

Adult Social Care Reforms Annex B: Cost of Care Report

Report 1

Care Homes (65+)



1) Background

In December 2021 the DHSC issued the Market Sustainability and Fair Cost of Care Fund Policy Paper which set out estimated additional funding available to Councils to support reform and “move towards paying providers a fair cost of care”. The Government recognised in the report that Council fee rates are in many cases unsustainably low, and it set out plans to support moves towards a ‘Fair Cost of Care’ with new injections of central Government money, starting in financial year 2022/23. The governments national allocation is £1.4bn for 3 years:

- In 2022/23 - £162m – Funding can be used to by Councils to support work on Cost of Care and increasing rates
- In 2023/24 - £600m – Funding is expected to go to providers through increased rates
- In 2024/25 - £600m – Funding is expected to go to providers through increased rates

The funding allocation Shropshire Council received for 2022/23 totalled £0.94m. Early planning for 2022/23 assumed some increase in inflationary pressures, expected to abate during the year. Subsequent national and global economic events have led to a situation where the actual pressure in this year and future years is now more than double that. In that changing context, the Council elected to award an uplift of 6% to our provider market, at a cost of £7.1 million. The difference between the funding received of £0.94m, the estimated costs of c£3.0m, and the actual costs in this year alone of £7.1m demonstrate the significant funding gap between estimated costs and resources.

Update (January 2023)- The allocation for the next 2 years is £3. 264m per annum, as such it is hard to see how, under current conditions, this gap can be closed without additional funding allocated nationally. In addition, the allocated £600m has since been reduced to £562m

There are conditions on Councils in order to receive funding in 2023/24 and 2024/25. All councils were required to complete Cost of Care (CoC) exercise for Residential and nursing care for people aged 65+ and home care for people aged 18+. This was mandated to be produced by surveying local providers to obtain actual and accurate cost information. The government has indicated that the outcomes from the Cost of Care exercise will not impact how the funding is allocated.

This funding and spending position specific to CoC is part of the wider medium-term financial challenges the Council is currently tackling. Our current estimate is that there is a budget deficit in the next three years (excluding CoC) amounting to c£30m (around 10% of net spending). This figure is due to a combination of inflationary pressures which have broadly doubled to c £45m per year as October 2022, combined with the cessation of COVID funding despite the continuation of related spending pressures. These pressures are more acute in a geography like our own, with an often sparse and largely rural population.

Despite this position, the Council is aiming to meet challenge and actively planning how we will take the lessons learnt during COVID to enable us to ‘deliver more with less’. We are confident that we will achieve this and that we will secure financial balance across the coming years.

In the absence of more proportionate funding being provided, however, the Cost of Care policy will further stretch this Council’s resources and is likely to lead to service reductions (and so detriment to all social care clients) contrary to the objectives of the CoC policy.

Shropshire Council has taken a consistent, transparent, and collaborative approach to the Cost of Care exercise. This Report covers all activity, actions, and decisions from the start of the Cost of Care process through to the finalising of Cost of Care figures. The report highlights how the Council has approached the exercise and how data was received and analysed. It also sets out the concerns and limitations in regards

the rates of response and quality of the data, and the consequent concerns in regards the validity of the exercise.

2) Cost of Care Exercise

Shropshire Council is in the positive position of having good engagement and communications with our wide and diverse provider market. Of particular advantage is that Shropshire's provider market has a representative organisation: Shropshire Partners in Care (SPiC) who have membership covering over 85% of our active market. Through discussions with SPiC and providers it was established that bringing in a third party to undertake and oversee the Cost of Care exercise was unlikely to yield as good an outcome as working directly with the market through Shropshire Partners in Care. A Joint Cost of Care board was consequently established to include SPiC, provider representatives as well as Council officers from Commissioning, Business, Finance and Insight teams to oversee actions and decision-making through a collaborative and transparent process for the entire exercise.

Through the West Midlands Association of Directors of Adult Social Services, (WMADASS) Shropshire Council also have the advantage of being part of an active forum involving 14 West Midlands Councils and are also a member of the regional Cost of Care group with WMADASS. This has enabled us to ensure we are operating the exercise in a consistent manner with all Councils across the WMADASS region, and also have the opportunity to work closely with support and advice from the LGA to ensure robust engagement and compliance.

