

Annex B - Fair cost of Care (FCoC) – Care homes 65+

Fair cost of Care Report – Content

- Summary of approach
- Median, lower and upper quartile analysis
- Adjusted FCoC rate
- FCoC outcome and process
- Background
- Principles and approaches
- Outputs and evidence gathering - the check and balance process undertaken
- Issues
- Engagement in the process
- Steps taken to maximise engagement
- Next steps

Summary of our approach:

- In line with the Department of Health and Social Care (DHSC) guidelines we have calculated the median positions of the submissions received.
- We have been clear with providers that this exercise is about understanding the median of current costs being incurred. Anything related to what is needed to deliver a sustainable market, such as parity in pay rates with the NHS for social care roles, will be addressed as part of the market sustainability plan.
- The figures included within Annex A are the medians of the provider submissions adjusted for outliers – outliers were determined using local intelligence and via discussions with providers.
- We have then gone through a process of discussing the median rates (net of outliers) that have come out of this review with providers and undertaking benchmarking against other key data sources, such as advertised pay rates, the Office for National Statistics (ONS), Consumer Price Index (CPI) reports etc. This report details the process that we have gone through to ensure that the figures for inclusion are robust and identifies the further changes proposed to the rates detailed in Annex A.
- We are using this process to gain a better understanding of the costs to inform fee setting.
- This report details the adjusted rates that we believe is a more accurate market cost for care delivery in Norfolk.

Median, lower and upper quartile analysis

Residential

Cost line	Residential			
	lower quartile	median	upper quartile	number of observations
Nurse staff				
Direct care staff	£298.95	£365.91	£472.35	61
Activity co-ordinators	£ 6.60	£ 9.67	£ 13.43	71
Combined managers	£ 35.28	£ 48.23	£ 55.59	71
Reception	£ 8.56	£ 11.07	£ 15.46	64
Chefs cooks	£ 17.68	£ 29.52	£ 38.82	56
Domestic staff	£ 30.73	£ 38.45	£ 54.89	76
Maintenance and gardening	£ 2.90	£ 8.36	£ 13.60	77
Sub-total Care Home staffing	£400.70	£511.21	£664.14	
Total Care Home Premises	£28.91	£53.21	£88.28	77
Food	£26.83	£30.26	£34.60	44
Domestic and cleaning supplies	£ 4.35	£ 6.71	£12.11	57
Medical Supplies	£ 0.40	£ 2.69	£ 4.82	54
PPE	£ 0.30	£ 0.69	£ 2.05	56
Office supplies	£ 1.26	£ 1.84	£ 3.32	77
Insurance	£ 4.39	£ 6.13	£ 7.27	58
Registration fees	£ 2.98	£ 3.30	£ 3.45	77
Telephone and internet	£ 0.90	£ 1.37	£ 2.27	77
Council Tax/Rates	£ 0.61	£ 0.81	£ 1.25	77
Combined utilities	£18.26	£21.88	£25.77	77
Trade and clinical waste	£ 2.52	£ 4.02	£ 5.16	77
Transport and activities	£ 0.50	£ 1.52	£ 4.39	50
Other supplies and services	£ 3.25	£10.55	£19.56	77
Sub-total - care home supplies and services	£66.55	£91.77	£126.02	
Total Head Office Costs	£57.09	£66.36	£77.52	77
Return on operations	£73.73	£94.04	£117.33	67
Return on capital	£39.80	£98.00	£175.16	67
Total	£666.78	£914.59	£1,248.45	

