

<p style="text-align: center;"><b>Hull City Council</b> <b>Annex B Cost of Care Report for Residential Care</b></p>
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1. In accordance with the requirements issued by the Department of Health and Social Care (DHSC), Hull City Council has completed the 'Fair Cost of Care' exercise for Residential Care. This report details the results of that exercise, as prescribed in the guidance document 'Market sustainability and fair cost of care fund 2022 and 2023'.

**Requirement – description of the template used as part of the exercise**

2. Hull City Council utilised the residential toolkit produced by IESE which was commissioned by the Local Government Association (LGA) and the Association of Directors of Adult Social Services (ADASS) via the Care and Health Improvement Programme (CHIP)<sup>1</sup>.

**Requirement – engagement with the market**

3. Communication and engagement with providers was identified as a priority at an early stage of this process within Hull. The 'Fair Cost of Care' exercise was first introduced by the Director of Adult Social Care (DASS) on 19<sup>th</sup> May 2022 at the Ask the Director provider teleconference session. This was followed by the first communications to all residential care providers on 26<sup>th</sup> May with a letter which gave the background to the this exercise, details of how to register on the IESE website and how and where to access help and support.
4. A dedicated inbox was created to deal with all queries relating to this exercise prior to the full launch of the IESE toolkit. For this reason, the majority of queries and responses were sent via this mailbox to ensure continuity of the audit trail. However, some communication was carried out using the functionality within the IESE tool, at the request of some providers. Specific communications on this exercise were sent from the dedicated mailbox and the weekly provider newsletter which is shared with all providers in the City featured a weekly update.
5. A question and answer session for providers was held on 10<sup>th</sup> June 2022 with a panel comprising of the Head of Adults Commissioning, the respective Commissioning Manager and two Finance representatives. Representatives from 15 providers attended this session, 12 of which were later deemed to be in scope (27%). Only 50% of those who attended this session submitted a return via IESE.
6. A workshop session to support providers with a step by step guide to the IESE toolkit was held on 20<sup>th</sup> June 2022. Representatives from 11 providers attended this session, 8 of which were later deemed to be in scope (18%). Only 50% of those who attended this session submitted a return via IESE.

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<sup>1</sup> Now Partners in Care and Health

7. 9 submissions came from providers who did not attend any of the specific engagement and support sessions which were held.
8. Alongside the specific support and information that was offered to providers, established provider forums hosted by the DASS and by the Commissioning team included information on this exercise and encouraged providers to become involved. The Commissioning team also covered specific questions during their regular contacts with providers of commissioned services and encouraged their participation in the exercise.
9. In addition to the Hull City Council offer of information, help and support, resources from the Care Provider Alliance were shared with providers and the Hull and East Riding Care Association (HERCA) also encouraged its members to participate in the exercise.
10. Some of the providers in Hull are small, locally owned care homes without the back office support of larger companies and they therefore found the toolkit difficult to complete. Hull City Council recognised this as an issue and offered all providers one to one support from a member of the finance team to ensure they felt able to participate in this exercise. Four providers took up this offer.
11. Providers were initially given until 24<sup>th</sup> June 2022 (4 weeks) to complete their submissions. However, following requests from providers, this was extended by two weeks to 4<sup>th</sup> July 2022 and then again by a further two weeks to 15<sup>th</sup> July. After this deadline, providers were invited to contact Hull City Council if they still wished to submit a completed toolkit. In addition, all providers who had registered on IESE but had not submitted a return were contacted and encouraged to get in touch if they required any support in completing the toolkit.
12. Following submission on 14 October 2022 and the subsequent guidance from DHSC that publication should take place by 1 February 2023, further consultation sessions were held with providers on 19 January 2023. These sessions shared with providers the unadjusted medians which were submitted on 14 October along with a number of proposed adjustments and invited comments from providers.

**Requirement – the response rate of the exercise as a percentage of those invited (excluding providers for whom the exercise turned out not to be relevant)**

13. The IESE process required registration on the website prior to accessing the toolkit. All residential care homes in Hull were contacted in May 2022 and encouraged to register with IESE. The below table (based on data drawn from IESE) demonstrates the number of eligible providers, the numbers deemed to be in scope and out of scope and the number of submissions received.

Categorisation	Number
Total number of providers on IESE	57
Less - number of providers out of scope	13
Less - number of providers who did not submit	27
Total number of in-scope submissions received	17

14. In total, 17 residential care providers who were assessed as being in-scope submitted a completed return on IESE. This is a total submission rate for eligible residential and nursing care providers of 39%. Some of the 17 submissions covered more than one category within IESE as demonstrated by the table below.

IESE categories	Number of providers who submitted	Total number of submissions
Residential only submissions	3	3
Residential and residential with dementia	10	20
Residential and nursing	1	2
Residential with dementia only	1	1
Nursing only	1	1
Nursing and nursing with dementia	1	2
Totals	17	29

15. The number of submissions based on the categories within Annex A is detailed in the below table;

Totals	Annex A categories			
	65+ care home places without nursing	65+ care home places without nursing, enhanced needs	65+ care home places with nursing	65+ care home places with nursing enhanced needs
Total number of submissions	14	11	3	1
Number of providers in category <sup>2</sup>	37	35	4	4
% rate of returns	37.84%	31.43%	75.00%	25.00%

16. There were 13 providers which were deemed to be out of scope. Reasons for this included;
- Three were in-house facilities and therefore out of scope as determined by the DHSC guidance;
  - Three were health-run facilities providing short term rehabilitation with which the local authority does not commission with and were therefore out of scope as determined by the DHSC guidance;
  - One is a facility providing care to people who were predominantly under 65 and therefore out of scope as determined by the DHSC guidance;
  - Five are small-scale facilities providing specialised care to people with complex needs. Such facilities have a different cost base from standard residential care and residential care with dementia facilities and were therefore excluded on that basis;
  - One provider was excluded on the basis that their submission was significantly out of line with any other residential / residential care with dementia submissions that were received. The costs were roughly double that of all other submissions,

<sup>2</sup> Determined by Hull City Council Commissioning team based on CQC registration details

largely due to low occupancy rates due to continued issues around quality and restrictions placed on the provider by the Care Quality Commission. This was queried with the provider and subsequently excluded.

