Lincolnshire older adult care home market review 2021-22

18 October 2021

Table of contents

About

This report details the findings from Care Analytics independent review of the older adult care home market in Lincolnshire as of the summer 2021.

The appendix also includes brief analysis of the physical disability and mental health care home markets, as each of these markets is too small for its own detailed review. We have included as an appendix in this report as the respective client groups commission many placements in older adult care homes.

We have produced a separate independent report on the learning disability care home market as there is only minor overlap with the older adult market.

The market review was commissioned by Lincolnshire County Council (LCC) as part of its 3-year review of its care home commissioning. The main aims of the market review were:

- To analyse the costs of delivering older adult residential and nursing care in Lincolnshire to inform the 'usual costs' (weekly fees) that will be set by the council.
- To compile an evidence base to inform the development of the council's future commissioning and commercial strategy, including mapping geographical variations in costs, facilities, and services across the county.
- To identify local trends, issues, pressures, and opportunities, including comparisons against national trends.

Much of the analysis in this report is based on anonymised surveys completed by care home providers in Lincolnshire. Care Analytics would like to thank all care homes and provider groups who contributed to this review.

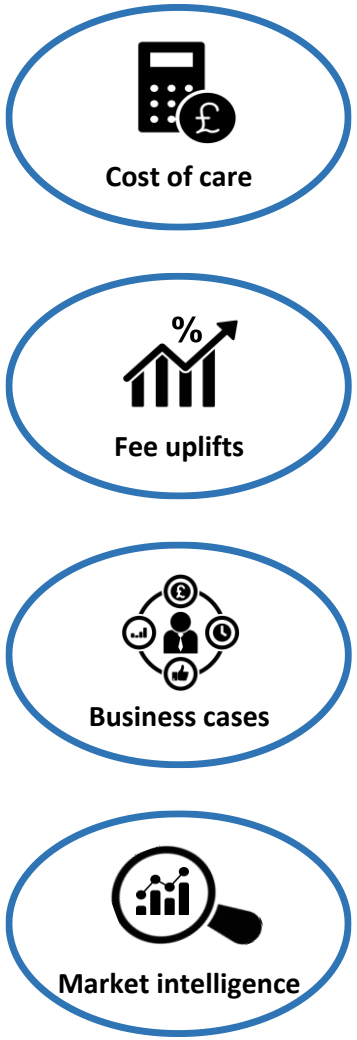
LCC will likely use the analysis within this report to create its own cost model to help inform its ‘usual’ rates for standard-rated care home placements. Care Analytics brief does not include recommending a specific cost model nor advising on what future ‘usual’ rates should be. Our role is to provide an evidence base to help the council make such decisions.

Whilst the primary aim of this report is to provide an evidence base to support council commissioning, we have tried to make the report as useful as possible for care home providers in Lincolnshire.

Disclaimers

Every effort was taken to ensure the accuracy of the information in this report at the time of writing. However, Care Analytics accepts no responsibility for any errors or omissions contained therein. Care Analytics also accepts no responsibility for actions taken or refrained from by reference to the contents of this and any related documents.

Care Analytics



- This project was undertaken by Care Analytics two directors, Jason Hedges and Chris Green, who between them have 30-years of experience working in adult social care and its interfaces.
- We specialise in the financial analysis of care and support services. Underpinning this, we have:
  - ✓ Wide-ranging experience analysing care markets.
  - ✓ In-depth knowledge of the cost of care for all client groups and care settings within adult social care.
  - ✓ Expertise in cost models, financial modelling, and business analysis.
  - ✓ Detailed knowledge of social care policy, regulation, and legislation.
  - ✓ Extensive experience developing business cases in the public, for-profit and voluntary sectors.
- Our customers are councils, CCGs, regional organisations, and care providers.
- More information about our services can be found on our website: https://careanalytics.co.uk/

Evidence used to inform the review

Provider data

- Anonymised provider surveys (discussed on the next page).
- Telephone conversations with three of the largest older adult providers in the county.

Public domain data

- Lincolnshire care home CQC inspection reports 2015-2021.
- Wages and terms & conditions from 500+ job advertisements.
- Skills for Care data about Lincolnshire and East Midlands.
- Statutory accounts of main provider groups operating in the county.
- House sales data at the location of each older adult care home in the county, including 58 properties with the exact address as the care home.
- Provider websites and other online information.
- Various public data sets, such as the CQC care directory, inflation indices, postcode and geospatial data, ASC-FR and other statutory returns.

Council data

- Care home placements data (snapshot as of July 2021).
- FNC data for council-funded placements.
- Data on 'top-ups' for each care home.
- Resident data based on weekly submissions by care homes to LCC ('Jadu' data).
- Covid-19 funding allocations.
- Semi-structured interviews with leads from each client group, and key staff within LCC's finance and commercial teams.

Care Analytics data

- Care Analytics care home database (which is based on the CQC care directory, but with extensive data cleansing and the addition of analytical fields to extend the range of possible analysis).
- Care Analytics extensive range of evidence about the cost of care.

Evidence from surveys

Older adult care home survey responses by national group size (number of care homes in England)

Survey status	<5 homes	5-19 homes	20+ homes	Total	<5 homes	5-19 homes	20+ homes	Total
Submitted a survey	32	7	39	78	30%	33%	72%	43%
No survey	74	14	15	103	70%	67%	28%	57%
Total care homes	106	21	54	181	100%	100%	100%	100%

- 78 out of 181 (43%) older adult care homes in Lincolnshire submitted surveys. Most of the surveys were thoroughly completed, though as is always the case, some care homes did not complete all the sections.
- The survey sample has good geographical coverage (not shown above).
- However, the sample is heavily skewed towards larger groups relative to the overall composition of the market. This is significant, as large groups and independent care homes often have different cost profiles. This also means it is likely that the sample is qualitatively different in some respects compared to the 2017 survey. Caveats are made throughout this report where there are likely to be issues comparing 2021 to 2017 survey data.
- We can only speculate for the reasons why independent care homes did not engage as much as large groups. However, the most likely reason is simply that many homes were simply overloaded given demands on them at the current time. As well as the additional demands resulting from Covid-19, the survey timeframe also overlapped with many other data requests which providers were contractually obliged to complete and/or had funding directly attached.
- Whilst the 2021 survey sample size is good, the lack of responses from independent care homes and the fact that the sample is self-selecting (and includes many homes with very low occupancy) means it is ‘leap’ to assume the sample will always be representative of the wider market. We note in context throughout this report where there are potentially material issues associated with the sample being unrepresentative. Please note that measures of statistical significance do not apply as sample is self-selecting.
- Finally, some analysis in this report is limited by the need to ensure the anonymity of each care homes data. Where care homes or providers are mentioned in the report, any analysis is solely based on information already in the public domain.