Residential enhanced

Cost line	Residential dementia			
	lower quartile	median	upper quartile	number of observations
Nurse staff				
Direct care staff	£324.83	£412.29	£545.03	40
Activity co-ordinators	£ 6.60	£ 9.67	£ 13.43	71
Combined managers	£ 35.28	£ 48.23	£ 55.59	71
Reception	£ 8.56	£ 11.07	£ 15.46	64
Chefs cooks	£ 17.68	£ 29.52	£ 38.82	56
Domestic staff	£ 30.73	£ 38.45	£ 54.89	76
Maintenance and gardening	£ 2.90	£ 8.36	£ 13.60	77
Sub-total Care Home staffing	£426.58	£557.59	£736.82	
Total Care Home Premises	£28.91	£53.21	£88.28	77
Food	£26.83	£30.26	£34.60	44
Domestic and cleaning supplies	£ 4.35	£ 6.71	£12.11	57
Medical supplies	£ 0.40	£ 2.69	£ 4.82	54
PPE	£ 0.30	£ 0.69	£ 2.05	56
Office supplies	£ 1.26	£ 1.84	£ 3.32	77
Insurance	£ 4.39	£ 6.13	£ 7.27	58
Registration fees	£ 2.98	£ 3.30	£ 3.45	77
Telephone and internet	£ 0.90	£ 1.37	£ 2.27	77
Council Tax/Rates	£ 0.61	£ 0.81	£ 1.25	77
Combined utilities	£18.26	£21.88	£25.77	77
Trade and clinical waste	£ 2.52	£ 4.02	£ 5.16	77
Transport and activities	£ 0.50	£ 1.52	£ 4.39	50
Other supplies and services	£ 3.25	£10.55	£19.56	77
Sub-total - care home supplies and services	£66.55	£91.77	£126.02	
Total Head Office Costs	£57.09	£66.36	£77.52	77
Return on operations	£73.73	£94.04	£117.33	67
Return on capital	£39.80	£98.00	£175.16	67
Total	£692.66	£960.97	£1,321.13	

Nursing

Cost line	Nursing			
	lower quartile	median	upper quartile	number of observations
Nurse staff	£205.23	£346.51	£502.21	17
Direct care staff	£304.16	£433.19	£568.81	17
Activity co-ordinators	£ 6.60	£ 9.67	£ 13.43	71
Combined managers	£ 35.28	£ 48.23	£ 55.59	71
Reception	£ 8.56	£ 11.07	£ 15.46	64
Chefs cooks	£ 17.68	£ 29.52	£ 38.82	56
Domestic staff	£ 30.73	£ 38.45	£ 54.89	76
Maintenance and gardening	£ 2.90	£ 8.36	£ 13.60	77
Sub-total Care Home staffing	£611.14	£925.00	£1,262.81	
Total Care Home Premises	£28.91	£53.21	£88.28	77
Food	£26.83	£30.26	£34.60	44
Domestic and cleaning supplies	£ 4.35	£ 6.71	£12.11	57
Medical supplies	£ 0.40	£ 2.69	£ 4.82	54
PPE	£ 0.30	£ 0.69	£ 2.05	56
Offices Supplies	£ 1.26	£ 1.84	£ 3.32	77
Insurance	£ 4.39	£ 6.13	£ 7.27	58
Registration fees	£ 2.98	£ 3.30	£ 3.45	77
Telephone and internet	£ 0.90	£ 1.37	£ 2.27	77
Council Tax/Rates	£ 0.61	£ 0.81	£ 1.25	77
Combined utilities	£18.26	£21.88	£25.77	77
Trade and clinical waste	£ 2.52	£ 4.02	£ 5.16	77
Transport and activities	£ 0.50	£ 1.52	£ 4.39	50
Other supplies and services	£ 3.25	£10.55	£19.56	77
sub-total - care home supplies and services	£66.55	£91.77	£126.02	
Total Head Office Costs	£57.09	£66.36	£77.52	77
Return on operations	£73.73	£94.04	£117.33	67
Return on capital	£39.80	£98.00	£175.16	67
Total	£877.22	£1,328.38	£1,847.12	