### **Validation process**

17. The returns submitted by providers via IESE were analysed with a view to considering two main issues;
  - (i) Any apparent inaccuracies or potential errors in the data submitted or the assumptions used and;
  - (ii) Any potential outliers when comparing the details of any particular submission with those received from other providers
  
18. In relation to (i), the nature of the queries raised with providers through emails from the dedicated mailbox included the following;
  - The calculation of employer national insurance costs – a number of providers applied the 15.05% headline rate in their calculations rather than a blended rate which recognised the effect of the NI threshold on overall costs
  - No allowance for inflation on 21/22 costs – several providers adjusted their returns when this point was raised
  - Failure to identify return on operations and/or return on capital (there was also one instance where return on operations was overstated and subsequently amended by the relevant provider)
  - Sickness days overstated in cover costs calculation – one provider included total annual sickness figures rather than sickness per full time equivalent in error
  - Insurance costs – increase queried with one provider and supporting evidence submitted
  - No provision made for PPE costs
  - Care hours per client overstated
  
19. In relation to point (ii), all providers were asked to comment on any particular cost lines where their original submission appeared to be out of line with others received in the relevant care category, for both high and low cost outliers. Particular areas in which queries of this nature were raised included the following;
  - Central / Regional management costs – basis of apportionment queried with several providers
  - Support Service costs – similarly, details of approach to apportionment sought in some cases
  - Managerial costs – increase from 21/22 levels queried in one instance; confirmed to arise from outcome of a pay review
  - Domestic staff costs
  - Food costs
  - Electricity / Gas / Oil costs – particularly with regard to assumed uplifts to 22/23 prices
  - Variations in occupancy rates
  
20. Where amendments were agreed with providers through this clarification and validation process, providers resubmitted their data via IESE. Where a provider either indicated that they did not wish to change the figures originally submitted or did not

respond to the queries and subsequent reminders, the original unamended submissions were used in the calculation of the median values identified in Annex A of the October submission - ie the original data submitted for these items was not been amended in the original submission.

### Adjustments to provider data

21. As described in the above section, the original data submitted by providers via IESE was used in calculating the median values in Annex A of the submission originally returned to DHSC on 14 October 2022. However, there were some areas in which specific minor amendments were made. These were as follows;
- **Personal Protective Equipment (PPE)** – no information on PPE was submitted by any provider whose data was used in compiling the median costs for the Nursing or Nursing with Enhanced Needs categories of care in Annex A. This being the case, the median figures calculated for PPE from the returns submitted by providers of Residential Care and Residential Care with Enhanced Needs were used as proxy values in the calculation of the Nursing and Nursing with Enhanced Needs median figures.
  - **Nursing with Enhanced Needs** – as only one submission was received in this category the decision was taken to apply the data received in respect of Nursing care across the Premises, Supplies and Services and Head Office categories of cost on the basis that these were unlikely to be significantly different from the costs incurred by providers of Nursing with Enhanced Needs and would provide a slightly wider data set from which to calculate a median cost for Nursing with Enhanced Needs. The staffing figures for Nursing with Enhanced Needs were however based on the one submission received for this category as it was felt that the difference from basic Nursing care might be more significant across this area of cost.
  - **Return on Operations (ROO)** – the calculation of ROO<sup>3</sup> as outlined in paragraph 26 below has been applied to the total operating cost (sum of medians on each cost line) for each category of care. This is in line with the requirements of the updated Annex A template issued by DHSC on 30<sup>th</sup> September 2022.
  - **Return on Capital (ROC)** – the approach to the calculation of ROC<sup>4</sup> as outlined in paragraph 27 has similarly been applied under each category of care in Annex A.
22. The effect of the adjustments made in the original submission is summarised in the table below. Whilst adjustments were made, they were not significant and the data in Annex A as originally submitted closely reflected the data submitted by providers.

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<sup>3</sup> Please refer to paragraph 26

<sup>4</sup> Please refer to paragraph 27

65+ residential care	Residential (£)	Residential with Enhanced Needs (£)	Nursing (£)	Nursing with Enhanced Needs (£)
Original median from provider returns (unadjusted)	671.72	674.03	1,288.40	1,230.61
<b>Adjustments:</b>				
PPE	(+) 0.57	(+) 0.37	(+) 1.40	(+) 1.77
Expanded data set	0.00	0.00	0.00	(+) 1.38
Return on Operations	(-) 13.37	(-) 7.74	(+) 17.51	(+) 20.25
Return on Capital	(-) 0.31	(-) 14.82	(-) 0.31	(-) 14.82
<b>Median as reported in Annex A (October 2022 submission)</b>	<b>658.64</b>	<b>651.86</b>	<b>1,307.00</b>	<b>1,239.19</b>

**Requirement - the full table in Annex A section 3 with one column of median values for each care type**

23. The median values contained in Annex A were originally calculated on the basis of the information submitted by the providers in each category of care subject to the adjustments summarised in paragraph 21. The calculation of total median values was based on the sum of the median values for each cost line (other than for ROO and ROC as noted above), as this was felt to offer greater sensitivity in the analysis of the data than the use of sub-total medians. Zero values were included in the calculation of the medians in each individual cost line with the exception of PPE where even after clarifications (see above) some zero values remained. As it was anticipated that most providers will incur cost in this area going forward, the decision was taken to remove zero values in this instance.
24. Whilst this approach remains fundamentally intact, some amendments have subsequently been made to the calculation of the median values on individual cost lines to reflect the outcome of further analysis carried out since the original submission was made in October 2022 – see paragraphs 40 - 48 below for further explanation of these adjustments. The full updated table from Annex A section 3 for residential care is replicated at Appendix A.