There was no national prescribed tool or format to engage with provider markets or collect and collate data, however the Joint CoC board chose to work closely with WMADASS and other regions for transparency and consistency and adopt the tools being used across our region. We used the CHIP commissioned cost of care tools, which were the iESE care home tool and ARCC home care tool and we did not ask providers for any further information other than to complete the tool unless clarification was required.

3) Engagement

Shropshire Council established a Fair Cost of Care Implementation Board to oversee work for both the Domiciliary Care and Care Homes Fair Cost of Care research. The Fair Cost of Care Implementation Board met frequently during the early stages of work (fortnightly) and as needed as the work progressed and became more firmly established. The Board brought together a mix of stakeholders including commissioners, contract managers, provider infrastructure support leads, provider representatives, finance leads, legal/governance adviser, communications and marketing officer, and data analysts and researchers. All supported communication with providers through the completion process.

On 19th April 2022 Shropshire Council, working with Shropshire Partners in Care, issued a letter to all commissioned care providers setting out an overview of the Market Sustainability and Fair Cost of Care Fund and the Fair Cost of Care exercise. The letter detailed the stages of work with clear timescales, explained what providers would be asked to do and how, and what the information from providers would be used for and influence. This communication initiated the project and set the scene for the engagement that followed.

Care Homes CoC engagement

- All Care Homes were first contacted on 19th April 2022 to prepare the market for the project and actions required. Follow up communications were issued regularly from both Shropshire Council and through Shropshire Partners in Care.

- Shropshire Council worked with Shropshire Partners in Care to prepare frequently asked questions and guidance, responding to, and anticipating questions and key concerns (including data sharing and confidentiality). This guidance issued to Care Home providers and made available as a resource through the project period on Shropshire Council's website
- The Care homes exercise was launched on the 26th May 2022 and Shropshire Council initially asked all providers to complete the tool by 5pm on the 27th June. This was later extended following the public letter addressed to providers from the Department of Health and Social Care encouraging returns in early July.
- Shropshire Council asked all care home providers within scope to register for the iESE CareCubed Fair Cost of Care online tool.
- The CareCubed tool allowed for out-of-scope providers to be identified and prevented from making a return. 71 providers were in scope, an additional 14 were out of scope due to them being Learning disability/ younger person residential homes and therefore not in the scope of the exercise. 43 providers registered to complete the exercise.
- Multiple calls were made to every care home to support the process of completing the returns and allow for 1:1 engagement. This was helpful to understand any reasons or concerns around not engaging and resolve any issues.
- Local support was offered to support any questions Shropshire providers had. There were some initial problems reported with the CareCubed sign up/registration process. Some local branches of national providers were not able to register because someone had already registered from the provider and further registrations needed to be managed through that one contact. These enquiries were managed by iESE CareCubed staff effectively and support staff were very responsive to issues raised by Shropshire Council.
- The tool covers the cost data for 1st April 2021 to 31st March 2022.
- The query process began as providers submitted returns. Unfortunately, all providers were subsequently put back into query stage by iESE CareCubed. This meant the query process was made difficult for local authorities to manage.
- A second process of checking was designed by Shropshire Council to check data quality using the data extract facility offered by CareCubed. All returns were extracted and compared against average/expected results. A 'heat map' type approach was used to highlight data outside the expected range/any anomalies. This proved helpful in identifying a few additional queries (these were then followed up).
- There were very few problems identified with the exception of one. A significant data gap was identified for a single care provider with multiple care homes nationally. CareCubed staff proactively contacted Shropshire Council and offered to work with the provider to try to address the issue, unfortunately the provider was not willing or able to address the gap and had to be excluded from the final analysis.
- Communication took place with providers throughout the submission period with regular reminders and offers of support.

- The above data collection and analysis was done by the Councils insight team and then subsequently handed over on the 22nd July for checking by the Corporate finance team for robust and comprehensive assurance.

Maximising engagement was a significant priority for Shropshire. Deadlines were extended multiple times to accommodate time pressures being quoted by providers. Where providers indicated that they were struggling all available tools were offered, one to one calls were set up to discuss issues, FAQs and information was shared to minimise any confusion and complexities.