Nursing enhanced

Cost line	Nursing Dementia			
	lower quartile	median	upper quartile	number of observations
Nurse staff	£249.82	£431.27	£613.53	8
Direct care staff	£406.16	£494.21	£788.01	8
Activity co-ordinators	£ 6.60	£ 9.67	£ 13.43	71
Combined managers	£ 35.28	£ 48.23	£ 55.59	71
Reception	£ 8.56	£ 11.07	£ 15.46	64
Chefs cooks	£ 17.68	£ 29.52	£ 38.82	56
Domestic staff	£30.73	£ 38.45	£ 54.89	76
Maintenance and gardening	£ 2.90	£ 8.36	£ 13.60	77
Sub-total Care Home staffing	£757.73	£1,070.78	£1,593.33	
Total Care Home Premises	£28.91	£53.21	£88.28	77
Food	£26.83	£30.26	£34.60	44
Domestic and cleaning supplies	£ 4.35	£ 6.71	£12.11	57
Medical supplies	£ 0.40	£ 2.69	£ 4.82	54
PPE	£ 0.30	£ 0.69	£ 2.05	56
Office supplies	£ 1.26	£ 1.84	£ 3.32	77
Insurance	£ 4.39	£ 6.13	£ 7.27	58
Registration fees	£ 2.98	£ 3.30	£ 3.45	77
Telephone and internet	£ 0.90	£ 1.37	£ 2.27	77
Council Tax/Rates	£ 0.61	£ 0.81	£ 1.25	77
Combined utilities	£18.26	£21.88	£25.77	77
Trade and clinical waste	£ 2.52	£ 4.02	£ 5.16	77
Transport and activities	£ 0.50	£ 1.52	£ 4.39	50
Other supplies and services	£3.25	£10.55	£19.56	77
Sub-total - care home supplies and services	£66.55	£91.77	£126.02	
Total Head Office Costs	£57.09	£66.36	£77.52	77
Return on operations	£73.73	£94.04	£117.33	67
Return on capital	£39.80	£98.00	£175.16	67
Total	£1,023.81	£1,474.16	£2,177.64	

FCoC rate comparison

This report details the check and balance process undertaken to validate the median rates that have come out of the submissions (net of outliers) and the approaches proposed to calculate an adjusted fair cost of care rate.

Care Type	Annex A - FCoC	Adjusted FCoC
Residential	£914.59	£888.72
Residential dementia	£960.97	£927.47
Nursing*	£1,328.38	£1,172.08
Nursing dementia*	£1,474.16	£1,230.59

*Includes Nursing levels as per the output of the FCoC exercise, rather than the DHSC Funded nursing Care (FNC) rate which would be the level applied as per national guidance.

Fair cost of care outcome and process:

- **Response rate**
85 submissions received out of 211 in scope homes, which is a 40.28% response rate. 77 submissions were accepted for use in the review process.
- **A clear statement of when the results were collected (base year) and how they have been uplifted for inflation.**
As a result of the wide variations of inflation uplifts included by providers and with 20 of the submissions not having provided any estimates for inflation, we have used the 2021/22 price base as these are the actual costs incurred by providers. We then looked at the inflation uplift calculated as a % of the median rates for total expenditure identified by providers between the two years – this came out at 9.28%. We reviewed this against the Bank of England Monetary Policy reports to see if this was in line with their inflation estimates. Given the impact on inflation of the Energy Bill Relief Scheme and the reversal of the 1.25% NI.
- **A full description of the questions asked/template used as part of the exercise.**
Providers were asked to use the iESE tool to submit their information.

Background

- Norfolk County Council (NCC) undertook a cost of care exercise during 2021-22 - £2.489m of the £2.820m of FCoC resources allocated to the Council for 2022/23 was used to implement the previous year's cost of care plus an additional £500k of NCC resources. The annual inflation increase was added on top of this.

- The previous cost of care information has provided a benchmark to assess where there have been significant changes in cost lines.
- There was a vast array of costs submitted as part of the process as can be seen in the table below:

Service category (all values £)	Lower quartile £	Current usual price £ (2022-23)	October average price £	Fair cost of care adjusted median £	Upper quartile £
Residential	666.78	691.57	791.98	888.72	1,248.45
Residential enhanced	692.66	762.02	819.82	927.47	1,321.13
Nursing (net of nursing costs)	671.99	699.19	822.37	962.89	1,344.91
Nursing enhanced (net of nursing costs)	773.99	781.37	871.65	1,021.40	1,564.11

- Norfolk's usual rate fees are above the lower quartile, but this does not give the Council the capacity needed as it does not have all of the market open to it. This means that the Council must secure provision at rates above its usual rate fee reflecting the higher average fee rates being paid.