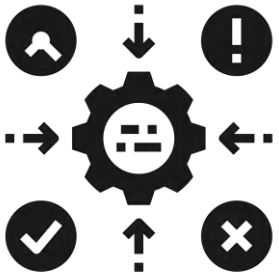
Analysis of the survey data

- Much of the analysis within this report is dependent on the accuracy of the information supplied by providers in their submitted surveys.
- However, Care Analytics extensive experience undertaking similar exercises (and working with care providers) means we can analyse the data from a critical perspective and provide commentary on how to interpret the data.
- Wherever possible, we have also provided supporting evidence from other data sources to validate and contextualise the survey data.
- We have tried to avoid the common mistakes that we often see when people analyse care home survey data. These include:
    i. Failing to recognise that the same cost can be recorded in different ways, such that some costs must be grouped together to ensure correct treatment.
    ii. Failing to adequately take into account that both staff roles and non-staff cost categories overlap, such that high or low values in one area are often offset by low or high values elsewhere.
    iii. Including low outliers in the data but excluding high outliers, therefore artificially reducing averages.
- More generally, we also recognise that averages have significant limitations and can often be misleading. For example, a mean average comprised of high and low values often has different implications in terms of how the data should be interpreted compared to the same mean average where all values are similar. Wherever possible, we show the distribution of results at various percentiles (minimum, 10th percentile, 25th percentile, median or 50th percentile, 75th percentile, 90th percentile and maximum) in addition to mean averages.
- We also calculate 'trimmed mean' results for much of the analysis. These are mean averages but ignore a certain percentage of the highest and lowest values. In this report, this is usually the lowest 10% and highest 10% of values, though sometimes we use a narrower range where we consider more results to be outliers (relative to standard-rated care home placements). While there is often no significant difference between the overall mean and the trimmed mean, the latter can be a more useful metric when a set of data has outliers.
- In summary, we have done our best to ensure the overall cost structure of the respective care homes who submitted surveys is as accurately represented as possible.

Glossary

LCC	Lincolnshire County Council
FNC	Funded Nursing Care. This is what the NHS pays for the nursing care component of nursing home fees.
Prw	Per resident week (such as food costs of £30 prw or 24.0 care worker hours prw).
Unit cost	The total cost needed to supply one unit of a particular product or service. In this instance, a care home placement per week.
Capital cost	Fixed, one-time expenses incurred on the purchase of land, buildings, construction, and equipment.
'Sunk' capital cost	Capital costs which have already been paid for and for which there is no outstanding finance cost (no loans or mortgage).
Operating profit	Profit but excluding consideration of capital costs (whether funded by loan finance or owner equity).
Economic return	Profit including taking into account a real or 'fair' cost of capital.
Percentile	The number below which a certain percentage of values occur. For example, the 10th percentile of a particular cost means 10% of the sample has lower costs and 90% higher costs.
Median	The middle number of a series ranked high to low. This is a type of average.
Mean	Add up all the numbers and divide by the number of instances. This is usually what people refer to when they talk of average.
Trimmed mean	The mean but ignoring a certain percentage of the highest and lowest values. In this report, unless otherwise stated, the trimmed mean ignores the lowest 10% and highest 10% of costs. This helps ensure outliers and data errors are excluded. It is sometimes necessary to exclude more than 10% of costs to ensure the sample is reflective of standard-rated care.
Independent care home	A provider who operates only one care home. In this report, care homes are grouped based on either brand or provider links in the CQC care directory. This misses many small groups where an owner operates multiple care homes as separate companies.
Provider group	A provider who operates more than one care home.

Key context



Overview of the older adult care home sector

- About 400,000 people in the UK are currently supported in care homes.
- Care homes deliver support and board and lodgings as part of a holistic service. Residents are not granted tenancy rights.
- Care homes are legally split between those that provide nursing care and those that do not.
- Care homes are regulated and quality assessed by the Care Quality Commission (CQC). However, there is a great deal of discretion in terms of how care and support is delivered. Much of the way the market operates has therefore developed organically.
- The sector is a fragmented one, varying from large national groups operating thousands of beds to small businesses with one or two care homes. Across England, the 10 largest providers collectively operate less than a quarter of the beds in the market.
- The older adult care home market has a complex interface with the public sector. There are three significant sources of public funding:
    1. Council funding where the person has both eligible care needs and meets the relevant means-tested requirements.
    2. Funded Nursing Contribution (FNC) paid by Clinical Commissioning Groups (CCG) to cover the cost of eligible nursing needs in nursing homes.
    3. Continuing Health Care (CHC) funding paid by CCGs where individuals are assessed as having predominant health needs.
- Public-sector funded placements are sometimes supplemented by third-party top-ups from family, friends, and charities to get preferred facilities.
- The other main funding source is ‘self-funders’ who usually commission their own support directly from their care provider.
- Both the initial self-funder fee level at the point of entering a care home and fee increases over time are unregulated. Providers can therefore charge whatever they think is appropriate.
- In recent decades, an increasingly two-tier market has emerged in many parts of the country, with providers who predominantly support self-funders achieving significantly higher profits than providers who predominantly support public-funded residents.
- As a consequence, the vast majority of new-build care homes in recent years have been built primarily for the self-funder market. There is therefore a growing difference in terms of the quality of facilities serving different segments of the market.

The evolution of rooms standards in new-build care homes

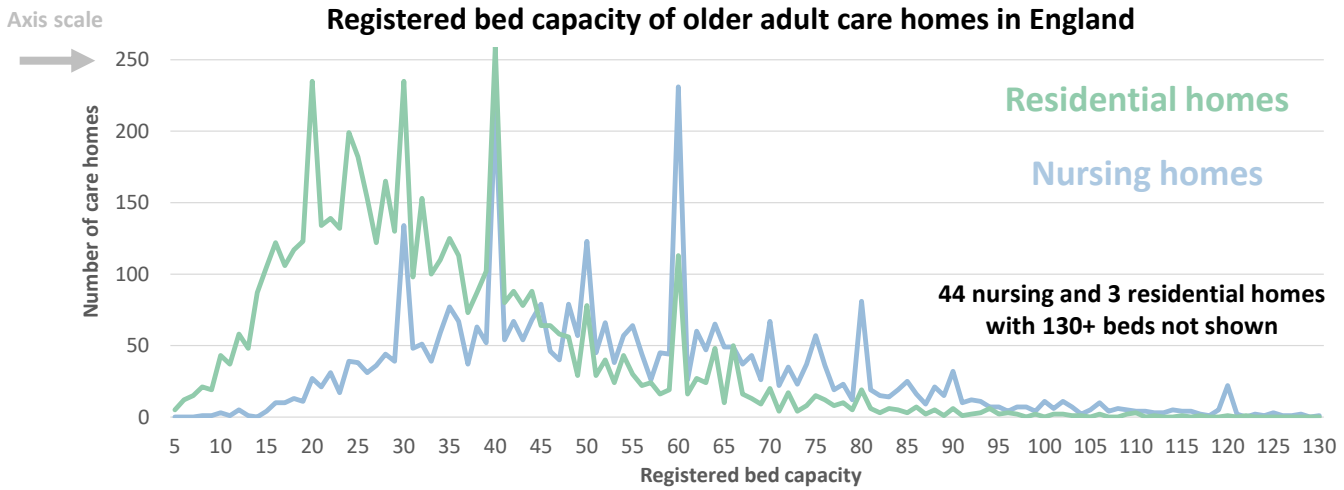
Category	1970s	1980s	1990s	2000s	2010s	2020s
Bathroom facilities	Communal bathrooms	Ensuite toilet and basin	Ensuite toilet and basin	Ensuite shower room	Ensuite shower/ wet room	Ensuite shower/ wet room
Usable floor space	c.9m²	c.10m²	c.12m²	c.12-16m²	c.14-18m²	c.16-20m²