**Requirement – one table for each service type with each showing the count of observations, lower quartile, median and upper quartile (where relevant) of all items in Annex A, section 3**

25. The tables at Appendix B provide the count of observations, lower quartile, median and upper quartile for all items in the updated Annex A, section 3 for each service type. Median and quartile values for each cost line under each category of care have been calculated from data submitted by providers through IESE and as recorded in tab 7 ("summary") on the relevant IESE return (unless otherwise indicated).

**Requirement - A clear statement of when the results were collected (the base price year) and how they will be uplifted in future for inflation. Local authorities may wish to assign a relevant inflation index to each costing line such as the consumer price index, average earnings, the national living wage and so on.**

26. The returns on IESE from which the median calculations in the updated Annex A return have been drawn are based on a 2022/23 price base. The table at Appendix C provides details of the intended uplift mechanisms to be applied to individual cost lines.

**Requirement - Justification of the proposed approach to return on capital and return on operations**

27. In line with the report commissioned by the County Councils Network from Laing Buisson in March 2022 entitled "Impact Assessment of the Implementation of Section 18(3) of the Care Act 2014 and Fair Cost of Care" (p28), Hull City Council is of the opinion that a Return on Operations factor of 5% should be applied to residential and nursing care provision on the basis that this represents a reasonable proxy for care home operators' profit after paying the financing costs of the property or accommodation. In keeping with this approach, a factor of 6% for Return on Capital has been applied to freehold values within the median calculations in Annex A for residential and nursing providers.
28. With regards to the calculation of ROC, not all providers submitted information of the freehold value of their properties through IESE, even after this omission was queried. Some providers also rent their premises. This being the case, ROC was calculated on the basis of those freehold values which were submitted.
29. A further complication in relation to the calculation of ROC arose in respect of Nursing and Nursing with Enhanced Needs where no information on freehold values was provided. In these instances, the calculated values for Residential Care and Residential Care with Enhanced Needs were applied to Nursing Care and Nursing Care with Enhanced Needs respectively as it is not envisaged that ROC should differ significantly between residential and nursing establishments.
30. In line with the guidance issued by the Department for Levelling Up, Housing and Communities (Annex E), the one bedroom rate of the Local Housing Allowance (less an element for fixtures, fittings, repairs and maintenance) was considered as an alternative approach to the return on capital calculation. This suggested a return not dissimilar to that resulting from the approach outlined in paragraph 27 above. Given the aim of establishing an overall rate payable for care which is commensurate with the need to maintain the local care market, it was however felt on balance to be more appropriate to apply the freehold value based approach.

**Robustness of the data on which Annex A median values have been calculated**

31. As noted above, the original median cost values recorded in Annex A as originally submitted in October 2022 were calculated from the data submitted via IESE by those providers deemed to be in scope within each category of care. Some adjustments were made to this data as detailed in paragraph 21.

32. As noted in the original submission in October, there were some instances in which it was felt that the data provided might require further adjustment, beyond those already made. The initial assessment of the extent to which the median figures determined in the original Annex A submission might support the process of determining rates for care is set out in paragraphs 40-48 below.

### **Robustness of data – residential care**

33. The information submitted by residential care providers via IESE indicates a number of areas in which adjustments to the current Hull City Council approach to the calculation of residential fees may require some recalibration. These include;
- Care staff costs – in particular in relation to the number of care hours provided on average by care providers. The average hours calculated from the IESE returns indicates an average of 23-24 hours of care per week for residential provision which exceeds the number of hours assumed in the current residential tariff. This may reflect the issue of increasing acuity amongst people who require residential care as reflected in the Market Sustainability Plan (Annex C)
  - Repair and Maintenance costs
  - Food
  - Electricity, gas and water
34. Whilst the information received in these areas will help in considering how the Council might construct a revised fee rate for residential care, there were a number of factors both in Annex A and Annex C which need to be considered as important contextual factors;
- As the table in paragraph 13 indicates, fewer than 40% of residential care providers submitted costing returns as part of this exercise. It is possible that those providers who did not engage with this exercise are content with the rate currently being paid but further engagement would be required to determine if this was the case;
  - As detailed in Annex C, market shaping plans will need to ensure that supply is able to meet current and future demand for the residents of Hull;
  - The information within Annex A indicates an occupancy rate of 91.7%. Whilst adjustments were not originally made within Annex A for occupancy, the intention in relation to market shaping and support to the wider health and care system are to aim for an occupancy rate of 95%;
  - Despite the amendments which have been made in the calculation of the median value in Annex A (see paragraph 20), there were still some specific issues with the data submitted which may require further consideration. For example, whilst one provider reported a total cover (absence) figure of more than 150 days per fee in their return, which was queried, they subsequently confirmed that they did not wish to amend. Their submission was therefore used in the calculation of the original Annex A submission on this basis. Specific issues of this nature clearly require further dialogue as part of the process of establishing the final rate which the Council will move towards paying
  - A marked degree of variation is still evident across a number of cost lines even after the review process which will require further consideration. This may particularly be the case across the following areas
    - The costs of Care staff
    - Domestic staff costs



- Energy costs
- Head Office costs
- The returns received from providers included employer national insurance calculations which are based on the current rate of 15.05% inclusive of the 1.25% levy introduced earlier in the year. In the recent mini-budget, HM Government announced that this uplift was to be discontinued with effect from November 2022. No adjustment was made to the original Annex A submission to take account of this change in approach.