The interim outcomes were presented to Members on 18/7/2022 to outline the level of engagement and ask Members support to encourage constituent companies to engage in the exercise. The deadlines for completion were once again extended.

The Joint Cost of Care board analysed all engagement processes and decisions on 1/8/2022 and concluded that every possible route of engagement had been explored and all support offered and opportunities for engagement had been utilised. The Board concluded that there was no other action to take that would enhance the level of engagement. We must conclude that providers who wish to engage with the exercise have done so. Provider board members also noted that more have not engaged due to the expectation that there will be no tangible outcome from the Department of Health and Social Care.

Outcomes were presented to Informal cabinet on Monday 3rd October following presentation to Senior management teams.

4) Responses

- **Rates of response:**

Shropshire Council has 71 Care home providers for over 65s, and all 71 of those are commissioned by the local authority. 17 returns were provided giving a return rate of 24%. Subsequently due to data quality issues which could not be resolved 16 returns were included in the results, which equates to 23% of the care home market.

RETURN %'S	% of total local care market	% of local care market commissioned by Shropshire Council
OP Care Homes	23%	23%

- **Responses from nursing homes**

Of the 16 valid returns, 7 of the providers commission nursing beds. There are 30 accredited Nursing providers across the local authority, so this equates to 23% return rate.

Of these 7 returns, 5 of the providers commission both Nursing and enhanced Nursing beds, 1 of the providers only commission Nursing beds and 1 of the providers only commission Nursing with enhanced needs beds.

The provider who commissioned nursing beds with enhanced needs returned a cheaper cost of care than the provider who commissioned nursing beds with no enhanced needs. Coupled with the fact that 3 of the 5 providers who commissioned both showed no variance in cost between nursing and nursing with enhanced

needs means our cost of care return indicates that nursing beds cost more than nursing beds with enhanced needs which goes against expectation in the market.

- **Responses from Residential homes**

Of the 16 valid returns, 14 of the providers commission residential beds. There are 41 accredited residential providers across the local authority, so this equates to 34% return rate.

Of these 14 returns, 11 of the providers commission both Residential and enhanced Residential beds and 3 of the providers only commission Residential beds

Of the 11 providers who commissioned residential and residential with enhanced needs beds 6 of them indicated no variance of cost between the two types, 4 indicated an increased cost when dealing with enhanced needs beds but one provider indicated the beds without enhanced needs were cheaper

- **Average rates of response across the region**

Across the region the response rate indicated through WMADASS returns ranged from 22% - 66%. At the end of July, across the 14 regions, Shropshire presented as being in the lower end in terms of response rate.

5) Outcomes - Tables

Cost of care exercise results - all cells should be £ per resident per week, MEDIANS.	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 Care Home Staffing	£566.93	£587.75	£732.69	£737.90
Nursing Staff	£0.00	£0.00	£183.43	£170.38
Care Staff	£402.64	£418.23	£406.95	£426.93
Therapy Staff (Occupational & Physio)	£0.00	£0.00	£0.00	£0.00
Activity Coordinators	£11.70	£11.32	£10.04	£8.54
Service Management (Registered Manager/Deputy)	£49.07	£47.08	£41.79	£41.79
Reception & Admin staff at the home	£12.28	£13.44	£12.87	£12.65
Chefs / Cooks	£24.84	£28.39	£18.71	£18.71
Domestic staff (cleaning, laundry & kitchen)	£53.84	£56.07	£49.90	£49.90
Maintenance & Gardening	£11.14	£10.35	£7.58	£7.58
Other care home staffing (please specify)	£1.42	£2.87	£1.42	£1.42
Total Care Home Premises	£29.29	£34.04	£27.40	£27.75
Fixtures & fittings	£3.18	£7.59	£3.18	£4.36
Repairs and maintenance	£18.93	£19.70	£15.03	£15.82
Furniture, furnishings and equipment	£7.18	£6.75	£9.19	£7.57
Other care home premises costs (please specify)	£0.00	£0.00	£0.00	£0.00
Total Care Home Supplies and Services	£99.77	£108.85	£93.63	£95.86
Food supplies	£30.66	£35.70	£30.66	£33.42
Domestic and cleaning supplies	£11.64	£12.31	£12.99	£12.99
Medical supplies (excluding PPE)	£1.02	£0.91	£1.05	£1.05

