally higher for residential EMI at £708.83. Although the nursing rates above are inclusive of FNC costs we are aware that there is still a significant differential between what providers are currently paid and what they are telling us the actual financial cost is. We must endeavour to work closely with providers to understand these challenges further and raise awareness with our partners in Health of the financial risks to providers if we are to continue to provide a sustainable nursing care market.

We will also work hard over the next year to bridge the funding gap between the current residential care rate and the reported figures for April 2022 in the table above, while also ensuring that an appropriate uplift mechanism is applied to accurately account for cost increases from April 2022 onwards, which we will explore in Annex C. We will also continue to work with providers throughout 2022/23 to gain a greater understanding of the market challenges they are facing as we work towards our plans for residential care fees for 2023/24, and our final Market Sustainability Plans which will be published in February 2023.

6.0 Data Collection and Inflation

The results from Fair Cost of Care were collected in July and August 2022 using a combination of CareCubed and an online survey. The questions in the survey mirrored CareCubed and provided an alternative method of data input to providers. Results from the survey were inputted into CareCubed to ensure a consistent approach to calculation.

The figures used are actual figures for 2021/22 and providers were asked for the percentage uplift they have experienced for each cost item as of April 2022. The average uplifts have been calculated and have been explained in Section 4.

The local authority opted to use the LGA-recommended Care Cubed data collection tool to offer as much consistency to providers as possible as the tool was adopted by the majority of local

authorities for the 65+ care home exercise. We chose to engage with an external consultant to assist with the data collection and analysis phase, but also to offer additional support to providers as we appreciate the complexity of what was asked of providers as part of this exercise.

Additional 1-1 and group sessions were facilitated by CommercialGov as well as follow up calls, and direct contact information to support officers was made available to all providers.

We believe this was a key reason why Redcar & Cleveland achieved a response rate above national average which contained a mix of providers from both large national providers and smaller independent local providers.

The local authority also extended submission deadlines by an additional 7 days to allow CommercialGov to support providers who had started the data collection exercise but were unable to complete in time for the original deadline.

A period of validation was also supported by CommercialGov to assist providers with any data entry errors and to gain further clarity where anomalies in submissions were noted.

We appreciate that there have been many challenges for both providers and the local authority in collecting this data and there have been frequent updates in national guidance right up to the point of submission. We have attempted to be open with providers about these challenges and support as best we can. Prior to data submission providers were notified and asked for their views regarding the key adjustments made to their submissions under Section 3. We have endeavoured to listen to and incorporate these views and take into account market challenges that providers have notified us about through our engagements with them through Fair Cost of Care and prior to this exercise. However, due to the time restrictions imposed on submitting this data to central Government we have had limited opportunity to discuss our assumptions with providers in any great detail, and so as we progress we will engage further on these matters.

The results from the Fair Cost of Care exercise are very close to the fees currently paid by the Council, however, this is not surprising as the providers have had to adapt their business model to the fees paid by the Council, otherwise there would be a threat to the continuity of their business. Our fees are constrained by the availability of public funding and although we pay a 'fair' fee it is not one that promotes a quality of care that we would like to see on offer to all residents. Fee constraints mean that many care workers are paid the national living wage and services operate on minimum staffing levels. Additional funding would allow us to pay fees at something above the minimum 'fair' price so that there was genuine investment in staff and services, so that the care provided matched the aspirations of all those that work in the sector.

7.0 Further Considerations

National Insurance:

The UK Government raised National Insurance contributions by 1.25% in April 2022. This rate has been accounted for in the 10.3% rate increase for April 2022. However, since the FCOC data was gathered the Government have announced that the 1.25% rise will be revoked in November 2022, meaning a cost-saving for providers on staffing costs. We have not made any deductions for the NI reversal in the April 2022 figures due to this still being a financial risk for providers at this time, however, any adjustments could be considered looking forward to 2023/24 fee setting.

2021/22 Government Grants:

The Fair Cost of Care exercise asks providers to submit full cost information for care delivered in the calendar year 2021/22. Various government grant schemes were still in operation during this period,

including IPC funding which was passported directly to providers by the local authority to cover costs incurred through the implementation of infection prevention and control measures in line with grant criteria. Providers have not been asked to deduct funding received from central government prior to submitting data. It is reasonable to assume that some of this funding may fall within the scope of the costs that providers have been asked to submit for the Fair Cost of Care exercise.