35. Therefore, whilst the data on which the original Annex A submission was based suggested a recalibration of fee rates needs to be considered, it was felt that further work was required to refine any such adjustments. This work has now commenced and is discussed further in paragraphs 40-48 below.

### **Robustness of data – Residential with Enhanced Needs**

36. The Annex A median figure for Residential Care with Enhanced Needs is little different from that for Residential Care. There appears to be little evidence from provider returns that any differential rate is required. This will be considered further as part of the final fee determination process. This is again discussed further in paragraphs 40-48.

### **Robustness of data – Nursing Care**

37. Hull City Council does not currently pay a premium for Nursing Care in its fee structure, beyond the application of Funded Nursing Care (FNC) where needs require. Whilst the information received from providers has again been helpful to inform a review of this position, it was felt that there were a number of weaknesses within the data submitted and which was used as the basis from which the original Annex A submission was calculated.
- The response rate was relatively positive at 75% but the absolute number of returns – three - provides a limited base from which to assess the actual cost of service provision in the local market. As described in Annex C, developing and widening the nursing provision in the City is a key priority.
  - The problem of low absolute numbers was further compounded by the relatively limited data submitted by one provider in relation to two separate sites within this category. The information submitted included basic cost information from 21/22, uplift factors to bring these up to 22/23 levels and some information on occupancy rates. There was no information submitted on average care hours or staff pay rates. When requested, the provider declined to submit any further detail beyond the figures originally submitted.
38. Whilst there was therefore some evidence base to support the introduction of a premium for Nursing care which is replicated across the Yorkshire and Humber region, the median value for Nursing care contained in the original Annex A submission was not felt to be sufficiently robust base from which to establish a definitive view of what any such rate should be.

## **Robustness of data - Nursing with Enhanced Needs**

39. As with the above description of Nursing data, the issue with Nursing with Enhanced Needs is that only one provider submitted any data and was unwilling to enter into any dialogue about that data or to provide any updates on missing information when requested. This was therefore not felt to be a strong evidence base upon which to base a final rate for this category of care and further engagement with the market was felt to be necessary. As part of this process, the issue of whether any premium is necessary for Nursing with Enhanced Needs was similarly identified as an issue which required further consideration.

## **Revisions since the October 2022 submission**

40. In light of the issues highlighted across paragraphs 31-39 above, further analysis has been carried out since the original submissions made in October 2022 to determine how the costing data contained in Annexes A and B might be strengthened. To date, this has made particular reference to the following factors;
- Further consideration of the data submitted by providers in relation to each category of cost within the IESE model
  - Reference to regional data relating to each cost line
  - Further consideration of the delineation of costs between basic and enhanced provision for both residential and nursing care
  - Further consideration of the occupancy rate to be assumed in the calculation of median values on individual cost lines
41. With regard to provider data, further consideration has now been given to the range of values submitted on each cost line for residential and nursing care. Where this indicates that costs are generally clustered but that some discernible outliers appear to exist – for which further explanation was not readily apparent in the original data validation exercise – any such outliers have now been excluded and the median values for the relevant cost lines recalculated accordingly. This approach has been applied to both low and high side outliers with the result that some median values have either increased or decreased on individual cost lines from those originally submitted in October.
42. In a similar manner, the median values for Hull on each cost line of the model (as recalibrated in line with paragraph 41 above) has also been compared with data available from across the region. In instances in which the Hull figure appears to be significantly out of line with regional comparators (again, low or high), an average median value from the regional data has been applied to the relevant cost line in the Hull model.
43. In relation to the differentiation of basic and enhanced rates for both residential and nursing care, the original data returned by providers tended to suggest (certainly in the case of residential care) that there was little difference in cost to providers between the two and - for both residential and nursing care – that the median cost of basic care was actually higher than that for enhanced services which appears to be counter-intuitive. This being the case, the Council has decided that the costing calculation for both residential and nursing care should reference the returns submitted for basic care only and consequently that no differentiation should be

made in the costing models between basic and enhanced care for either residential or nursing services.

44. Finally, in line with the original thinking on occupancy rates (see paragraph 34), the assumed occupancy rate in both the residential and nursing models has been adjusted to 95% with the effect that the relatively fixed elements of cost within the models are now recovered across a wider assumed bed base with the effect that some reduction in median values occurs across the relevant cost lines.
45. The effects of these changes have now been built into a revised version of Annex A a summary of which is appended to this report (see Appendix A). The revised medians for each category of care are however summarised in the table below for information, alongside the value originally submitted.

<b>65+ residential care</b>	<b>Residential (£)</b>	<b>Residential with Enhanced Needs (£)</b>	<b>Nursing (£)</b>	<b>Nursing with Enhanced Needs (£)</b>
<b>Median as reported in Annex A (October 2022 submission)</b>	658.64	651.86	1,307.00	1,239.19
<b>Adjusted median (January 2023)</b>	<b>635.14</b>	<b>635.14</b>	<b>1,158.92</b>	<b>1,158.92</b>

46. The nature of the amendments outlined in paragraphs 40-45 above were discussed with providers at a meeting held on 19 January 2023. The rationale behind the approach taken – and the proposed changes to the figures originally submitted – was explained. No specific questions were raised as to the proposed approach or to the resubmission of the median calculations on the basis outlined.
47. It was however confirmed at the meeting that whilst these amendments represent a refinement of the median costs originally submitted in the October returns, they are still not regarded by the Council as being a definitive view of the costs of residential or nursing provision for care providers in Hull, and that the relatively limited rate of submission (see paragraph 14) and other specific issues mean that further refinement may still be necessary to determine median costings which are completely robust.
48. Furthermore, it was also emphasised that the ability of the Council to undertake any recalibration of rates moving forward – as an integral part of wider sustainability planning carried out in conjunction with partners across the care sector – will be critically dependent on wider affordability considerations, whatever level may be established for the final median values across residential and nursing care.