PPE	£0.67	£0.57	£1.22	£1.70
Office supplies (home specific)	£4.47	£5.44	£5.19	£4.38
Insurance (all risks)	£9.44	£9.84	£9.69	£9.69
Registration fees	£3.68	£3.75	£3.33	£3.16
Telephone & internet	£1.19	£1.10	£0.59	£0.59
Council tax / rates	£0.92	£0.91	£0.45	£0.45
Electricity, Gas & Water	£24.75	£27.81	£17.34	£17.81
Trade and clinical waste	£4.95	£5.30	£5.89	£6.52
Transport & Activities	£1.72	£1.76	£1.99	£1.51
Other care home supplies and services costs (please specify)	£4.66	£3.45	£3.24	£2.59
Total Head Office	£57.23	£56.00	£69.64	£69.61
Central / Regional Management	£15.17	£14.15	£17.55	£17.55
Support Services (finance / HR / legal / marketing etc.)	£21.50	£20.49	£26.56	£26.53
Recruitment, Training & Vetting (incl. DBS checks)	£6.45	£7.16	£9.27	£9.27
Other head office costs (please specify)	£14.11	£14.20	£16.26	£16.26
Total Return on Operations	£53.30	£54.18	£61.36	£62.82
Total Return on Capital	£82.46	£78.00	£168.16	£122.85
TOTAL	£888.98	£918.82	£1,152.88	£1,116.79

Cost of care exercise results - all cells should be £ per resident per week, MEDIANS.	65+ care home places without nursing	Lower Quartile	Upper Quartile
Total Care Home Staffing	£566.93	£453.28	£637.41
Nursing Staff	£0.00	£0.00	£0.00
Care Staff	£402.64	£315.03	£416.39
Therapy Staff (Occupational & Physio)	£0.00	£0.00	£0.00
Activity Coordinators	£11.70	£8.75	£14.34
Service Management (Registered Manager/Deputy)	£49.07	£42.80	£59.91
Reception & Admin staff at the home	£12.28	£11.72	£14.66
Chefs / Cooks	£24.84	£19.79	£30.36
Domestic staff (cleaning, laundry & kitchen)	£53.84	£47.28	£83.25
Maintenance & Gardening	£11.14	£7.91	£14.67
Other care home staffing (please specify)	£1.42	£0.00	£3.83
Total Care Home Premises	£29.29	£17.49	£53.37
Fixtures & fittings	£3.18	£0.00	£9.32
Repairs and maintenance	£18.93	£14.76	£30.65
Furniture, furnishings and equipment	£7.18	£2.73	£11.54
Other care home premises costs (please specify)	£0.00	£0.00	£1.86
Total Care Home Supplies and Services	£99.77	£72.40	£131.30
Food supplies	£30.66	£28.07	£41.99
Domestic and cleaning supplies	£11.64	£6.16	£15.55
Medical supplies (excluding PPE)	£1.02	£0.33	£1.79

Please note – all figures were accurate at the time of initial submission to DOHSC in October 2022

PPE	£0.67	£0.48	£1.15
Office supplies (home specific)	£4.47	£1.61	£6.01
Insurance (all risks)	£9.44	£5.67	£10.34
Registration fees	£3.68	£3.27	£3.86
Telephone & internet	£1.19	£0.60	£1.72
Council tax / rates	£0.92	£0.56	£1.16
Electricity, Gas & Water	£24.75	£18.11	£30.84
Trade and clinical waste	£4.95	£3.70	£6.37
Transport & Activities	£1.72	£1.21	£2.58
Other care home supplies and services costs (please specify)	£4.66	£2.63	£7.94
Total Head Office	£57.23	£37.23	£69.92
Central / Regional Management	£15.17	£12.11	£18.14
Support Services (finance / HR / legal / marketing etc.)	£21.50	£14.79	£26.54
Recruitment, Training & Vetting (incl. DBS checks)	£6.45	£1.30	£8.97
Other head office costs (please specify)	£14.11	£9.03	£16.27
Total Return on Operations	£53.30	£35.65	£61.98
Total Return on Capital	£82.46	£29.00	£144.02
TOTAL	£888.98	£645.05	£1,098.00

