Revenue Costs of Care Home Places for Learning Disabilities in Lincolnshire

This report covering the residential care market costs has been prepared by Philip Mickelborough
as part of a project for Lincolnshire County Council. The lead researcher on the project was Estelle O'Neill

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Contents

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1. Introduction

1.1 The background

In October 2014, Lincolnshire County Council commissioned LaingBuisson to conduct an independent evaluation of the residential care market in Lincolnshire, a project led by Philip Mickelborough with Estelle O'Neill as the lead researcher. This was then used in conjunction with other data in the Council's own model to calculate the expected cost for residential providers for older people over a three-year period from 2015/16 to 2017/18.

The Council had commissioned Philip through LaingBuisson to undertake similar surveys in 2008 and 2011.

Lincolnshire County Council has decided to repeat this process in 2017 to inform care home fee levels for the three-year period beginning in April 2018. This project includes young disabled adults other than those with learning disabilities.

The Council issued a preliminary scoping document in January 2017 followed by a detailed scoping document in March 2017 that set out the Council's precise requirements. Kingsbury Hill Fox provided a final proposal for this work in April 2017 and the go-ahead was given in late May 2017.

The Council will use the data on costs that we provide in its own model to determine the fees that the Council will pay, and it is not our role to suggest a price.

1.2 Our brief

With respect to the analysis of providers of residential care for people with Learning Disabilities, Lincolnshire County Council has already collected a significant amount of data relating to the costs incurred in providing those services. In analysing these data the Council will be looking to identify a suitable expected cost and be looking to separately identify additional one to one costs that providers incur in providing services to those with particularly challenging behaviours.

However in recognising the importance that the Council and Provider hold in having an independent view of those cost, Lincolnshire County Council has commissioned Kingsbury Hill Fox Limited to conduct its own analysis of the data collected and where possible provide a report similar to previous reports detailing:-

    a. Fee analysis (including analysis of third party top ups, and fees for self-funders)
    b. Analysis of Care Hours Provided
    c. Analysis of Wage Rates (including the implication of recent legislative changes in relation to pensions)
    d. Analysis of staff qualifications
    e. Analysis of staffing ratio per service user
    f. Payroll costs
    g. Other cost (including but not limited to:)
    h. Food
    i. Utilities
    j. Repair & Maintenance (including handyman costs)
    k. Medical Supplies
    l. Domestic Cleaning
    m. Trade Clinical Waste

n.   Recruitment
o.   Registration
p.   Training
q.   Insurance
r.   Advertising & Marketing
s.   Uniforms
t.   Issues reported by care homes
u.   Benchmarking Analysis against other Local Authorities for LD rates

1.3 Kingsbury Hill Fox Limited

Founded by Philip Mickelborough in 2001, Kingsbury Hill Fox Limited is the vehicle which he has written his market reports and undertaken his consultancy work since then, including his three previous reports for Lincolnshire County Council.

Although it was originally envisaged that the project would be undertaken by Philip under the LaingBuisson brand, during the scoping, proposal and go-ahead process Philip severed his relationship with LaingBuisson and offered to undertake the work under the Kingsbury Hill Fox brand.

Recognising the fact that care homes, whose confidence and co-operation are essential to the project, recognise and know researcher Estelle O'Neill and Philip from past work the Council decided to maintain continuity and commissioned Kingsbury Hill Fox. Of secondary importance was the substantial reduction in cost compared with LaingBuisson's fees.

Although not known at the time, during the course of the survey various care homes have indicated that the LaingBuisson brand is not popular in Lincolnshire because its published advice on care staffing levels has been used as a benchmark by CQC to the detriment of care home operators.

Using the Kingsbury Hill Fox brand has improved the response rate. The number of responses to this survey was better than the last survey in 2014, vindicating the Council's decision to use Kingsbury Hill Fox.

1.4 The collected data

Under a written confidentiality agreement we were supplied with data collected from nine care home groups that accommodate people with a learning disability. They were asked to provide information on sufficient service users to give a representative picture of care home costs in Lincolnshire. We were able to extract usable information on 44 individual service users for our analysis.

The Council had prepared a survey form in Excel, comprising two parts; one part on the care home's costs and the second on individual service users' costs. Some providers completed and returned the survey forms in Excel as sent out.

One provider completed the forms and then appear to have embedded an image of their return into a .pdf file, which unfortunately could not be optically character recognised owing to the fuzzy nature of the print. These figures had to be transcribed by hand.

Other providers sent the data back in different formats, and these had to be transferred to a spreadsheet for analysis. Their cost heads frequently did not match the Council's preferred cost heads, but we assume matched their own management accounting system.

While the providers were clearly willing for the Council to know their costs we have assumed they would not wish their competitors to know these, and so we have avoided identifying which groups responded and what their data were. To ensure confidentiality we have used the phrase "a few" to mean fewer than ten, "some" for 10-20 and "many" for over 20.