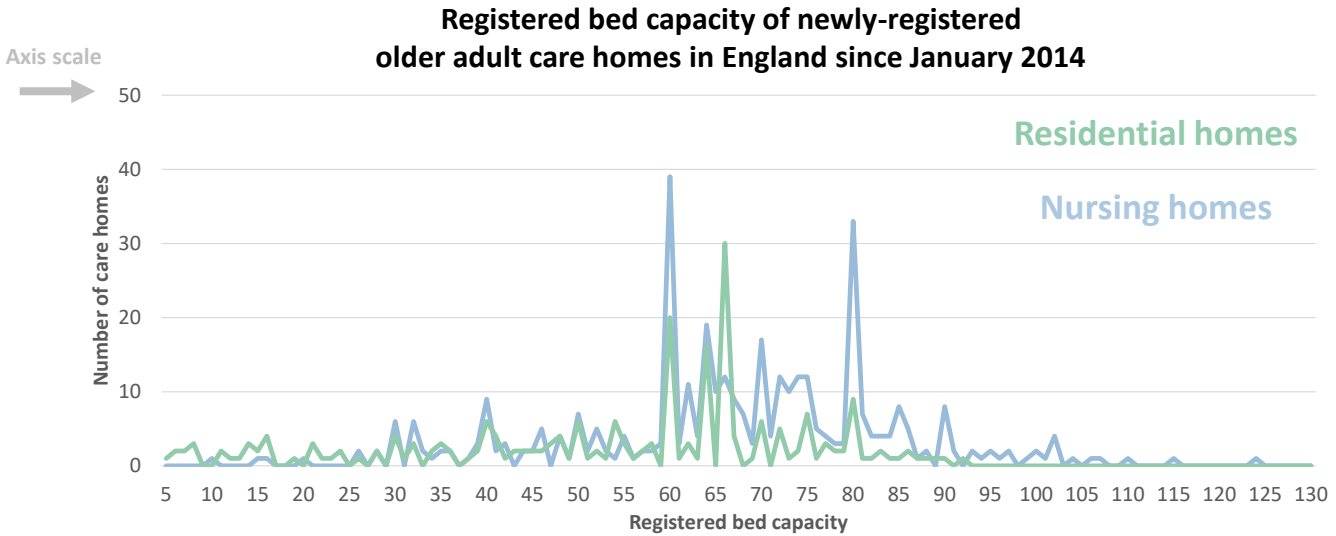
- The table above illustrates in ballpark terms the progression in typical minimum room standards for new-build care homes over time.
- Care homes aimed at the premium and luxury markets would obviously have higher specifications across the decades.
- Back in the 1970's, most of the care home market was an adjunct of the NHS and largely dealt with residents commissioned by the public sector.
- As the self-funder resident proportion of the market has grown, and the public sector has undergone multiple periods of austerity, care home providers have increasingly aimed their provision – particularly new provision – at the private pay market. Typical standards for new builds have progressively improved to reflect the more holistic requirements of self-funders, compared to public sector commissioners.
- The Care Standards Act 2000 specifies that new care homes must have at least 12m² usable floor space in each bedroom, plus an ensuite toilet. The original intention in the Act was that all care homes had to meet this standard by around 2007. However, this requirement was dropped after understandable pushback from the sector that this was unachievable. Two decades later, this requirement still does not apply retrospectively to pre-existing care homes. Indeed, a large minority of the care home market remains 'substandard' by new-build room standard requirements.
- While smaller rooms can be unsuitable for residents with wheelchairs and other mobility equipment, from the point of view of care, the higher room standards of modern new builds are unnecessary.
- Stakeholders are likely to have differing opinions about the importance of rooms size and the need for ensuite toilets, showers, and wet rooms.

Types of care in older adult care homes

- Care homes can be categorised between those that provide nursing care and those that do not. Nursing homes require a registered nurse to be on site at all times. This means nursing care is usually more expensive than residential care.
- Most nursing homes also support residents who do not have nursing needs. This can either be in separate residential care units or within a largely nursing unit. Such care homes are 'dual-registered'.
- In addition to the nursing split, older adult care homes can also be differentiated based on whether they provide dementia care or not. A larger care home might also have separate care units for clients with dementia-related needs.
- Consequently, a fourfold categorisation of nursing general, nursing dementia, residential general and residential dementia is a useful and relatively common way to classify either the entirety of an older adult care home or specific care units within larger homes.
- Care workers in older adult care homes typically support multiple residents across their shift on an as-and-when needed basis. Support can be described on a worker-to-resident ratio across a shift, e.g. 1 care worker to 6 residents (1 to 6). Nurses are sometimes included in quoted staffing ratios. Care worker support levels are usually higher during the day than the night for obvious reasons.
- Neither the Care Act nor the CQC set minimum care staffing levels in England. This means there is a wide variety of staffing levels across the marketplace. The CQC check to see if staffing levels are safe during their inspections, but what is considered safe varies based on the overall level of need of residents and the type and layout of facilities. Most care homes use one of many dependency tools to help calculate safe staffing levels.
- Both (i) the layout, facilities and equipment within a bedroom, and, (ii) the layout and size of the part of the care home used by residents, can significantly influence what constitutes a safe staffing level. For example, old care homes in converted properties sometimes require higher staffing levels because the facilities were not built to be disability friendly. Smaller care units are also often less efficient than larger care units, as care units often require a minimum level of staffing, even if this means staff are underutilised.
- Both the cost structure and the total costs can vary substantially between care homes. Whilst this can sometimes relate to factors such as poor cost control or inefficiency in the traditional sense of the word, by far the most important driver of cost variation is that care homes have different staffing levels, facility standards, financing costs, and business structures. There will always be difficulties trying to 'average' the cost structures of care homes which are qualitatively and not just quantitively different. For example, the difference in terms of the unit cost between a new care home facility and historic care home stock with low repurposing potential (and low capital cost value) is at least £100-150 per resident week (prw), even before considering potential differences in staffing and other day-to-day operating costs.