#### **Other issues (1) Average cost comparator**

49. As noted in the original submission, any use of the iBCF rates within Annex A presents a cause for concern. The iBCF average costs include the cost of 65+ placements in more complex settings. The median calculations within this exercise specifically exclude these facilities as they do not provide either basic or enhanced (with dementia) residential care. Therefore the two figures are not compiled on the

same basis. The iBCF average is inflated compared with the median which suggests that the gap between the current rates for basic residential clients and the median values from this exercise contained in Annex A is significantly smaller than it really is. A more accurate comparison would be to compare the median values from this exercise with the current basic residential rates paid for tariff 1 and tariff 2 placements as demonstrated below.

Current rates		Median rates from updated Annex A	
Tariff	Weekly rate (£)	(£)	
1	516.30	Residential without nursing	635.14
2	554.70	Residential without nursing enhanced needs	635.14

### Other issues (2) pace of implementation

50. There is a gap between the rates currently payable by Hull City Council for residential care and the updated median value outcomes of this exercise. As noted at paragraph 48, the pace at which the implementation of any recalibrated rates for residential and nursing care can take place will be critically dependent on the level of additional funding which is made available to Hull City Council to support any move to increased rates. Without sufficient additional funding to support this process, the implementation of recalibrated rates which take due cognisance of any final median costings will not be affordable for Hull City Council.
51. Hull City Council commissions residential care placements through the Residential and Nursing Care Dynamic Purchasing System (DPS). The DPS is split into four categories of care with associated rates reflecting complexity and the amount of direct care an individual would need. It does not differentiate between different age groups. Therefore, any adjustment to the Hull City Council rates would have to be through the DPS and would therefore impact on all residential and nursing placements, not just those for people aged 65 or over which would increase overall costs.

### Summary

52. In accordance with the DHSC policy note which was circulated to Local Authorities on 25<sup>th</sup> August 2022, the Fair Cost of Care exercise will not replace the Hull City Council fee setting process but the data gathered from this exercise will serve to inform that process. Fee rates will continue to be based on sound judgement, evidence and a thorough negotiation process. For the reasons outlined in this report, the costing data compiled to date is still not necessarily complete nor sufficiently robust in all instances provide a basis for an increase in fees based upon this information alone without further consideration and investigation. However, Hull City Council does accept that that this data does represent an important source of intelligence to advise the wider fee setting process and equally that this must take place within both the context of the wider market shaping necessary to meet current and future demand and within the strictures of the wider affordability considerations incumbent on the Council. Hull City Council will therefore continue to work closely with providers to explore these issues further. Confirmation of future funding

settlements will however exert a crucial bearing in determining the pace at which the implementation of any resulting developments can take place.

## APPENDIX A – FULL TABLE FROM SECTION 3 OF ANNEX A

Cost of care exercise results - all cells should be £ per resident per week, MEDIANS.	65+ care home places without nursing, enhanced needs	65+ care home places without nursing, enhanced needs	65+ care home places with nursing, enhanced needs	65+ care home places with nursing, enhanced needs
<b>Total Care Home Staffing</b>	<b>£426.38</b>	<b>£426.38</b>	<b>£808.94</b>	<b>£808.94</b>
Nursing Staff	£0.00	£0.00	£320.30	£320.30
Care Staff	£319.54	£319.54	£328.72	£328.72
Therapy Staff (Occupational & Physio)	£0.00	£0.00	£0.00	£0.00
Activity Coordinators	£6.08	£6.08	£9.62	£9.62
Service Management (Registered Manager/Deputy)	£28.98	£28.98	£44.36	£44.36
Reception & Admin staff at the home	£9.14	£9.14	£16.69	£16.69
Chefs / Cooks	£22.30	£22.30	£22.74	£22.74
Domestic staff (cleaning, laundry & kitchen)	£32.65	£32.65	£46.49	£46.49
Maintenance & Gardening	£7.69	£7.69	£11.37	£11.37
Other care home staffing (please specify)	£0.00	£0.00	£8.65	£8.65
<b>Total Care Home Premises</b>	<b>£27.13</b>	<b>£27.13</b>	<b>£48.47</b>	<b>£48.47</b>
Fixtures & fittings	£5.09	£5.09	£25.50	£25.50
Repairs and maintenance	£13.43	£13.43	£21.60	£21.60
Furniture, furnishings and equipment	£8.57	£8.57	£1.37	£1.37
Other care home premises costs (please specify)	£0.04	£0.04	£0.00	£0.00
<b>Total Care Home Supplies and Services</b>	<b>£88.81</b>	<b>£88.81</b>	<b>£107.28</b>	<b>£107.28</b>
Food supplies	£30.03	£30.03	£33.96	£33.96
Domestic and cleaning supplies	£7.73	£7.73	£8.86	£8.86
Medical supplies (excluding PPE)	£1.01	£1.01	£3.97	£3.97
PPE	£1.40	£1.40	£1.40	£1.40
Office supplies (home specific)	£2.78	£2.78	£3.94	£3.94
Insurance (all risks)	£5.01	£5.01	£5.39	£5.39
Registration fees	£3.59	£3.59	£3.67	£3.67
Telephone & internet	£1.29	£1.29	£0.98	£0.98
Council tax / rates	£0.91	£0.91	£0.65	£0.65
Electricity, Gas & Water	£29.40	£29.40	£29.87	£29.87
Trade and clinical waste	£3.95	£3.95	£5.77	£5.77
Transport & Activities	£1.28	£1.28	£1.80	£1.80
Other care home supplies and services costs (please specify)	£0.43	£0.43	£7.02	£7.02
<b>Total Head Office</b>	<b>£20.34</b>	<b>£20.34</b>	<b>£96.81</b>	<b>£96.81</b>
Central / Regional Management	£9.62	£9.62	£7.89	£7.89
Support Services (finance / HR / legal / marketing etc.)	£8.24	£8.24	£19.45	£19.45
Recruitment, Training & Vetting (incl. DBS checks)	£2.48	£2.48	£4.73	£4.73
Other head office costs (please specify)	£0.00	£0.00	£64.74	£64.74
<b>Total Return on Operations</b>	<b>£28.13</b>	<b>£28.13</b>	<b>£53.07</b>	<b>£53.07</b>
<b>Total Return on Capital</b>	<b>£44.35</b>	<b>£44.35</b>	<b>£44.35</b>	<b>£44.35</b>
<b>TOTAL</b>	<b>£635.14</b>	<b>£635.14</b>	<b>£1,158.92</b>	<b>£1,158.92</b>