	65+ care home places without nursing, enhanced needs	Lower Quartile	Upper Quartile
Cost of care exercise results - all cells should be £ per resident per week, MEDIANS.			
Total Care Home Staffing	£587.75	£466.32	£710.89
Nursing Staff	£0.00	£0.00	£0.00
Care Staff	£418.23	£325.20	£494.45
Therapy Staff (Occupational & Physio)	£0.00	£0.00	£0.00
Activity Coordinators	£11.32	£8.75	£13.28
Service Management (Registered Manager/Deputy)	£47.08	£43.27	£54.61
Reception & Admin staff at the home	£13.44	£11.85	£14.91
Chefs / Cooks	£28.39	£21.16	£32.43
Domestic staff (cleaning, laundry & kitchen)	£56.07	£47.93	£82.91
Maintenance & Gardening	£10.35	£8.16	£14.15
Other care home staffing (please specify)	£2.87	£0.00	£4.15
Total Care Home Premises	£34.04	£15.47	£53.81
Fixtures & fittings	£7.59	£0.00	£13.02
Repairs and maintenance	£19.70	£13.93	£28.49
Furniture, furnishings and equipment	£6.75	£1.54	£10.70
Other care home premises costs (please specify)	£0.00	£0.00	£1.60
Total Care Home Supplies and Services	£108.85	£77.76	£136.60
Food supplies	£35.70	£29.56	£43.08
Domestic and cleaning supplies	£12.31	£8.64	£14.77

Please note – all figures were accurate at the time of initial submission to DOHSC in October 2022

Medical supplies (excluding PPE)	£0.91	£0.37	£1.74
PPE	£0.57	£0.50	£1.03
Office supplies (home specific)	£5.44	£1.39	£6.23
Insurance (all risks)	£9.84	£6.01	£11.50
Registration fees	£3.75	£3.39	£4.03
Telephone & internet	£1.10	£0.62	£1.50
Council tax / rates	£0.91	£0.66	£1.15
Electricity, Gas & Water	£27.81	£19.47	£35.34
Trade and clinical waste	£5.30	£3.41	£6.26
Transport & Activities	£1.76	£1.28	£2.55
Other care home supplies and services costs (please specify)	£3.45	£2.46	£7.42
Total Head Office	£56.00	£37.96	£66.06
Central / Regional Management	£14.15	£12.25	£16.29
Support Services (finance / HR / legal / marketing etc.)	£20.49	£13.94	£24.83
Recruitment, Training & Vetting (incl. DBS checks)	£7.16	£1.56	£8.68
Other head office costs (please specify)	£14.20	£10.21	£16.26
Total Return on Operations	£54.18	£42.29	£61.58
Total Return on Capital	£78.00	£22.00	£115.40
TOTAL	£918.82	£661.80	£1,144.34
Cost of care exercise results - all cells should be £ per resident per week, MEDIANS.	65+ care home places with nursing	Lower Quartile	Upper Quartile
Total Care Home Staffing	£732.69	£680.38	£858.46
Nursing Staff	£183.43	£161.02	£203.08
Care Staff	£406.95	£391.64	£488.21
Therapy Staff (Occupational & Physio)	£0.00	£0.00	£0.00
Activity Coordinators	£10.04	£8.43	£15.31
Service Management (Registered Manager/Deputy)	£41.79	£38.05	£42.27
Reception & Admin staff at the home	£12.87	£11.97	£14.48
Chefs / Cooks	£18.71	£16.78	£24.97
Domestic staff (cleaning, laundry & kitchen)	£49.90	£45.70	£54.84
Maintenance & Gardening	£7.58	£6.44	£12.79
Other care home staffing (please specify)	£1.42	£0.35	£2.51
Total Care Home Premises	£27.40	£19.75	£35.38
Fixtures & fittings	£3.18	£0.74	£4.85
Repairs and maintenance	£15.03	£12.04	£15.93
Furniture, furnishings and equipment	£9.19	£6.97	£12.74
Other care home premises costs (please specify)	£0.00	£0.00	£1.86
Total Care Home Supplies and Services	£93.63	£83.20	£107.99
Food supplies	£30.66	£29.37	£34.56
Domestic and cleaning supplies	£12.99	£11.84	£15.73
Medical supplies (excluding PPE)	£1.05	£0.74	£1.53
PPE	£1.22	£1.03	£1.91