Residential and nursing care homes sizes

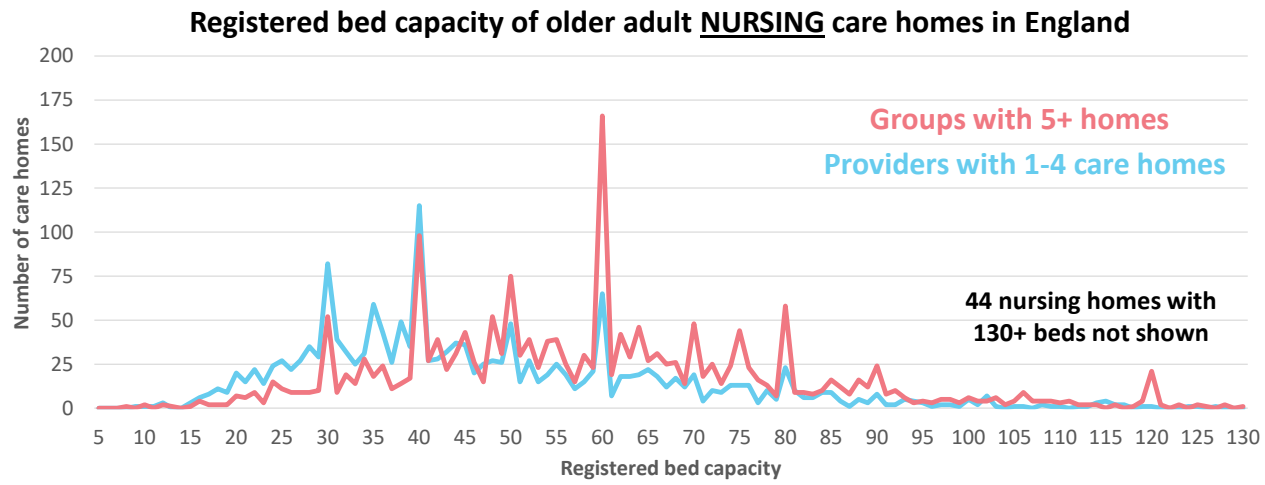


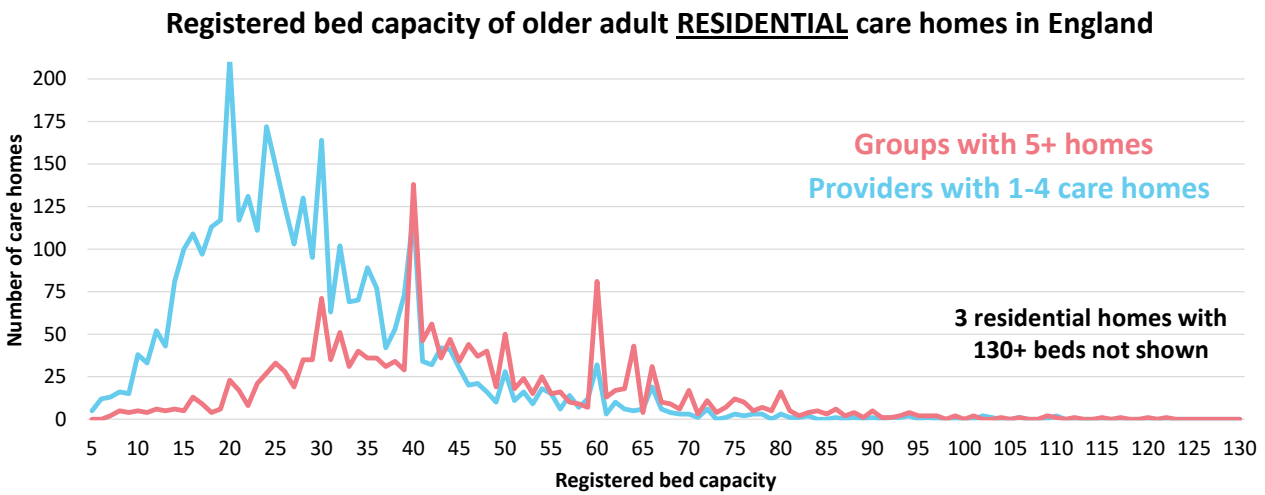


Data: Care Analytics care home database

- Nursing homes rarely operate below 30 beds owing to the efficiencies needed with the nurse. Nursing homes also require higher physical environmental standards and so tend to be in newer (and consequently larger) care homes.
- For various reasons, care homes below about 25 beds are more likely (but not always) to suffer from inefficient staffing, particularly with drops in occupancy. However, such homes are also more likely to have 'sunk' capital costs. They are also mostly independent care homes with no corporate overheads or portfolio management costs. Any higher costs from a lack of economies of scale can therefore often be (more than) offset so that the homes are competitive on price.
- Although there is not always a clear dividing line, caution must be taken analysing care homes that have qualitatively and not just quantitatively different costs.
- Most new builds are built to templates between 60-80 beds (bottom graph). This size of home allows flexible staffing, flexibility with care units (such as changing usage) and achieves good economies of scale. It also maintains appropriate spans of control and avoids some of the marketing, operational, and quality issues that are more likely to occur in larger homes.
- Many of the small homes shown on the bottom graph will not be new builds (just newly-registered facilities).

Care home sizes by provider group size





Data: Care Analytics care home database

- Although the cut-off point of operating 5 care homes nationally is a little arbitrary, we find this more reliable than differentiating independent care homes (as many small groups are not formally linked).
- There is no marked difference in the distribution of bed capacity for nursing homes between small providers and large groups. This is because there is less flexibility in terms of how nursing homes can operate with smaller home sizes.
- However, the distinction between smaller providers and larger groups for residential homes is stark.
- Groups do not usually operate small older adult care homes as (i) there is too high a risk of inefficient staffing, particularly with drops in occupancy, (ii) portfolio management costs relate as much to the number of homes as the number of beds, and (iii) small homes do not operate well to 'blueprints', as there are a myriad of ways homes can (and must) operationalise to be viable. This variability is somewhat incompatible with the corporate business model (though this argument should not be over-emphasised).
- The nursing market did not look like the top graph 20 years ago (looking more like the bottom graph), whilst the residential market will likely increasingly look more like the top graph over the next 20 or so years. Small homes will gradually exit the market and the large spikes between 60 and 80 beds will rise ever higher.

Self-funder fees in Lincolnshire

- The range of minimum self-funder fees in the market can be used to help demonstrate that: (i) there is no singular or 'true' cost of care, and (ii) not all care homes are delivering the same service (even if the care can be considered equivalent).
- Whilst there is not necessarily a proportional relationship between rising prices and costs, care homes charging £300+ more per week than other homes will nearly always have far higher costs. Whilst much of this higher cost relates to a combination of facility standards and costs associated with trying to achieve a 'hotel'-type experience, the costs still exist.
- The self-funder price variation is also sufficient to demonstrate that any analysis of average prices/costs has the potential to be vastly misleading.
- Based on the 2021 survey sample, the east of the county does not have the more luxury market with prices above £1,000 per week. However, all three broad geographical areas in Lincolnshire have a large range of minimum self-funder prices. In all areas, the difference between the 10th and 90th percentile of starting self-funder prices is about £300 to £400 per week.
- Whilst it is possible the sample is not representative of the entire market, minimum self-funder prices in nursing homes (including residential placements in nursing homes) are often considerably higher than residential homes. The main reasons are likely to be the costs of newer/better facilities and contributions to nurse costs outside of FNC.

Minimum self-funder fees in older adult care homes in Lincolnshire (excluding FNC, though FNC is often refunded to private residents if they are eligible)

	Residential general				Residential general			Residential dementia				Residential dementia			Nursing (excluding FNC)			
Category	East	West	South	All	Nursing homes	Res homes	All	East	West	South	All	Nursing homes	Res homes	All	East	West	South	All
Care homes	17	14	15	46	17	29	46	13	12	13	38	14	24	38	5	6	6	17
Min	£533	£600	£550	£533	£533	£533	£533	£588	£600	£573	£573	£588	£573	£573	£587	£780	£870	£587
10th percentile	£533	£691	£622	£582	£722	£568	£582	£622	£694	£827	£656	£624	£716	£656	£652	£810	£910	£768
Median	£759	£785	£859	£765	£912	£755	£765	£825	£883	£950	£885	£943	£880	£885	£820	£904	£1,025	£907
90th percentile	£912	£1,033	£1,140	£1,025	£1,200	£915	£1,025	£909	£1,056	£1,170	£1,054	£1,200	£943	£1,054	£898	£1,036	£1,200	£1,135
Max	£925	£1,200	£1,200	£1,200	£1,200	£962	£1,200	£925	£1,200	£1,200	£1,200	£1,200	£1,025	£1,200	£930	£1,091	£1,200	£1,200

Data: Anonymised care home surveys (2021)

Differential pricing

- It is common for businesses in many sectors to operate differential pricing structures for different types of customer. The reason they do this is to maximise absolute profit. Indeed, many businesses only make profits from certain types of customer (with other customers only contributing to fixed costs). There is a wide literature about how businesses can maximise profit from different customer types.
- The older adult care home market is well known for high levels of differential pricing in terms of the fee levels paid by self-funders, CCG's and councils.
- However, it should also be noted that fee levels for different self-funders can also vary by several hundred pounds per week based solely on room standards (size, location, aspect, etc.). This is also a form of differential pricing, as the differences often do not have a 'cost-plus' basis.
- For differential pricing to be effective, it is important that pricing decisions by different types of customer are disconnected. For example, councils can only pay lower prices, because it does not drag down self-funder prices. Higher prices for specific rooms must also be perceived as justified by the respective customers, irrespective of the extent to which the price difference is proportional (or not) to the underlying cost differences.
- As a high proportion of costs in a care home are mostly fixed for a set amount of capacity, it is rational for many care homes to sell beds to councils at a much lower rate than their usual self-funder fees. This is particularly the case for rooms that would otherwise be vacant, either because of a lack of self-funder demand or because certain rooms are 'substandard' and cannot easily be marketed to higher-paying residents.
- This is illustrated by the table below which shows ballpark unit cost impacts for varying occupancy levels relative to a 90% starting occupancy assumption. The numbers in the table are only intended to show the relationship between costs at varying levels of occupancy, not be indicative of a sustainable rate at a particular level of occupancy. As shown, the unit cost per resident changes markedly with different levels of occupancy.