Principles and approach

- We believe that the cost calculated should be reflective of an efficient and cost-effective market and we believe that 90% occupancy is the minimum occupancy level to achieve this. The median occupancy level calculated from the submissions was 81%.
- We have met with providers to go through the key areas of variation to discuss with them a fair approach for calculating the FCoC rates to be submitted.
- We have benchmarked key cost lines, against other robust sources (previous cost of care, job adverts, BoE Monetary Policy Papers, other like LA's etc.) to ensure that the median rates calculated are representative. There are median rates that we feel are too high but also rates that we feel are too low – these have been discussed with our providers to gain a better understanding to inform our approach.
- There was significant variation in the estimates provided of inflation across different cost lines, for example electricity cost inflation ranged from 0% as providers were in the middle of fixed term contracts through to 484% increases for providers having to renew their contracts during this year. Some providers decided not to provide estimates of inflation leaving it for us to

determine the approach as part of this process. Therefore, we felt that the approach to use 2021/22 costs submitted uplifted by the median inflationary increase in total expenditure was a reasonable approach. We have thoroughly discussed this with our providers, and have agreed to review the overall inflation impact using the ONS CPI inflation rates applied to the relevant individual cost lines and have suggested amendments to some of the cost lines within this report.

- Many providers did not respond to the queries posted via the tool, so we contacted them and if they still felt unable to amend, we agreed an approach with them and used the demonstration application within the tool to amend.
- Six submissions were not calculating due to a negative Return on Operations (ROO) – we agreed an approach with iESE and the Local Government Association (LGA) to address this, which was to note the deficit position in the notes section of the tool and to include a rate for the ROO. If providers did not amend as requested, we used the demonstration application within the tool to re-calculate in line with this approach.
- Due to the requirement to use the demonstration application within the tool, the approach taken was to collate all the submissions into a spreadsheet to aid analysis. This spreadsheet was independently checked by a member of the finance team against the submissions received to identify and correct errors found.
- We had discussions with providers about why their rates were higher than we would have anticipated. Responses were mainly that occupancy and the size of the home were key factors in the costs calculated. Occupancy has been impacted upon by the ability of providers to recruit and retain staff with several providers reporting that they had closed units/rooms to admission due to not having sufficient staff to provide safe, good quality provision. Others reported that they hold on to staff even if there is not the occupancy to support as they know how difficult it will be to recruit new staff once demand picks up.
- A review of the direct staff hours per week for homes with low occupancy levels highlighted some significant outliers which suggested that the homes were staffed at levels that would support a higher level of occupancy. When we looked at this, we also looked at other factors that would impact on staffing levels such as the proportion of Continuing Health Care (CHC) income reflecting acuity of need or proportion of self-funders. Some homes that had high staff hours per resident per week also had high occupancy but when we reviewed why this might be, they tended to have higher numbers of CHC clients or a higher proportion of self-funders. This will inform the discussions with providers re our approach to fee setting and wider strategic market shaping.
- Where providers have used the “other” section for key costs such as staff on-costs, agency staff etc, we have apportioned these costs into the areas of spend most applicable i.e., proportion of total staff costs. This is due to the median of this line being zero but spend included within “other” is for spend such as pension and NI costs for non-direct care staff or to support the costs incurred in international recruitment. Some providers were unable to allocate

the on-costs to actual staff cost lines. Many of the costs included in “other” will have been included within core staffing costs for other providers. Therefore, we believe the approaches that we have taken in relation to these costs to be fair.

- There appeared to be inconsistency/difficulties for providers to assess premises costs and head office costs across the four lines. This resulted in many zeros, which were skewing the median rates. The approach we have taken therefore, is to take the median of the total costs for each of these two sections and this is what is included in the Annex A template. This is also in line with updated guidance on completion of the template in Annex A.
- Significant outliers (high and low) have been excluded from the analysis as this can adversely affect the median position. For example, some submissions had median rates for food that were less than £20 per resident per week. These low values have been excluded from the analysis. One provider submitted zero costs for chefs and cooks but included an average of £80.78 per resident per week for food costs. The approach taken has therefore been to exclude both the chefs/cooks zero values and the food cost element for this provider as it skews the median.

Outputs from the exercise and evidence gathering; the check and balance process

- Norfolk had undertaken a cost of care review during 2021/22 to inform the usual price paid for 2022/23. This gave us a set of benchmarking information to review submissions received from the same providers and as a further check for the median cost calculated through the FCoC process.
- We have held provider events to go through the median rates coming out of the process and have sensed checked these with providers. We have also met with the Provider Task & Finish Group to undertake a further deep dive into the median rates and this feedback has informed the approaches that we have taken.