Please note – all figures were accurate at the time of initial submission to DOHSC in October 2022

Office supplies (home specific)	£5.19	£3.72	£5.52
Insurance (all risks)	£9.69	£9.39	£10.31
Registration fees	£3.33	£3.15	£3.57
Telephone & internet	£0.59	£0.44	£1.83
Council tax / rates	£0.45	£0.44	£0.80
Electricity, Gas & Water	£17.34	£14.97	£18.58
Trade and clinical waste	£5.89	£4.42	£6.55
Transport & Activities	£1.99	£1.32	£2.38
Other care home supplies and services costs (please specify)	£3.24	£2.37	£4.72
Total Head Office	£69.64	£56.60	£73.09
Central / Regional Management	£17.55	£16.25	£20.65
Support Services (finance / HR / legal / marketing etc.)	£26.56	£26.51	£26.72
Recruitment, Training & Vetting (incl. DBS checks)	£9.27	£5.86	£9.34
Other head office costs (please specify)	£16.26	£7.98	£16.38
Total Return on Operations	£61.36	£58.53	£62.92
Total Return on Capital	£168.16	£103.25	£202.25
TOTAL	£1,152.88	£1,001.71	£1,340.09

	65+ care home places with nursing, enhanced needs	Lower Quartile	Upper Quartile
Cost of care exercise results - all cells should be £ per resident per week, MEDIANS.			
Total Care Home Staffing	£737.90	£684.08	£876.49
Nursing Staff	£170.38	£154.63	£192.12
Care Staff	£426.93	£402.92	£520.06
Therapy Staff (Occupational & Physio)	£0.00	£0.00	£0.00
Activity Coordinators	£8.54	£7.69	£10.68
Service Management (Registered Manager/Deputy)	£41.79	£38.05	£42.27
Reception & Admin staff at the home	£12.65	£11.52	£14.48
Chefs / Cooks	£18.71	£16.78	£20.81
Domestic staff (cleaning, laundry & kitchen)	£49.90	£45.70	£54.84
Maintenance & Gardening	£7.58	£6.44	£18.72
Other care home staffing (please specify)	£1.42	£0.35	£2.51
Total Care Home Premises	£27.75	£22.35	£41.27
Fixtures & fittings	£4.36	£3.08	£13.66
Repairs and maintenance	£15.82	£12.32	£17.63
Furniture, furnishings and equipment	£7.57	£6.95	£9.98
Other care home premises costs (please specify)	£0.00	£0.00	£0.00
Total Care Home Supplies and Services	£95.86	£83.31	£116.85
Food supplies	£33.42	£30.42	£35.83
Domestic and cleaning supplies	£12.99	£11.84	£15.73

Please note – all figures were accurate at the time of initial submission to DOHSC in October 2022

Medical supplies (excluding PPE)	£1.05	£0.74	£1.53
PPE	£1.70	£1.05	£3.89
Office supplies (home specific)	£4.38	£2.50	£5.52
Insurance (all risks)	£9.69	£9.39	£10.31
Registration fees	£3.16	£3.14	£3.40
Telephone & internet	£0.59	£0.44	£1.83
Council tax / rates	£0.45	£0.44	£1.15
Electricity, Gas & Water	£17.81	£14.97	£24.77
Trade and clinical waste	£6.52	£5.59	£7.49
Transport & Activities	£1.51	£0.88	£2.05
Other care home supplies and services costs (please specify)	£2.59	£1.91	£3.35
Total Head Office.0	£69.61	£49.06	£73.09
Central / Regional Management	£17.55	£16.25	£20.65
Support Services (finance / HR / legal / marketing etc.)	£26.53	£21.67	£26.72
Recruitment, Training & Vetting (incl. DBS checks)	£9.27	£5.86	£9.34
Other head office costs (please specify)	£16.26	£5.28	£16.38
Total Return on Operations	£62.82	£60.74	£141.50
Total Return on Capital	£122.85	£88.54	£176.11
TOTAL	£1,116.79	£988.08	£1,425.31

- **Return on capital and operations**

Assumed return on operations and return on capital as per the returns. When analysing the average ROO and ROC, and applying this across all returns, it made no material difference to taking the median response.