Ballpark impact of changing occupancy on older adult care home unit costs prw (illustrative numbers only)

	Percentage occupancy					
Occupancy model	100%	95%	90%	85%	80%	75%
Care staffing is fully flexible	£595	£625	£650	£685	£720	£760
Care staffing is fixed and cannot change with occupancy	£570	£610	£650	£700	£755	£815

Care Act vs. balanced budget

- The Care Act 2014 gave local authorities key responsibilities for both market shaping and the commissioning of adult care and support.
- When commissioning, local authorities must ensure that they do not undertake actions which threaten the sustainability of markets. As part of this, they should assure themselves and have evidence that contract terms, conditions and fees are 'appropriate to provide the amount of care required to an agreed quality', including allowing 'for a reasonable rate of return that is sufficient to allow the overall pool of efficient providers to remain sustainable in the long term'.
- For market shaping, local authorities are required to collaborate closely with relevant partners to encourage and facilitate the whole market in its area for care, support and related services, irrespective of whoever is paying for those services. Market-shaping activity should stimulate a diverse range of appropriate high-quality services (both in terms of the types of services and the types of provider organisation) and ensure the market as a whole remains vibrant and sustainable.
- Alongside these Care Act duties, best value duties under Section 3 of the Local Government Act 1999 require local authorities to secure continuous improvement in the exercise of its functions having regard to economy, efficiency and effectiveness.
- Furthermore, in normal times local authorities must also set a balanced budget for each financial year.
- After more than a decade of austerity, financial constraints means there are severe tensions in many local authorities between their responsibilities under the Care Act and their requirements to secure best value and set a balanced budget. Ever narrower interpretations of Care Act duties are common.
- To indicate the scale of the problem, soon after the start of the Covid-19 pandemic, an ADASS survey published in June 2020 found that only 4% of social care directors were confident that their budgets were sufficient to meet their statutory duties.
- In many parts of the country (including Lincolnshire), in our opinion, if local authorities were to prioritise their responsibilities under the Care Act, they would have to 'choose' to pay more for older adult care home placements than is necessary given prevailing market forces. At the current time, most local authorities do not have the resources to make that choice even if they wanted.

CMA key findings (2017)

In 2017, the Competition and Markets Authority (CMA) undertook a market study into residential and nursing care homes for older people. The following are the extracts from their report which we consider the most relevant to this market review.

- "The demand for care home spaces, including spaces for LA-funded residents, is expected to increase in the future. This should be a signal to investors to develop new capacity for LA-funded residents. However, the evidence that we have gathered suggests that this has not been happening. Our analysis shows that this is because LAs, in aggregate, have been paying fees that have been below total cost, in part as costs have increased and LA fees have not increased at the same rate. We consider that this is the key factor affecting the profitability and sustainability of the industry." (para 4.77)
- "Already, nearly all new care homes being built are in areas where they can focus on self-funders." (para 42)
- "Our assessment is that the average fees paid by LAs are below the full costs involved in serving these residents. Our financial analysis of the sector shows that, looked at as a whole, the sector is just able to cover its operating costs and cover its cost of capital. However, this is not the case for those providers that are primarily serving state-funded residents." (para 35)
- "The incidence of differential pricing has increased markedly since 2005 when the Office of Fair Trading reported it found that only one in five homes charged differential prices [between LA-funded residents and self-funders]." (para 2.43)
- "Higher LA-fees will not necessarily result in downwards pressure on self-funder rates, but they would reduce the need for care homes to charge higher fees to self-funders." (para 66)
- "Where a care home is generating an economic loss, investors would not build new capacity, and would not have the incentive to undertake capital expenditure in existing homes. Some investors in existing care homes may choose to exit the market." (para 4.16)
- "On the other hand, if revenues are higher and sufficient to cover total costs (i.e. economic profit), and this is expected to continue in the future, then investors will remain in the industry, and are likely to be willing to undertake further capital expenditure." (para 4.17)
- "Providers making an economic loss (but operating profit) can be expected to remain in the industry only until they require significant levels of capital expenditure on their assets. These providers and care homes have been and can continue to operate profitably until such time." (para 4.40)

Care Analytics consider the CMA report to be an excellent piece of work given the constraints of such a high-level analysis. However, in our view, its main flaw is a lack of emphasis on frequently found differences in the facility standards of care homes serving different sections of the market, and the knock-on implications for unit costs and 'fair' economic returns.

EBITDAR

- EBITDAR (Earnings Before Interest, Tax, Depreciation, Amortisation and Rent), is a key profitability metric in capital intensive sectors like care homes, as it allows fairer comparisons of financial performance irrespective of the financing structure of each business.
- EBITDAR can be expressed as a monetary amount or as a percentage of revenue. The latter is usually referred to as EBITDAR margin and is calculated by EBITDAR divided by revenue (or price).
- For most care home cost models, EBITDAR is the combination of rent (or financing costs), capital maintenance (or depreciation), and surplus/profit.
- According to the Competitions and Market Authority (CMA), the average EBITDAR margin for 26 corporate providers in England was 21% between 2015 and 2017. However, providers who generated the most revenue from self-funders earned average EBITDAR margins of 27%, whilst those that generated the most revenue from council-funded residents earned margins of only 17%.
- The CMA also found that average EBITDAR margins in SME businesses are frequently lower, often less than 15%.
- A critical question, which in our opinion was not adequately addressed in the CMA analysis, is the extent to which lower EBITDARs for SMEs and providers generating the most revenue from council-funded residents can be explained (and at least partially justified) by lower capital costs relating to the age of stock and the standard of facilities.
- Where capital costs are ‘sunk’ or mostly ‘sunk’, an EBITDAR margin in the region of 10% should, in theory, allow buildings and facilities to be maintained (at least in the short to medium term) and allow the provider to earn a minimal operating profit. However, at this level, the provider is essentially not receiving any economic return for their invested capital. They would also struggle to cope with any substantive adverse events without other income. There is also a high risk of such providers exiting the market if they can realistically repurpose their asset.
- An EBITDAR margin between 15-20% is nowhere near enough to cover the associated capital costs for newer care facilities but could be an extremely high rate of return for older care home stock with low repurposing potential.
- The above analysis is not intended to downplay the complex interrelationships between the rates councils pay and the rates of return needed to incentivise new investment into the sector. However, Care Analytics believe that much of the narrative around questions of self-funder subsidy are overly simplified.
- In Care Analytics opinion, councils are increasingly going to have to find more effective ways of managing the fact that there are large differences in cost between support delivered in a new-build care home facility and in an old building with ‘sunk’ capital costs. Differential fees based on facility standards seems obvious at a superficial level, but this type of approach is not without a range of other issues.