Median outputs from the review:

- Registered beds: 44
- Active beds: 41 (21/22) and 42 (22/23). As we have used the 2021/22 expenditure uplifted for inflation, we have used the active beds rate for 2021/22 to review what the median rates would deliver for a home of this size.
- Occupancy: 81% in each of the two time periods but occupancy between years varied significantly between providers. This median occupancy rate is below the average occupancy levels calculated from the National Capacity Tracker which reported 85.75% occupancy for older adult residential and nursing on 23/09/22.
- The direct staff hours per resident per week came out as:
 - residential 26.54 hours per resident per week
 - residential dementia 29.98 hours per resident per week

- nursing 31.58 hours per resident per week
- nursing dementia 36.07 hours per resident per week

Although we acknowledge the increasing acuity levels being managed in residential and nursing care, we do feel that direct staff hours calculated using the submissions could support a higher level of occupancy. When this was discussed with providers at the deep dive session held, providers suggested that a way of checking this would be to calculate the staffing hours using staff pay rates submitted by the provider against the staff cost information supplied. This resulted in average direct care hours for all services of 26 hours per resident per week (excluding outliers both high and low and using occupied beds). This, we feel, supports the view that the staff capacity submitted as part of the review process could support a higher level of occupancy and it is something that we want to work with providers to agree on, particularly for nursing homes as the level of direct staff hours are outliers even after applying an occupancy adjustment.

The direct staff hours per resident per week following the occupancy adjustment to 90% are:

- residential 23.88 hours per resident per week
- residential dementia 26.98 hours per resident per week
- nursing 28.42 hours per resident per week
- nursing dementia 32.46 hours per resident per week

The residential staff hours feel appropriate given what we know about current acuity levels, the difficulty of staffing provision that, in the main, is not purpose built and benchmarking against last year's cost of care exercise. The nursing and nursing dementia hours still appear high, so we want to explore these further with providers.

- Care staff hourly rates – the median rates net of on/cover costs coming out from submissions received were:
 - Carer £10.00 per hour
 - Senior £11.05 per hour
 - Nurse Associate £11.56 per hour
 - Nurse £18.70 per hour

A review of jobs advertised for older adult care homes in July 2022 gave an average of £9.77 for carers and £11.34 seniors. The median rates calculated from the submissions therefore appear reasonable.

Providers were asked to include the April pay rates for direct care staff. As part of the approach taken, we have reviewed the median hourly rates against the uplifted pay rates calculated as part of last year's cost of care (which had involved a review of provider reported pay rates to Skills for Care and job adverts at the time of the review process) and as a further check we have again reviewed the median rates calculated against job adverts placed in July 2022. Although providers are telling us that these are not sustainable rates,

they do currently appear to reflect what the sector is paying based upon job adverts placed.

- The median of on/cover costs were:
 - Carer 30.50%
 - Senior 30.05%
 - Nurse 29.20%

This will need to be reviewed in light of the reversal of the additional 1.25% NI contribution.

- The median ratio of care staff hours to senior hours from the submissions received are the same as the ratios that were calculated as part of last year's cost of care exercise and are also in line with the Laing Buisson Cost of Care Toolkit 21/22. This is 75%:25% carer to senior ratio for residential provision and 85%:15% carers to seniors for nursing provision.
- Nursing hours per resident per week submitted were significantly above the level of hours that would be supported by funded nursing care (FNC). FNC rates were reviewed nationally last year in co-production with providers and are the responsibility of the DHSC.
- We secured information from the Integrated Care Board (ICB) re the total level of continuing healthcare (CHC) income per home for 2021/22 as this would help to explain higher hours per resident per week based on higher acuity of needs and associated cost of delivery. From the information provided by the ICB we were able to cross reference total CHC income for 21/22 with the providers who had submitted FCoC information. 39 providers who had submitted FCoC were shown to have CHC income ranging from 0.4% through to 51.51% of total expenditure identified by the provider submissions. In total CHC income identified by the ICB accounted for £7.8m, which supports the assumption that the direct staff and nursing hours calculated include an element of CHC support and therefore the adjustment proposed to the hours is reasonable.
- Review of other staff costs per resident per week based on median home size of 41 active beds and using the median on/cover costs calculated as 30%:
 - Registered manager (RM) – the median rate calculated for 2022 is **£27.74** per resident per week which results in an annual cost inclusive of on-costs of £59,304 (c£41,513 net of on-costs). This cost is in line with RM jobs advertised in July 2022 (six jobs advertised for older adults with average rates ranging from £38,883-£46,600)
 - Deputy manager – median rate calculated for 2022 is **£19.17** which results in an annual cost of £40,983 inc. on costs (c£28,688 net of on-costs). This is just above the average rates advertised in July 2022, which were £26,500, although there were only four deputy manager roles advertised during this time for older adult care homes.
 - Activity co-ordinators – median rate calculated for 2022 is **£9.67** which results in an annual cost for 41 active beds of £20,673 inclusive of on-costs (c£14,471 net of on-costs).
 - Reception staff – median rate calculated is **£11.07**, which results in an annual cost of £23,666 inc. on-costs (c£16,566 net of on-costs). This rate is