2. Occupancy rates and residents

2.1 Residents

The bulk of the data analysed stemmed from information provided and owned by the Council and released to Kingsbury Hill Fox under a written confidentiality agreement as a necessary part of the work.

As far as we were able to ascertain from the information provided, the data all related to service users with a learning disability, all living in homes that were exclusively for that service user category.

There was a question in the survey that asked the number of rooms, which often exceeded the number of residents. This suggests either that the responder was counting all rooms in the home, or that they were counting bedrooms and there were other service user categories. We think the former is more likely, but because of this doubt we have not analysed that question.

2.2 Occupancy rates

When considering occupancy rates we recognise that some rooms may be registered as doubles but only ever used as singles (unless a couple want them); we have considered occupancy to be based on the number of places usually available, not the registered number. We have taken the responses to the question on target occupancy to be equivalent to usually-used places.

Seventeen homes told us their occupancy rates, which averaged 90 per cent. More than half (9 homes, 53%) of the homes were full with 100 per cent occupancy but one medium-sized home was operating at only 72 per cent occupancy.

2.3 Management and ownership of responding homes

Seven groups that responded were in the private sector and three were in the voluntary sector.

Three were primarily Lincolnshire-based and seven were national organisations, one of which operated learning disability services only in Lincolnshire.

3. Staff hours

3.1 Units of measurement

The best way to compare costs across care homes of various sizes and with different user groups is to consider the weekly cost for each service user.

The following are some of the reasons and factors that might account for the variation between homes in their provision of care hours per service user per week:
- voluntary sector homes tend to provide more hours than private sector ones
- converted homes can be less efficient to staff than purpose-built ones
- small care homes can be overmanned because it is not possible to staff a home with part-people
- staff may be managed less efficiently
- more care staff, if they spend their spare time talking to residents, can offer a better quality of care. On the other hand, the quality of care is not improved if staff spend their time when not doing their specific duties smoking or drinking coffee in the staff room
- owner-managers may, and usually do, put in hours that are not recorded.

3.2 Care hours for service users

One group provided the number of care hours needed on a good day, a difficult day and an average day for some service users:
- the minimum ranged from 5.5 hours/week to 10.2, with an average of 7.8 hours/week
- the maximum ranged from 16.3 hours/week to 22.9, with an average of 19.6 hours/week.
- the average of the number of hours required on an average day across all that group's reported service users was 11.1 hours/week.

Another group gave us staffing ratios by time of day, which enabled us to calculate the weekly number of care hours for each of a few residents:
- a minimum of 81 hours/week
- a maximum of 193 hours/week
- an average of 145 hours/week.

A group gave us the average weekly number of care hours per service user in a few homes:
- in one home, 1.48 registered manager hours, 1.39 deputy manager hours, 12.44 daytime support worker hours, 6.22 night support worker hours, 1.85 daytime nurse hours and 3.11 night nurse hours. Each service user benefitted from 5.07 ancillary staff hours per week
- in the other home, 2.11 registered manager hours, 1.97 deputy manager hours, 18.61 daytime support worker hours, 13.26 night support worker hours, 2.63 daytime nurse hours and 4.42 night nurse hours. Each service user benefitted from 10.68 ancillary staff hours per week.

3.3 Additional hours

Most groups, however, appear to have a core number of care hours for each service user and then provide additional hours on a one-to-one, two-to-one or three-to-one basis. The core hours were not specified in the data we received, but additional hours for those who received them were reported as:
- one-to-one hours from 8.5 to 219 with an average of 60.7 additional hours/week
- two-to-one hours were required by one service user who needed six additional hours/week.

No service user required three-to-one hours.

The cost of these additional hours is analysed in the chapter on care costs.

3.4 Day and night staffing

When we added the numbers of day staffing hours and the numbers of night staffing hours for each home we sometimes found that they added to more than 24; we put this down to an overlap to allow for shift-changing duties.

Units were staffed for 14.6 hours during the day, on average, with a minimum of 12.5 hours and a maximum of 16 hours. A long day is a good sign, implying that service users have more control over their waking hours.

Units were staffed for 9.6 hours during the night, on average, with a minimum of eight hours and a maximum of 12 hours. A short night is a good sign, implying that service users have more control over their waking hours, but it is expensive because daytime staffing ratios are higher.

Night staffing levels were lower than daytime ones. Seventeen homes reported their night staffing levels, ranging from one waking member to three waking staff, with an average of exactly two waking staff.

A few homes reported one sleeping night staff member, supplementing one or two waking staff; across all the homes this averaged 0.3 sleeping staff members.

3.5 Care home staffing ratios

The Council's survey form asked about daytime staffing ratios, but it appears that some respondents may have reversed the ratio, which is usually presented as care staff to service users. We have interpreted the figures in the most likely way.