The Covid-19 pandemic and care homes

- The first national Covid-19 action plan was announced on 3rd March 2020, the first guidance for reducing the risk of transmission in residential settings (including care homes) was published on 13th March 2020, and the first national 'lockdown' started on 23rd March 2020.
- Deaths in elderly care homes were high as the population is particularly vulnerable and infection control measures were not put in place early enough.
- The supply and use of personal protective equipment (PPE) was initially inconsistent and nothing like as comprehensive as current standards.
- Occupancy fell dramatically in many care homes from a combination of excess deaths and reduced new admissions.
- The evidence Care Analytics have seen from more than a dozen councils is that the impact of Covid-19 on older adult care homes has been variable, with a high degree of bifurcation. Some care homes have been completely unaffected in terms of occupancy levels. By contrast, other care homes have been hit by outbreaks and experienced much reduced occupancy – sometimes reducing to below 50% of their usual occupancy.
- Commentators believe occupancy will take 1-3 years to return to normal levels depending on the area. This is because (i) Covid-19 has brought forward many deaths that would have otherwise happened within the next couple of years, and (ii) as residents in older adult care homes typically die within the first 2 years (though there is a long tail who live much longer), occupancy will be rebuilt quickly provided decisions about entering care homes by self-funders and councils are not substantially affected by the pandemic (or other developments or events).
- New stringent, infection control measures are now in place. There are also additional testing requirements.
- Now much of the population is vaccinated, it is hoped the sector will return to largely standard operation by spring 2021, post the winter flu season. However, the impact of the requirement for care workers to be double vaccinated from mid-November 2021 rightly concerns many stakeholders.
- Given Covid-19 is now certain to remain an ongoing feature of the 'new normal', it is extremely likely the 'new normal' will require use of PPE and other infection control measures more stringent than historic practice. This will add additional cost to standard care home operations.
- Additional central government funding is likely to reduce/stop at some point in the future, so residual costs will fall on councils, CCG's and self-funders.
- The cost analysis in this report mentions in context where Covid-19 is likely influencing results. It is likely a significant factor in the higher staffing levels evidenced in some homes in the surveys (likely as a result of both higher hours and low occupancy).
- Such costs need to be considered at the point additional central government funding is withdrawn. However, it is not currently possible to reliably estimate the additional costs associated with the 'new normal', as it will depend on the requirements stipulated in government guidance (or what is deemed best practice) at the time.

New plans for adult social care

- At the time of writing, the government has recently announced its outline plan for the future of adult social care. At this stage, we do not have the necessary details to reach definitive conclusions about the implications. However, enough detail has been released to speculate.

National insurance increase

- National insurance costs for employers will increase by 1.25% percentage points. Once the qualifying threshold is taken into account, this will probably translate to about an additional 0.75% increase in staff costs for most older adult care homes.

Changes to financial assessment thresholds

- This changes the threshold for council-funded support. As councils will need to commission more care, there will likely be knock-on impacts on prices.

Lifetime cap care costs

- This does not directly affect the cost of care, though there are potentially huge ramifications.
- Councils will have to assess self-funders (probably at least annually) to determine if they have eligible needs and how much the council would in theory pay towards their care. Some form of self-assessment will likely be used to screen out obvious lack of eligibility and to reduce the assessment burden.
- As with Dilnot, we believe there is a reasonable chance that the cap on care costs will not happen. In our opinion, the administrative complexities and associated costs are huge (and possibly not fully appreciated). As such, there is a strong probability implementation will be delayed well beyond 2023.
- There are countless examples where guidance will be needed to manage issues associated with assessing eligibility, and managing (large) differences between the cost of care actually incurred and any notional entitlement for the metering of care costs (and what is paid after the cap is reached).

Self-funder rights to use local authority rates

- This is necessary for a cap on lifetime care costs to be feasible as you need a ‘metering’ rate at least in the ballpark of possible actual costs. This may be the primary reason the government plans to give self-funders the legal right to commission through their local authority.
- Depending on the specifics, this potentially has huge implications for care home markets. Major increases in adult social care budgets would also be needed to make this even close to being a reality. The analysis in this report includes critical context for understanding the implications of this change.

Council and CCG commissioning

LCC placements by location, age group, and client group

Age group and location of care home placements for the older adult client group

	Age group									
Location	18-25	26-44	45-54	55-64	65-74	75-84	85-94	95+	Total	Percent
Lincolnshire	-	-	-	9	181	563	865	196	1,814	97.2%
North Lincolnshire	-	-	-	-	5	5	3	1	14	0.7%
NE Lincolnshire	-	-	-	-	1	1	4	1	7	0.4%
Nottinghamshire	-	-	-	-	2	2	3	-	7	0.4%
Other	-	-	-	-	5	5	13	2	25	1.3%
Total	**-**	**-**	**-**	**9**	**194**	**576**	**888**	**200**	**1,867**	100.0%

Data: Placements data supplied by LCC finance linked to Care Analytics care home database

Client group and age group of LCC placements in older adult care homes in Lincolnshire

	Age group									
Client group	18-25	26-44	45-54	55-64	65-74	75-84	85-94	95+	Total	Percent
Older adult	-	0	0	6	152	550	861	195	1,764	95.1%
Physical disability	-	1	4	23	1	1	-	-	30	1.6%
Mental health	-	4	2	19	-	-	-	-	25	1.3%
Learning disability	-	7	4	8	10	6	-	-	35	1.9%
Total	**-**	**12**	**10**	**56**	**163**	**557**	**861**	**195**	**1,854**	100.0%

Data: Placements data supplied by LCC finance linked to Care Analytics care home database

- The top table shows care home placements commissioned by LCC's older adult client group (in all types of care home).
- The bottom table are placements commissioned by LCC (by all client groups) in care homes that predominantly support older adults.
- LCC commissions nearly all its older adult care home placements within Lincolnshire.
- Such a high percentage (97.2%) suggests a strong in-county preference as care homes located in other council jurisdictions may be closer geographically for many people will live close to the borders of the county.
- Only 4.9% of LCC placements in older adult care homes in Lincolnshire are commissioned by working-age adult client groups. Whilst there is a funding dynamic here (in that LCC transfer funding responsibility for adults in the physical disability and mental health client groups at age 65+), this indicates few older adult homes have specialist care units (for working-age adults) within their homes.

Usual rates comparisons with neighbouring councils 2020-21

Published council fee levels for 2020-21 (rounded to £1)

Area	Lowest rate	Highest rate
Rutland	£469	£545
Rotherham	£479	£547
Nottinghamshire	£493	£726
North Lincolnshire	£496	£527
North East Lincolnshire	£517	£517
Lincolnshire	**£521**	**£574**
Doncaster	£537	£588
Norfolk	£568	£660
Leicestershire	£603	£664

Data: Rates published on respective council websites

- The fee levels shown on this page are taken from respective council websites. They relate to the last financial year, as there are many more rates published. More up-to-figures are not essential, as the important thing is to see Lincolnshire's relative position to other councils.
- The respective councils are those neighbouring Lincolnshire, bar Cambridgeshire and Peterborough who do not appear to have official 'usual' rates.
- The 'usual' rates quoted are exclusive of Funded Nursing Contribution (FNC) if applicable to nursing.
- Councils differ in the types of care categories they use. For the councils left, this varies from 2 categories (nursing and residential) to 10 categories. For commensurability, we have only included the lowest and highest 'usual' rate from each council.
- Rates are ordered low to high using the lowest rate.
- Nottinghamshire is an outlier because its highest rate is far above the others. Nottinghamshire has a complex system of five tiered bands each with a potential dementia supplement.
- Lincolnshire has the 4th highest 'usual' rate out of nine councils (based on the lowest rate). The lowest rate in Rutland is £50 below Lincolnshire's lowest rate.
- What is not known is how frequently the respective councils only pay their 'usual' rate.
- As discussed elsewhere in this report, rates which can be viable in old care homes with 'sunk' capital costs, are far lower than the full unit cost of placements in newer care facilities. Whether explicit or not, for understandable reasons, financial austerity has caused 'usual' rates in many councils to be aligned to costs in older facilities.