below that calculated in last year's cost of care exercise. Need to determine with providers whether last year's cost of care submissions included additional staff relating to the increased administrative burden relating to covid.

- Chefs/cooks - median rate for chefs came out as **£29.52** per resident per week which would support circa two hours per resident per week. This is in line with the hours per resident per week calculated in the cost of care exercise undertaken in 21/22. Review of advertised rates for chef/cooks in July - six jobs advertised by care homes with average rates from £11.43 - £12.80 per hour. The previous cost of care rate uplifted by inflation was £11.35 so the rates submitted by providers appear fair.
- Domestic staff - the median rate calculated from the submissions results in a cost per resident per week of £38.45. Last year's cost of care exercise identified six domestic/auxiliary staff hours per resident per week with an hourly rate of £9.04 (£9.58 inflated for 22/23) net of on costs. £38.45 would therefore support 3.27 hours, which is almost half of that calculated last year which was six hours per resident per week for homes with 39 active beds. The average of advertised rates for domestics/catering assistants/cleaning assistants for care homes in July 2022 was £9.66. We therefore feel that the rate calculated through the FCoC exercise is a fair rate but that the number of hours per resident per week should be based upon 6.31 hours per resident per week to support 41 beds. We would therefore propose that we adjust the rate calculated to be **£76.09** per resident per week.
- Maintenance and gardening – the rate calculated is **£8.36** which equates to an annual cost inc. of on costs of £17,873. The previous cost of care exercise calculated a rate per resident per week for an average 39 bed home of £5.35 which would equate to a cost of £5.62 based on 39 bed home so the median rate calculated appears high. We will be looking to review this rate with providers as part of the fee setting process.
- Care home supplies and service costs:
 - Total care home supplies and services - **£91.77** per resident per week.
 - **Food supplies** – the information submitted in relation to food costs varied significantly. One provider included zero chef/cook costs but then were significant outliers in food supplies costs. A decision was taken to remove the two sets of costs for this provider to ensure a like for like comparison. There were also significant outliers on the low side with no explanation as to why they were so low in comparison to other like providers. These equally were removed as they were skewing the median. The median rate per resident per week calculated was **£30.26 at the 2022/23 price base**. Providers on the task and finish group felt that the food median needed to be reviewed as felt it to be too low especially given the recent increases in food prices. Also benchmarking this rate against the previous cost of care exercise found that the 2022/23 median rate calculated was below the £33.75 per resident per week rate included for 2022/23 from the previous

cost of care. This rate has therefore been uplifted by 15% to **£38.81** per week.

- **Insurance** – last year’s cost of care inflated rate was £5.30 per resident per week. The median of the insurance costs submitted is **£6.13** a 16% increase on last years included rate.
- **Utilities** – the median rate for combined utilities cost (gas, oil, electricity, and water) calculated was **£21.88** (water accounting for £3.53 per resident per week). The previous cost of care increased the average utilities cost by 40% recognising the cost pressures in this sector and we recognise that these costs have continued to increase. Providers from the T&FG deep dive session suggested that we survey providers for specific information on their energy use – this has been done and we are currently reviewing the information so far received. The current assumption is that we should increase the average cost that came out from the previous cost of care and uplift this by 100%. This gives a rate per resident per week of **£39.78**.