- **Analysis**

After the initial review process whereby the insight team queried any obvious and/or potential issues with the data and then agreed a revised return with providers there were no further amendments made to the data reported. The method of using median average as opposed to the mean average meant any potential outliers did not impact the return. On this basis we made the decision to use the sum of all the individual cost rate lines as opposed to the median, as this method removed outliers on a line-by-line basis.

With regards to the output of the above tables residential rates are coming out on average at £898.93 per week. £181.73 more than what we are currently paying on average and even more so than our standard rates for residential care of £563.33 for standard residential beds and £617.49 for residential beds with enhanced needs

However, considering the providers return should have included all nursing costs (where applicable) the nursing rates are coming out on average at £1,134.34 per week. If you include the FNC rate of £209.19 on top of our average rates this is in fact £49.51 per week less than we currently pay. However, it does still exceed out standard rates, including FNC which are £935.01 for standard nursing beds and £989.18 for nursing beds with enhanced needs

6) Conclusions and validity

Due to the relatively low-rate of responses in comparison to other councils across the West Midlands region, and the particularly low response rates in regards nursing care as set out above, we have to conclude that the response in Shropshire is not fully representative of our market.

The responses do not encompass the full range of information requested by the council, OR the full range of information which the council had hoped to receive. There is a disproportionate representation from one multi home provider who has completed the majority of all of returns for both nursing, and nursing with dementia care and in both cases only one other provider has submitted a return.

This suggests that the information cannot be fully relied on as an accurate reflection of the market in Shropshire. In addition, it is expected that the cost of nursing care with dementia care would exceed the cost of nursing care without dementia care. This is because individuals with complex needs generally require a higher level of staffing. The returns from the cost of care exercise indicate a lower cost for more complex care which would not be reflective of what we expect to see to see when enhanced staffing is required. Thus, we are unable to put full weight in the outcomes of the cost of care exercise in regards these two types of care.

7) Future rates and funding

It is clear from communications with the market in Shropshire that the exercise has raised a level of expectation that the government will increase funding for care in line with current costs. However, the level of funding being proposed will not meet current or expected future cost pressures.

Whilst Councils recognise their responsibility to understand the costs of providing care the dependency to achieve this rests on central funding increases. The County Councils Network (CNN) commissioned an independent report: *Impact Assessment of the Implementation of Section 18(3) of The Care Act 2014 and Fair Cost of Care* by healthcare market specialists LaingBuisson, the report analyses two key aspects of the government's adult social care reforms: Proposals to allow private payers to ask councils to arrange care on their behalf at lower local authority rates and the intention to introduce a new 'Fair Cost of Care, which aims to increase care fees paid by councils to make the care market more sustainable

Built on detailed financial modelling, analysis of the government proposals and wide-ranging engagement with the care sector, the report concludes that:

'the government's funding allocations to support the introduction of a fair cost for care and new self-funder duties under Section 18(3) of the Care Act 'seriously underestimates' the amount of new funding required and could cause a 'severe sustainability risk' to care homes across the country.'

The work undertaken by Shropshire Council to estimate future funding and costs based on our assessment of market needs and expectations confirms the conclusion also reached by LaingBuisson, which is that **the current proposals are likely to be unaffordable within the existing financial framework for social care councils; this exercise has indicated that they are clearly unaffordable for this Council (without drastic service reductions).**

This Council hopes that our detailed review is received by Government in the spirit in which it is submitted – i.e. that while we support Government's policy objective and the way it seeks to better support social care clients, this objective will not be achieved without sufficient funding being provided.

In the absence of sufficient funding, councils will be forced to reduce other services – to the detriment of all only social care clients and to the detriment of all other residents as well. We urge the Government to consider what can be done to ensure genuine funding sufficiency, particularly in regards of rural areas with sparse populations.

Fee setting

Shropshire Council currently have a budget of £38.617m for OP Nursing and Residential care. If we paid the rates as per the return it would cost the Authority an additional £2.259m per annum. This is not affordable to the LA especially when taking into account annual inflation as described below.

As the outcomes of the Cost of Care exercise are considered not to be fully representative of the care home market in Shropshire, we cannot commit to them having a strong influence on fee setting in the future.

Shropshire Council will have to take into account affordability before committing to any increase in rates and before any details on the grant we will receive from DHSC are known.