ASC-FR weekly unit cost comparisons (aged 65+)

Comparison of aged 65+ ASC-FR care home weekly unit costs

	Nursing		Residential	
Area	2018-19	2019-20	2018-19	2019-20
North Lincolnshire	£484	£504	£480	£504
North East Lincolnshire	£590	£631	£489	£507
Cambridgeshire	£795	£633	£615	£522
Lincolnshire	**£529**	**£581**	**£536**	**£568**
Peterborough	£763	£265	£632	£585
Rotherham	£555	£559	£554	£591
Nottinghamshire	£672	£700	£601	£607
Doncaster	£601	£613	£660	£616
East Midlands	£595	£615	£620	£624
Leicestershire	£601	£608	£591	£637
Yorkshire and The Humber	£639	£708	£597	£639
England	£678	£715	£636	£662
East of England	£672	£654	£644	£680
Rutland	£421	£668	£662	£716
Norfolk	£656	£627	£650	£718

Data: Published by NHS Digital.

- ASC-FR stands for Adult Social Care Activity and Finance Report.
- This return is collected annually from councils.
- This is obviously a trailing indicator from 2-3 financial years ago, though comparisons are still informative.
- Numbers are rounded to the nearest £1.
- Nursing costs are shown net of Funded Nursing Contribution (FNC).
- Results are ordered low to high in the far right column.
- Judgment is needed as specific council figures are not always reliable from year to year. As an example, we would note that the 2020-21 nursing cost for Peterborough is an obvious error.
- Unit cost comparisons are also affected by the cost of in-house provision and block contracts (often with ex-council owned facilities) which are included within the numbers. This can be an upward or downward financial impact depending on how the council accounts for the various costs involved.
- Both North Lincolnshire and North East Lincolnshire councils appear to pay markedly less for care home placements than the other councils. These are Lincolnshire's immediate neighbours to the north.

People accessing long-term support (aged 65+)

People aged 65+ accessing long-term support during the year by support setting: Lincolnshire County Council

Financial year	Nursing	Residential	Care home sub-total	Community direct payment only	Community part direct payment	Community managed personal budget	Community commissioned support only	Total people
2016-17	1,025	2,520	**3,545**	905	120	3,945	*	**8,520**
2017-18	1,075	2,650	**3,725**	770	225	3,575	10	**8,310**
2018-19	980	2,695	**3,675**	620	255	3,535	5	**8,100**
2019-20	935	2,845	**3,780**	675	205	3,610	5	**8,275**

Data: Published by NHS Digital.

- This data is also from the Adult Social Care Activity and Finance Report.
- This element of the ASC-FR is usually more reliable than the data on unit costs (as it is more straightforward to record activity levels than unit costs).
- This is obviously a trailing indicator of people receiving services from 2 or more financial years ago, though comparisons are still informative as they show the trend in total care home placement numbers over this 4 year period.
- LCC care home placements for adults aged 65+ have increased by over 200 since 2016-17. However, this includes a fall in nursing placements of nearly 100, and increase in residential placements of over 300. This change in the balance of residential and nursing placements is likely an effect of the seeming tighter policy by the CCG with regard eligibility for Funded Nursing Contribution (see next page).

CHC and FNC eligibility

NHS Funded Nursing Care and Continuing Healthcare numbers since Q1 2017-18 (snapshots at the end of each quarter)

Organisation Area	17-18 Q1	17-18 Q2	17-18 Q3	17-18 Q4	18-19 Q1	18-19 Q2	18-19 Q3	18-19 Q4	19-20 Q1	19-20 Q2	19-20 Q3	19-20 Q4	20-21 Q1	20-21 Q2	20-21 Q3	20-21 Q4
Eligible for Funded Nursing Care (FNC): total snapshot at end of quarter												**Covid-19**				
England	79,383	80,322	79,040	76,822	76,868	77,411	77,741	78,589	79,328	80,769	79,951	78,546	65,912	62,880	64,757	66,078
Lincolnshire STP	1,093	1,206	1,132	1,061	1,088	1,019	1,000	988	984	983	954	903	765	758	739	713
Change per quarter																
England		939	-1,282	-2,218	46	543	330	848	739	1,441	-818	-1,405	-12,634	-3,032	1,877	1,321
Lincolnshire STP		113	-74	-71	27	-69	-19	-12	-4	-1	-29	-51	-138	-7	-19	-26
Change since 2017-18 Q1																
England	-	939	-343	-2,561	-2,515	-1,972	-1,642	-794	-55	1,386	568	-837	-13,471	-16,503	-14,626	-13,305
Lincolnshire STP	-	113	39	-32	-5	-74	-93	-105	-109	-110	-139	-190	-328	-335	-354	-380
Percentage change since 2017-18 Q1																
England	100%	101%	100%	97%	97%	98%	98%	99%	100%	102%	101%	99%	83%	79%	82%	83%
Lincolnshire STP	100%	110%	104%	97%	100%	93%	91%	90%	90%	90%	87%	83%	70%	69%	68%	65%
Eligible for Continuing Healthcare (CHC): total snapshot at end of quarter																
LINCOLNSHIRE STP	630	725	631	674	905	982	1,096	1,193	820	846	855	821	670	782	811	810

Data: CHC and FNC data published by NHS England

- At the end of September 2017, Lincolnshire STP was funding 1,206 care home residents with FNC. This was about 100 residents higher than the previous quarter, so this appears to be a peak. However, this fell to 903 residents by March 2020 (the start of the Covid-19 pandemic), and further fell to 713 at the last published quarter in 2020-21.
- CHC eligibility is so variable over this period that an accurate picture of trends is hard to identify. However, it appears that numbers have risen over the period, as the 3 of the 4 snapshots in 2017-18 were around 650 people, while 3 of the 4 snapshots in 2020-21 were close to 800 people.
- The implications of the above data is discussed further on the next page.

CCG and FNC eligibility

- Since the start of Covid-19 pandemic, reported FNC numbers have collapsed across England, dropping by 20% in a little over a year. This is presumably a combination of (i) generally reduced demand, and (ii) reduced accounting for FNC as CCG's have been directly paying for more care packages under Covid-19 funding.
- Lincolnshire has experienced a similar fall in FNC numbers since the start of the pandemic. However, this is in addition to a fall between the start of 2017 and the start of the pandemic. Combined, this is a large reduction in FNC-funded residents and may mean that FNC will not be covering the full cost of their nurses in an increasing number of homes.
- This situation will be partly offset by the above inflation increases in FNC over this period. The standard rate of FNC was £155.05 in 2017-18 and has increased to £187.60 by 2021-22. This also followed a much larger increase from £112.00 for 2015-16.
- This situation may also be offset in some homes by increased numbers of residents eligible for CHC funding, though the CHC data on the previous page is too variable to reach any strong conclusions about whether this might be the case.
- 13 older adult care homes in Lincolnshire have deregistered for nursing since January 2014. This contrasts starkly with national trends where registered capacity in nursing homes continues to grow. However, if the data reported by NHS England is correct, this is unsurprising in the context of significantly falling FNC numbers in the county (at least in the past 4 years).
- Unfortunately, we do not have a comprehensive picture of FNC and CHC numbers broken down by care home to inform this review.
- Whilst we can only speculate without a full picture of the data, it is possible that there is too much nursing capacity in some parts of the county. For example, based on data provided by the council, as of the start of June 2021, there were 20 nursing homes in Lincolnshire where the home had fewer than 5 council-funded residents with FNC, and 50 nursing homes with fewer than 10 such residents (data not shown).
- We recommend that LCC does more work to ascertain a comprehensive picture of nursing residents in each nursing home in the county, as well as periodically monitoring this information with the CCG.