Nineteen homes reported their staffing ratios, with a range from one worker to four service users to one staff to one service user, with an average of one staff member to 1.9 service users.

3.6 Service users' staffing ratios

Some groups reported individual service user's care/support ratios rather than the care home's.

One group reported a core staffing ratio of four to one, which we interpret as four service users to one member of staff.

Another two groups gave the following ratios for individual service users:
- 1:1 during the day with an additional 2 hours of an additional staff member per day for external activities; nights are staffed at 1:1
- 1:1 during daytime hours and 1:1 waking night staff hours. and an additional 25 hours out and about in the community
- 1:1 during day time hours and 1:2 waking night staff hours, reported for two service users
- 14 hours per day at 1:2 and 10 hours at night with a one-seventh share of one waking and one sleeping staff member.

Some homes reported care/support hours from each grade of staff per service user:
- 4.7 hours of care manager support, 58.5 hours of daytime support and 18.7 hours of night care support per week.

4. Wages in care homes

4.1 Care/support staff wages before on-costs

These wage rates were collected before the increase in the national living wage in April 2017, and so some rates are below the current level for adults over 25. In our experience care homes tend to pay the over-25 rate to all staff, considering it to be too divisive not to.

In the 14 homes that answered this question, a basic care worker was paid between £7.20 (the national living wage at the time) and £8.98, with a weighted average of £7.89 (Table 4.1).

A senior care worker was paid £0.71 more per hour than a basic grade support on a weighted basis, with a minimum that was only £0.50 more but a maximum that was £1.37 more.

A nurse was paid between £10.22 and £14.27 per hour, with a weighted average rate of £13.42.

Table 4.1 Care staff hourly wage rates before on-costs

	Minimum	Average	Weighted average	Maximum
Basic support worker	£7.20	£7.85	£7.89	£8.98
Senior support worker	£7.70	£8.98	£8.60	£10.35
Nurse	£10.22	£13.82	£13.42	£14.27

4.2 Care staff wages with on-costs

The hourly wage rates for care staff including on-costs are shown in Table 4.2, and need no further explanation.

Table 4.2 Care staff hourly wage rates with on-costs

	Minimum	Average	Weighted average	Maximum
Basic support worker	£8.16	£10.05	£10.29	£14.40
Senior support worker	£9.41	£11.38	£11.17	£16.09
Nurse	£15.21	£17.83	£16.79	£19.08

On-costs include annual leave, sick pay, maternity pay and national insurance. Employer's pension contribution until recently has usually been a cost only for salaried staff, but since auto-enrolment came in it has been an on-cost for all staff.

Table 4.3 Care staff on-costs as a %age of hourly wage rates

	Minimum	Average	Weighted average	Maximum
Basic support worker	13%	28%	30%	64%
Senior support worker	12%	26%	28%	57%
Nurse	19%	29%	25%	36%

The variation in percentages in Table 4.3 mostly reflect different employers' ways of measuring on-costs and what they include in that category, but they also reflect the use of part-time staff, some of whom may not work sufficient hours to qualify for national insurance contributions.

4.3 Wage rates of other care staff

The other care/support staff whose pay rate were reported were:
- dual-registered team managers, who were paid a basic £11.76 per hour which became £13.97 with on-costs
- an activity co-ordinator whose basic £7.40 per hour became £9.39 with on-costs
- sleep-in staff, whose hourly pay rates of £3.50 and £4.13 became £4.20 and £4.96 with on-costs.

4.4 Wages of administration staff

One group reported a series of improbable pay rates for administration staff, and another the total annual cost, from which we could not work out the hourly pay without knowing how many hours were worked each week.

From the figures we could analyse we calculated administration staff to earn between £7.50 and £21.52 per hour, with a weighted average of £10.33 per hour.

With on-costs these figures became £10.69, £27.97 and £13.16 respectively.

5. Care/support costs

5.1 Cost of Duties under the Expected Cost Provision

The Council's survey form had a question titled "Cost of Duties under the Expected Cost Provision" for each service user. We have interpreted this to mean core staffing costs; it appears to be the same for all service users in each home but to vary between homes within a group. The homes that completed this section did so whether or not additional hours were provided.

This question was answered for 17 service users with a range from £204.45 per week to £1,101.95 and an average of £541.68 per week.

5.2 Additional hours

Most groups appear to have a core number of care hours for each service user (Section 5.1) and then provide additional hours on a one-to-one, two-to-one or three-to-one basis. The cost of additional hours for those who received them were reported as:
- one-to-one hours from £168 to £2,694 with an average of £1,121.33 per week for 17 service users
- two-to-one hours were required by one service user who needed six additional hours/week at a weekly cost of £126.

No service user required three-to-one hours. The numbers of these additional hours is analysed in Section 3.3 on care/support hours.