Issues:

- Costs were submitted based on information available to providers as at April 2022 and assumptions that they made in relation to likely inflationary impacts; it is recognised that the current economic situation continues to change. The cost of care exercise has helped shape our understanding of costs within the sector, but it has also identified where further work is needed. We will continue to work with providers to address the areas for review agreed with them
- Use of the median – there is significant variation (6.56%) between the sum of the medians of individual lines and the median of total cost lines. Annex A has been completed using the sum of the median cost lines in line with the guidance from the DHSC.
- The nursing hours per resident per week submitted by care homes was over and above that which would be supported by FNC income. This has been raised with health and the commissioners leading the strategic review of nursing care. In the adjusted rates only the £209.19 has been included for nurse staff costs.
- It was impossible from the returns supplied to determine the actual level of occupancy that the submitted costs would support.
- The tool was issued later than anticipated which made timescales for submission and review tight.
- The tool was designed to provide a consistent approach. However, not all providers had the information available at that level and for several providers this resulted in them using the “other” section. The issue here is that this meant that the median value was zero as the majority of providers did not include costs within the “other” sections. Hence our approach to apportion these costs into the relevant cost lines.
- One provider submitted a nil return

- Two locations were excluded due to them being significant outliers one high, one low.
- One provider, submitting six locations, did not provide sufficient information within their submissions to enable us to include these within the exercise.
- Six providers submitted negative ROO which meant that the tool could not calculate a cost. Advice from iESE, supported by the LGA, was to note the deficits reported in the comments section and to include a level of return that would support actual costs.
- There was huge variation in the return on capital and return on operations submitted by providers. Some providers just submitted a combined ROO or Return on Capital (ROC) %, whilst other providers admitted that they had no idea how best to calculate an appropriate return on capital. The variation in business models has a significant impact on ROC. For example, one provider group we talked to about their submissions, rent all their homes and have lease agreements that require them to spend a set average amount per bed per annum re fixtures and fittings/repairs and maintenance. Other providers fully owned their homes so the ROC was more about what they could get from the resource were it to be used for other purposes or invested.
- The difficulty of recruiting staff nationally has resulted in several providers having to recruit internationally, particularly for nursing staff. As not all providers have recruited internationally those that have done so had incorporated these costs within the other costs sections. Taking the median position means that looking at this as a separate line results in a median rate of “zero.” The approach taken has been to incorporate these costs into the Recruitment section within Head Office Costs.
- Analysis of the data supplied identified that nine out of 15 nursing homes who submitted a FCoC had levels of occupancy that meant that FNC income did not cover the costs of the nurse staff establishment.
- Several providers, where queries were sent back to them, just did not have the capacity to respond and update. Providers in this situation were called and an approach agreed to address the issue – for these we then updated the information using the demonstration section of the tool and included the outputs from these amended returns in the collated data schedule. This meant that we were unable to use the function within the tool to pull out the summary data. All data was collated into a spreadsheet to generate the final values for inclusion.

Engagement with the process:

- 211 in scope providers
- 85 submissions received (40.28% return rate)
- 77 submissions included within the analysis – six excluded due to insufficient information submitted to ensure consistent approach.
- Two other submissions were excluded as they were significant outliers - one on the low side and one on the high side.
- As part of the wider Social Care Reform work, we have sent out a survey to providers asking for information re level of self-funders and asking if they

would be willing to undertake provider trusted assessments and the resources required to enable them to do this.

Process undertaken to maximise engagement with the FCoC process (see engagement audit document attached):

- All providers were emailed about the FCoC and Market Sustainability Plan (MSP) requirements with a set of FAQs (developed with providers on the provider project team) sent out with the email.
- All emails were followed up with phone calls – these calls were supported by NorCA.
- We included regular articles about the FCoC and MSP in provider bulletins and in the Norfolk Care Association newsletters.
- We attended NorCA Forums at the start of the process to stress the importance of this exercise and encourage engagement. We then attended subsequent forum meetings to give updates on progress such as the number of submissions received and some of the key themes emerging. We extended the original six-week submission deadline several times to give providers every opportunity to engage.
- Providers were told to use the iESE tool, all guidance, dates of national training webinars and our local and nationally developed FAQs were shared with providers to encourage engagement.
- Two local webinars were held with Richard Ayres, Social Care Advisor - Care England taking providers through the tool and answering questions and concerns that they had.
- We have reported our findings to an” all provider” invite event and at this meeting it was agreed that the Provider Task and Finish Group should meet with the Council to undertake a deeper dive into the figures produced.