Supporting information on important cost drivers used in the calculation	65+ care home places without nursing, enhanced needs	65+ care home places without nursing, enhanced needs	65+ care home places with nursing, enhanced needs	65+ care home places with nursing, enhanced needs
Number of location level survey responses received	14	14	3	3
Number of locations eligible to fill in the survey (excluding those found to be ineligible)	36	36	4	4
Number of residents covered by the responses	459	459	58	58
Number of carer hours per resident per week	24	24	17	17
Number of nursing hours per resident per week	0	0	16	16
Average carer basic pay per hour	£9.94	£9.94	£10.29	£10.29
Average nurse basic pay per hour	£0.00	£0.00	£18.33	£18.33
Average occupancy as a percentage of active beds	95%	95%	95%	95%
Freehold valuation per bed	£36,841.27	£36,841.27	£36,841.27	£36,841.27



**APPENDIX B – one table for each service type with each showing the count of observations, lower quartile, median and upper quartile (where relevant) of all items in Annex A, section 3**

65+ care home places without nursing	Count of observation	Median £	Lower Quartile £	Upper Quartile £
<b>Care Home Staffing</b>				
Nursing Staff	14	0.00	0.00	0.00
Care Staff	14	319.54	288.27	360.99
Therapy Staff (Occupational & Physio)	14	0.00	0.00	0.00
Activity Coordinators	11	6.08	0.01	8.67
Service Management (Registered Manager/Deputy)	12	28.98	20.37	31.90
Reception & Admin staff at the home	14	9.14	7.38	11.56
Chefs / Cooks	14	22.30	19.22	28.24
Domestic staff (cleaning, laundry & kitchen)	11	32.65	16.70	40.27
Maintenance & Gardening	12	7.69	6.94	10.39
Other care home staffing (please specify)	12	0.00	0.00	0.36
<b>Care Home Premises</b>				
Fixtures & fittings	12	5.09	2.38	7.71
Repairs and maintenance	13	13.43	7.22	16.23
Furniture, furnishings and equipment	14	8.57	2.26	11.87
Other care home premises costs (please specify)	14	0.04	0.00	14.59
<b>Care Home Supplies and Services</b>				
Food supplies	11	30.03	25.40	31.86
Domestic and cleaning supplies	14	7.73	5.80	10.43
Medical supplies (excluding PPE)	11	1.01	0.14	3.53
PPE	9	1.40	0.83	3.65
Office supplies (home specific)	14	2.78	1.88	4.62
Insurance (all risks)	12	5.01	4.11	6.67
Registration fees	14	3.59	3.08	4.51
Telephone & internet	14	1.29	0.84	2.94
Council tax / rates	14	0.91	0.68	1.31
Electricity, Gas & Water	14	29.40	22.22	40.23
Trade and clinical waste	14	3.95	2.91	5.19
Transport & Activities	13	1.28	0.80	2.28
Other care home supplies and services costs (please specify)	12	0.43	0.00	1.78
<b>Head Office</b>				
Central / Regional Management	12	9.62	0.00	19.25
Support Services (finance / HR / legal / marketing etc.)	11	8.24	6.26	16.48
Recruitment, Training & Vetting (incl. DBS checks)	13	2.48	1.48	3.75
Other head office costs	14	0.00	0.00	3.35
<b>Total excl return on operations &amp; return on capital</b>		<b>562.66</b>		
<b>Return on Operations</b>	14	28.13		
<b>Return on Capital</b>	8	44.35		
<b>TOTAL</b>		<b>635.14</b>		