Analysis of Redcar & Cleveland Borough Council IPC grant distributions indicates a total annual per-bed allocation from the grant fund of £1,396. This would equate to approximately £26.84 per bed per week for 2021/22. However, at this time the local authority has chosen not to deduct this amount from the 2021/22 data, however this may need to be considered during future fee setting as government restrictions in relation to Covid-19 continue to be reduced.

FNC Payments:

Any bed rates for nursing or nursing dementia contained within this document are inclusive of costs incurred by providers related to funded nursing care (FNC). We have done this to give a true reflection of provider costs submitted for nursing provision as of April 2022.

8.0 Questions Asked in the FCOE Exercise

- 1.) What is the name of your care home?
- 2.) Are you part of a wider group?
- 3.) Name of the group?
- 4.) Do you provide? (tick all that apply)
 - a. +65 Residential Care
 - b. +65 Residential Care, Enhanced Needs
 - c. +65 Residential Care with Nursing
 - d. +65 Residential Care with Nursing, Enhanced Needs
- 5.) What is your total expenditure for the following areas for the year 2021-22, including staff on-costs and agency staff costs
 - a. Registered Nursing Staff
 - b. Nursing assistants, associates, or equivalents (non RGN)
 - c. Senior Carer (or equivalents)
 - d. Carer
 - e. Therapy staff (Occupational and Physio)
 - f. Activity Coordinators
 - g. Registered Manager
 - h. Deputy
 - i. Reception & Admin staff at the home
 - j. Chefs/Cooks
 - k. Domestic staff (cleaning, laundry & kitchen/catering not included above)
 - l. Maintenance & Gardener
 - m. Other care home staffing (please specify)
- 6.) What is the percentage increase in costs for each of these staff roles you have seen since April 2022? (answer as a percentage)
 - a. Registered Nursing Staff
 - b. Nursing assistants, associates, or equivalents (non RGN)
 - c. Senior Carer (or equivalents)
 - d. Carer
 - e. Therapy staff (Occupational and Physio)
 - f. Activity Coordinators

- g. Registered Manager
 - h. Deputy
 - i. Reception & Admin staff at the home
 - j. Chefs/Cooks
 - k. Domestic staff (cleaning, laundry & kitchen/catering not included above)
 - l. Maintenance & Gardener
 - m. Other care home staffing (please specify)
- 7.) Please provide the following annual cost information about your care home overheads for 2021/22
- a. Food Supplies
 - b. Domestic and cleaning supplies
 - c. Medical supplies excluding PPE
 - d. PPE
 - e. Office supplies (home specific)
 - f. Insurance
 - g. Registration fees
 - h. Telephone and internet
 - i. Council tax / rates
 - j. Electricity
 - k. Gas / Oil / LPG
 - l. Water
 - m. Trade and clinical waste
 - n. Transport and activities
 - o. Other care home supplies and services
- 8.) What is the percentage increase in costs for each of these areas you have seen since April 2022? (answer as a percentage)
- a. Food Supplies
 - b. Domestic and cleaning supplies
 - c. Medical supplies excluding PPE
 - d. PPE
 - e. Office supplies (home specific)
 - f. Insurance
 - g. Registration fees
 - h. Telephone and internet
 - i. Council tax / rates
 - j. Electricity
 - k. Gas / Oil / LPG
 - l. Water
 - m. Trade and clinical waste
 - n. Transport and activities
 - o. Other care home supplies and services
- 9.) Please provide information on the total expenditure on your premise for 2021/22
- a. Fixtures and Fittings
 - b. Repairs and Maintenance (excluding any employee costs)
 - c. Furniture, Furnishings and Equipment
 - d. Other premises costs
- 10.) What is the percentage increase in costs for each of these areas you have seen since April 2022? (answer as a percentage)