These additional hours cost between £10.48 and £18.77 per hour, with an average of £12.92 per hour.

The seventeen service users whose core costs were reported in this format received Cost of Duties and additional hours costing between £204.45 and £2,212 with an average cost of £905.93 per week.

If, however, an assumption is made that service users whose additional hours were recorded but core cost were not did not have core costs the minimum becomes £204.45, the maximum £2,693.70 and the average £1,092.20.

5.3 Cost of support under other formats

One group reported the care and support costs for a few more dependent service users in a different format; ranging from £1,671.92 to £2,532.20 with an average cost of £2,013.96.

Another group reported staffing costs for some service users broken down by heads, and summarised in Table 5.1.

Table 5.1 Staffing costs in one group

	Minimum	Average	Maximum
Day & night care staff	698.25	1,163.62	1,985.34
Management	101.52	105.30	131.75
Staffing other	145.58	170.05	232.24

Staffing other includes HR centrally and at home level, recruitment & training, disciplinaries, maternity, injuries, on-call allowance and the extra cost of agency staff

We have not analysed care costs as a whole regardless of how they were reported as the final figure would have little meaning as it would be an average of many different service users with very different needs and in any case would require too many subjective assumptions.

6. Other care home costs

6.1 Food

Food and catering costs range between £21.50 per service user per week to £63.00, but with a reasonable average of £40.15 per service user per week, assuming support staff and/or the service users do the cooking and serving, but if it includes catering staff costs it is modest (Table 6.1). These figures came from 41 service users.

Table 6.1 Non-staff revenue costs

	Minimum	Average	Maximum
Food & catering	21.50	40.15	63.00
Cleaning staff costs	5.00	25.55	91.19
Cleaning equipment	1.55	8.84	22.12
Social activities, transport, holidays	6.50	50.96	118.30
Repairs and Maintenance	6.44	28.33	58.23
Utilities	13.89	31.78	46.00
Management & administration	20.00	135.76	246.73

6.2 Cleaning staff costs

Twenty-one care homes reported their cleaning staff costs, which ranged from £5 per service user per week to £91.19 per week, with an average of £25.55 per week (Table 6.1). The costs may vary to this degree as some service users will require much clearing and cleaning, whereas others may be able to do most of the work themselves.

6.3 Cleaning equipment

Twenty-five care homes reported their cleaning equipment costs, which ranged from £1.55 per service user per week to £22.12 per week, with an average of £8.84 per week (Table 6.1).

6.4 Social activities, transport & holidays

Thirty-eight care homes reported their costs for social activities, transport & holidays, which ranged from £6.50 per service user per week to £118.30 per week, with an average of £50.96 per week (Table 6.1).

6.5 Repairs & maintenance

Thirty-six care homes reported their repairs & maintenance costs, which ranged from £6.44 per service user per week to £58.23 per week, with an average of £30.03 per week (Table 6.1).

6.6 Utilities

Thirty-six care homes reported their gas, oil, electricity, council tax and water costs, which ranged from £13.89 per service user per week to £46.00 per week, with an average of £31.78 per week (Table 6.1).

6.7 Management & administration costs

Thirty-nine care homes reported their management & administration costs, which ranged from £20.00 per service user per week to £246.73 per week, with an average of £139.37 per week (Table 6.1).

6.8 Other revenue costs written in

The Council's data collection process allowed care homes to write in costs that were not covered by its specific questions.

Some care homes reported the cost of stationery, TV, printing, health & safety etc, which ranged from £28.73 per service user per week to £62.59 per week, with an average of £39.98 per week.

Some care homes reported a category titled "lease equivalent & depreciation" which ranged from £464.30 per service user per week to £516.44 per week, with an average of £477.04 per week.

Some care homes reported group & divisional costs which ranged from £102.56 per service user per week to £246.61 per week, with an average of £215.74 per week. Despite the category name, much of this is probably operational expenditure that is organised by head offices rather than at home level.

One group of care homes reported training, recruitment and human resources costs of £39.98 per week.

Some care homes reported depreciation costs which ranged from £5.00 per service user per week to £52.13 per week, with an average of £31.87 per week.

A few care homes reported rent that ranged from £125.42 per service user per week to £225.00 per week, with an average of £175.21 per week.

A few care homes reported costs for:
- staff travel, subsistence & training which averaged £35.00 per week
- business & central charges that averaged £73.00 per week
- professional fees that averaged £20.00 per week
- equipment costs that averaged £11.00 per week

- accommodation costs of £357.00 per week
- fixed costs that averaged £81.58 per week.

A few homes reported:
- medical costs that averaged £6.75 per week
- day service costs that averaged £344.08 per week.

Many homes reported unspecified costs, which ranged from £4.73 to £452.65 with an average £126.99.

A few homes reported a profit margin that ranged from £317.76 to £471.52 with an average of £369.28.