<b>65+ care home places without nursing, enhanced needs</b>				
	Count of observation	Median	Lower Quartile	Upper Quartile
		£	£	£
<b>Care Home Staffing</b>				
Nursing Staff	14	0.00	0.00	0.00
Care Staff	14	319.54	288.27	360.99
Therapy Staff (Occupational & Physio)	14	0.00	0.00	0.00
Activity Coordinators	11	6.08	0.01	8.67
Service Management (Registered Manager/Deputy)	12	28.98	20.37	31.90
Reception & Admin staff at the home	14	9.14	7.38	11.56
Chefs / Cooks	14	22.30	19.22	28.24
Domestic staff (cleaning, laundry & kitchen)	11	32.65	16.70	40.27
Maintenance & Gardening	12	7.69	6.94	10.39
Other care home staffing (please specify)	12	0.00	0.00	0.36
<b>Care Home Premises</b>				
Fixtures & fittings	12	5.09	2.38	7.71
Repairs and maintenance	13	13.43	7.22	16.23
Furniture, furnishings and equipment	14	8.57	2.26	11.87
Other care home premises costs (please specify)	14	0.04	0.00	14.59
<b>Care Home Supplies and Services</b>				
Food supplies	11	30.03	25.40	31.86
Domestic and cleaning supplies	14	7.73	5.80	10.43
Medical supplies (excluding PPE)	11	1.01	0.14	3.53
PPE	9	1.40	0.83	3.65
Office supplies (home specific)	14	2.78	1.88	4.62
Insurance (all risks)	12	5.01	4.11	6.67
Registration fees	14	3.59	3.08	4.51
Telephone & internet	14	1.29	0.84	2.94
Council tax / rates	14	0.91	0.68	1.31
Electricity, Gas & Water	14	29.40	22.22	40.23
Trade and clinical waste	14	3.95	2.91	5.19
Transport & Activities	13	1.28	0.80	2.28
Other care home supplies and services costs (please specify)	12	0.43	0.00	1.78
<b>Head Office</b>				
Central / Regional Management	12	9.62	0.00	19.25
Support Services (finance / HR / legal / marketing etc.)	11	8.24	6.26	16.48
Recruitment, Training & Vetting (incl. DBS checks)	13	2.48	1.48	3.75
Other head office costs	14	0.00	0.00	3.35
<b>Total excl return on operations &amp; return on capital</b>		<b>562.66</b>		
<b>Return on Operations</b>	14	28.13		
<b>Return on Capital</b>	8	44.35		
<b>TOTAL</b>		<b>635.14</b>		

65+ care home places with nursing (note 1)	Count of observations (note 5)	Median	Lower Quartile	Upper Quartile
		£	£	£
<b>Care Home Staffing</b>				
Nursing Staff	3	320.30	-	-
Care Staff	3	328.72	-	-
Therapy Staff (Occupational & Physio)	3	0.00	-	-
Activity Coordinators	3	9.62	-	-
Service Management (Registered Manager/Deputy)	3	44.36	-	-
Reception & Admin staff at the home	3	16.69	-	-
Chefs / Cooks	3	22.74	-	-
Domestic staff (cleaning, laundry & kitchen)	3	46.49	-	-
Maintenance & Gardening	3	11.37	-	-
Other care home staffing (please specify)	3	8.65	-	-
<b>Care Home Premises</b>				
Fixtures & fittings	3	25.50	-	-
Repairs and maintenance	3	21.60	-	-
Furniture, furnishings and equipment	3	1.37	-	-
Other care home premises costs (please specify)	3	0.00	-	-
<b>Care Home Supplies and Services</b>				
Food supplies	3	33.96	-	-
Domestic and cleaning supplies	3	8.86	-	-
Medical supplies (excluding PPE)	3	3.97	-	-
PPE (note 3)	9	1.40	-	-
Office supplies (home specific)	3	3.94	-	-
Insurance (all risks)	3	5.39	-	-
Registration fees	3	3.67	-	-
Telephone & internet	3	0.98	-	-
Council tax / rates	3	0.65	-	-
Electricity, Gas & Water	3	29.87	-	-
Trade and clinical waste	3	5.77	-	-
Transport & Activities	3	1.80	-	-
Other care home supplies and services costs (please specify)	3	7.02	-	-
<b>Head Office</b>				
Central / Regional Management	3	7.89	-	-
Support Services (finance / HR / legal / marketing etc.)	3	19.45	-	-
Recruitment, Training & Vetting (incl. DBS checks)	3	4.73	-	-
Other head office costs	3	64.74	-	-
<b>Total excl return on operations &amp; return on capital</b>		<b>1,061.50</b>	<b>note 2</b>	<b>note 2</b>
<b>Return on Operations</b>		53.07		
<b>Return on Capital (note 4)</b>	8	44.35		
<b>TOTAL</b>		<b>1,158.92</b>		

Notes
1. The information submitted via IESE by one provider (covering two sites / submissions) was incomplete, so in these instances costs per resident per week have been calculated using the information which was provided through tabs 2 and 4 of the IESE model (expenditure and occupancy) rather than being taken from the (incomplete) summary tab, tab 7.
2. No lower and upper quartile values have been calculated for nursing care given that only three submissions were received in total.
3. No information submitted by Nursing providers re PPE costs - median value from Residential return used as a proxy.
4. No information submitted by Nursing providers from which to calculate Return on Capital - median value from Residential returns used as a proxy
5. In some instances reference has also been made to regional data in formulating median values on specific cost lines.