- a. Fixtures and Fittings
 - b. Repairs and Maintenance (excluding any employee costs)
 - c. Furniture, Furnishings and Equipment
 - d. Other premises costs
- 11.) What is your total expenditure for 2021/22 for the following Head Office costs? (For some smaller providers, the home manager may fulfil a number of these functions and therefore these costs are already included in management costs)
- a. Central / Regional Management (Directors' costs and operational management above registered manager level)
 - b. Support Services (finance / HR / legal / marketing etc.)
 - c. Recruitment, Training & Vetting (incl. DBS checks)
 - d. Other head office costs (please specify)
- 12.) Please tell us the following financial information for your care home for the latest full financial year?
- a. Total Turnover
 - b. Total Overhead
 - c. Profit / Surplus (before tax)
- 13.) What is your approach to Return on Operations?
- a. % markup on operating costs
 - b. total value for the home per annum Total salary cost
- 14.) What is your percentage markup applied to operating costs (%)
- 15.) What is your total Return on Operations (£) for the Care Home per annum
- 16.) Is the property rented?
- 17.) If YES, Rental amount p/a (£)
- 18.) Do you wish to provide your Return on Capital figure as a per resident per week value for the care home OR as a % of property valuation?
- a. Per resident per week ROCE value
 - b. % of property valuation
- 19.) What is your Per resident per week ROCE value?
- 20.) What is your Return on Capital %?
- 21.) What is the freehold valuation of your Care Home?
- 22.) What year was the valuation made?
- 23.) Was the valuation an official RICS red book evaluation?
- 24.) Is the home purpose built?
- 25.) What year was the home built (approx)
- 26.) How many rooms are en-suites? (includes just a w/c and basin, through to a full wet room)
- 27.) How many rooms are wet-rooms?
- 28.) What is the average room size? (in m2)
- 29.) How many active beds does your care home have in total?
- 30.) How many active beds out of commission does your care home have? (Beds that are not de-registered that you cannot fulfil)
- 31.) Please provide average resident occupancy for 2021-22 for the different categories below:
- a. +65 Residential Care
 - b. +65 Residential Care, Enhanced Needs
 - c. +65 Residential Care with Nursing
 - d. +65 Residential Care with Nursing, Enhanced Needs
- 32.) Please provide average resident occupancy by funding source
- a. Number of Local authority funded (in area and out of area)

- b. Number of Joint funded residents (LA and Health /NHS)
 - c. Number of self funders / privately funded
 - d. Number of Continuing Health Care (CHC) funded beds (NHS)
 - e. Other
- 33.) Please can you tell us your weekly charge for self-funders for the following categories that you provide service to? (in £/week, use an average charge if it varies by room size)
- a. +65 Residential Care
 - b. +65 Residential Care, Enhanced Needs
 - c. +65 Residential Care with Nursing
 - d. +65 Residential Care with Nursing, Enhanced Needs
- 34.) What is the the average number of Registered Nursing staff hours per week?
- 35.) What is the average number of Nursing assistant staff hours / week?
- 36.) What is the average number of Senior Carer staff hours per week?
- 37.) What is the average number of Carer staff hours / week?
- 38.) Please tell us your average basic rates of pay for the following roles as of April 2022 (£/hour)
- a. Registered Nursing Staff
 - b. Nursing assistants, associates, or equivalents (non RGN)
 - c. Senior Carer (or equivalents)
 - d. Carer
- 39.) What is your current employers NI contribution as a % on direct staff payroll costs as of April 2022?
- 40.) What is your current employers pension contribution as a % on direct staff payroll costs as of April 2022?
- 41.) What is your average apprenticeship levy contribution % as of April 2022
- 42.) What is the average number of holiday days per year per FTE?
- 43.) What is the average number of training/supervision days per year per FTE
- 44.) What is the average number of sickness days per year per FTE?
- 45.) What is the average number of maternity/paternity/adoption allowance days per year per FTE
- 46.) What is the average number of suspension allowance – days per year per FTE.
- 47.) Please tell us the average agency costs for the following roles as of April 2022 (£/hour)
- a. Registered Nursing Staff
 - b. Nursing assistants, associates, or equivalents (non RGN)
 - c. Senior Carer (or equivalents)
 - d. Carer
- 48.) Please tell us the average weekly agency hours for the following roles as of April 2022 (£/hour)
- a. Registered Nursing Staff
 - b. Nursing assistants, associates, or equivalents (non RGN)
 - c. Senior Carer (or equivalents)
 - d. Carer
- 49.) Address