<b>65+ care home places with nursing, enhanced needs</b>	Count of observation	Median £	Lower Quartile £	Upper Quartile £
<b>Care Home Staffing</b>				
Nursing Staff	3	320.30	-	-
Care Staff	3	328.72	-	-
Therapy Staff (Occupational & Physio)	3	0.00	-	-
Activity Coordinators	3	9.62	-	-
Service Management (Registered Manager/Deputy)	3	44.36	-	-
Reception & Admin staff at the home	3	16.69	-	-
Chefs / Cooks	3	22.74	-	-
Domestic staff (cleaning, laundry & kitchen)	3	46.49	-	-
Maintenance & Gardening	3	11.37	-	-
Other care home staffing (please specify)	3	8.65	-	-
<b>Care Home Premises</b>				
Fixtures & fittings	3	25.50	-	-
Repairs and maintenance	3	21.60	-	-
Furniture, furnishings and equipment	3	1.37	-	-
Other care home premises costs (please specify)	3	0.00	-	-
<b>Care Home Supplies and Services</b>				
Food supplies	3	33.96	-	-
Domestic and cleaning supplies	3	8.86	-	-
Medical supplies (excluding PPE)	3	3.97	-	-
PPE (note 3)	9	1.40	-	-
Office supplies (home specific)	3	3.94	-	-
Insurance (all risks)	3	5.39	-	-
Registration fees	3	3.67	-	-
Telephone & internet	3	0.98	-	-
Council tax / rates	3	0.65	-	-
Electricity, Gas & Water	3	29.87	-	-
Trade and clinical waste	3	5.77	-	-
Transport & Activities	3	1.80	-	-
Other care home supplies and services costs (please specify)	3	7.02	-	-
<b>Head Office</b>				
Central / Regional Management	3	7.89	-	-
Support Services (finance / HR / legal / marketing etc.)	3	19.45	-	-
Recruitment, Training & Vetting (incl. DBS checks)	3	4.73	-	-
Other head office costs	3	64.74	-	-
<b>Total excl return on operations &amp; return on capital</b>		<b>1,061.50</b>	<b>note 2</b>	<b>note 2</b>
<b>Return on Operations</b>		<b>53.07</b>		
<b>Return on Capital (note 4)</b>	<b>8</b>	<b>44.35</b>		
<b>TOTAL</b>		<b>1,158.92</b>		

Notes
1. The information submitted via IESE by the provider covering the submission received for nursing care with dementia was incomplete, so in this instance costs per resident per week have been calculated using the information which was provided through tabs 2 and 4 of the IESE model (expenditure and occupancy) rather than being taken from the (incomplete) summary tab, tab 7.
2. No lower and upper quartile values have been calculated for nursing care with dementia given the low number of submissions received.
3. No information submitted by Nursing Enhanced Needs providers re PPE costs - median value from Residential Enhanced Need.
4. No information submitted by Nursing providers from which to calculate Return on Capital - median value from Residential returns used as a proxy

## APPENDIX C - intended uplift mechanisms to be applied to individual cost lines

Cost Element	Indexation Factor to be applied
<b>Care Home Staffing</b>	
Nursing Staff	NHS Agenda for Change, top of Band 7 annual increase
Care Staff	National Living Wage increase, announced Autumn for the following April
Therapy Staff (Occupational & Physio)	Local Govt Pay award (increase for Grade 9)
Activity Coordinators	National Living Wage increase, announced Autumn for the following April
Service Management (Registered Manager/Deputy)	Local Govt Pay award (increase for Grade 10)
Reception & Admin staff at the home	National Living Wage increase, announced Autumn for the following April
Chefs / Cooks	National Living Wage increase, announced Autumn for the following April
Domestic staff (cleaning, laundry & kitchen)	National Living Wage increase, announced Autumn for the following April
Maintenance & Gardening	National Living Wage increase, announced Autumn for the following April
Other care home staffing (please specify)	National Living Wage increase, announced Autumn for the following April
<b>Care Home Premises</b>	
Fixtures & fittings	CPI 05.3 Household appliances, fitting and repairs. November, published December. Table 22
Repairs and maintenance	CPI - 04.3 Regular maintenance and repair of the dwelling. November, published December. Table 22
Furniture, furnishings and equipment	CPI - 05.1 Furniture, furnishings and carpets. November Published December. Table 22
Other care home premises costs (please specify)	CPI - 05 Furniture, household equipment and maintenance. November, published December. Table 22
<b>Care Home Supplies and Services</b>	
Food supplies	CPI - 01 Food and non-alcoholic beverages, November, published December. Table 22
Domestic and cleaning supplies	CPI - 05.6.1.1 Cleaning and maintenance products. November published December. Table 22
Medical supplies (excluding PPE)	CPI - 06.1 Medical products, appliances and equipment. November indices, published December. Table 22
PPE	CPI - 06.1 Medical products, appliances and equipment. November indices, published December. Table 22
Office supplies (home specific)	CPI - 09.5.4.9 Other stationery and drawing materials. November published December. Table 22
Insurance (all risks)	CPI - 12.5 Insurance, November published December. Table 22

Registration fees	CQC fees scheme increases, generally notified annually in December
Telephone & internet	CPI - 08.2/3 Telephone and telefax equipment and services, November published December. Table 22
Council tax / rates	CPIH - 04.9 Council Tax and rates. November published December. Table 8.
Electricity, Gas & Water	CPI - 04.5 Electricity, gas and other fuels 80% / 04.4 Water supply & misc. services for the dwelling 20%. November published December. Table 22
Trade and clinical waste	CPI - 12 Miscellaneous goods and services. November indices, published December. Table 22
Transport & Activities	CPI - 07 Transport. November published December. Table 22
Other care home supplies and services costs (please specify)	CPI - 12 Miscellaneous goods and services. November indices, published December. Table 22
<b>Head Office</b>	
Central / Regional Management	Local Govt Pay award (increase for Grade 17)
Support Services (finance / HR / legal / marketing etc.)	CPI - 12.7.0.2 Legal services and accountancy, November, published December Table 22
Recruitment, Training & Vetting (incl. DBS checks)	CPI - 10.4 Tertiary Education. November indices, published December. Table 22
Other head office costs (please specify)	CPI - 12 Miscellaneous goods and services. November indices, published December. Table 22
Return on Operations	5% of the above total staff and running expenses
Return on Capital	Nationwide inflation update September – Y&H