Older adult care home market

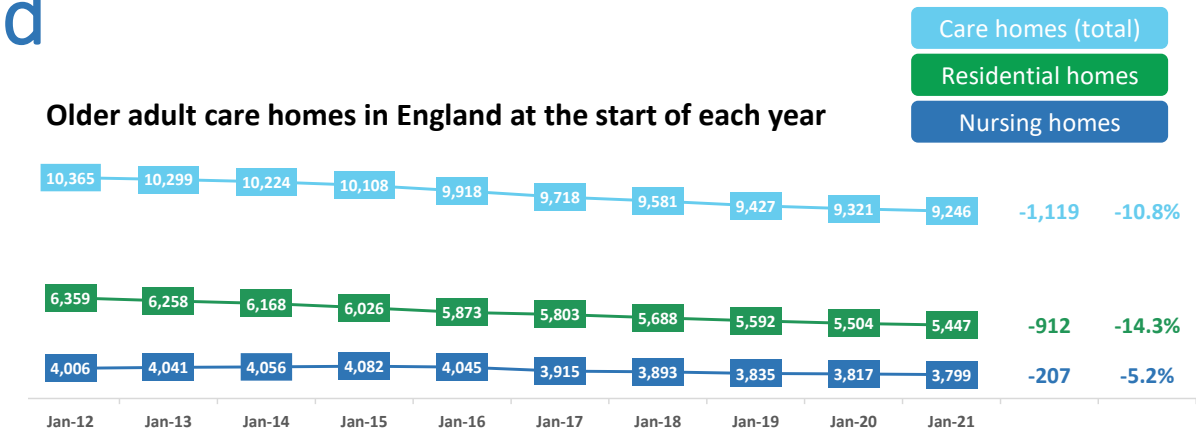
Market capacity across England

Registered beds in older adult care homes (Apr 21)

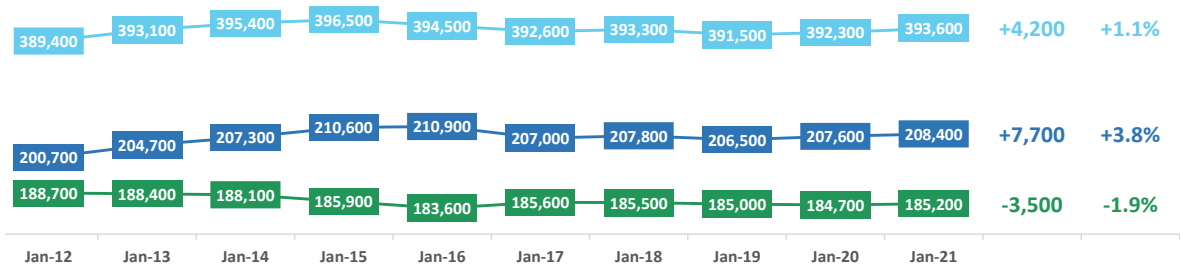
Area	Beds	Beds per 1,000 population: Age 65+	Beds per 1,000 population: Age 75+
London	28,044	25.4	55.7
East of England	45,516	36.2	76.7
South West	47,137	37.0	78.4
West Midlands	41,932	37.5	78.9
England	393,519	37.5	80.4
Shire Counties	218,228	38.1	81.1
Lincolnshire	6,951	38.0	82.7
South East	72,234	39.7	83.2
East Midlands	36,951	38.5	84.5
Yorkshire & The Humber	41,435	39.6	86.4
North West	56,736	40.8	89.2
North East	23,534	43.7	97.2

Data: Care Analytics care home database and ONS population data (2020)

Older adult care homes in England at the start of each year



Beds in older adult care homes in England at the start of each year



Data: Care Analytics care home database

- Lincolnshire's older adult market capacity is close to both the national average per capita and the average per capita for shire counties.
- Across England, the number of older adult care homes is reducing (down 10.8% since January 2012), but total bed capacity is increasing (up 1.1%). This is because newly-built care homes tend to be much larger than the homes exiting the market. New-build care homes also have fewer twin rooms on average than homes exiting the market, so the rise in genuine capacity is greater than indicated by registered beds.
- Nursing homes also have residential care units. There is no definitive source of nursing bed capacity across the country. Nursing capacity would also be subject to change as care units can be repurposed.

Market capacity in Lincolnshire

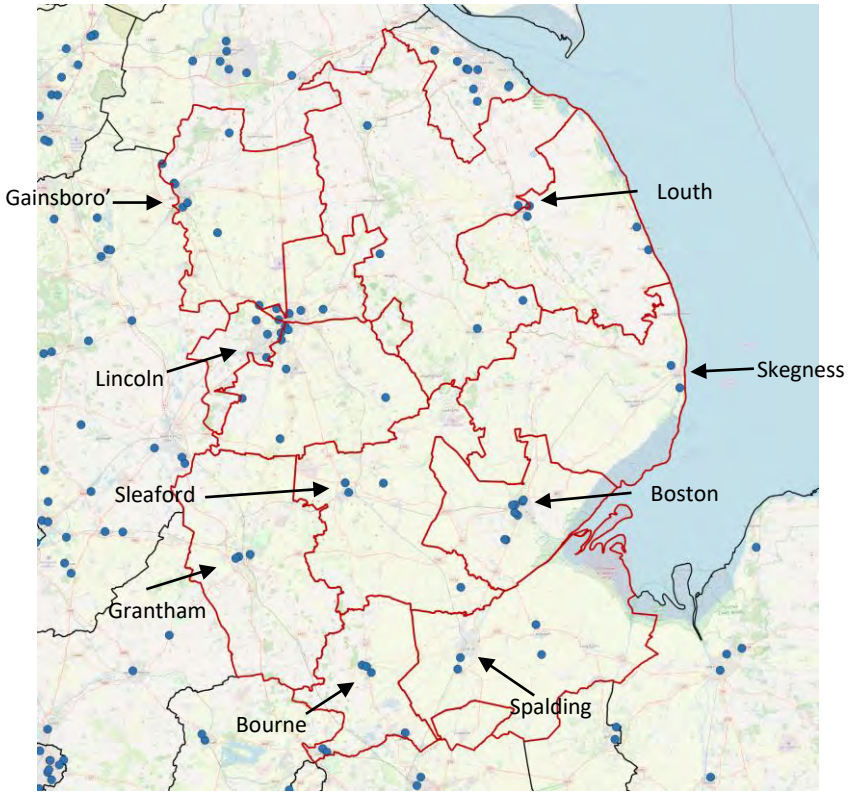
					East				West				South			
Category	East	West	South	Total	Boston	Louth	Market Rasen	Skegness	Gainsboro'	Hykeham	Lincoln North	Lincoln South	Grantham	Sleaford	Spalding	Stamford-Bourne
Older adult care homes																
Nursing homes	19	23	17	59	8	3	6	2	7	4	5	7	3	4	4	6
Residential home	48	30	44	122	8	10	14	16	8	8	3	11	8	11	14	11
Care homes (total)	67	53	61	181	16	13	20	18	15	12	8	18	11	15	18	17
Registered beds in older adult care homes																
Nursing homes	862	1,088	982	2,932	352	129	296	85	309	207	292	280	205	202	224	351
Residential homes	1,513	1,009	1,496	4,018	308	287	422	496	256	260	109	384	267	336	520	373
Care homes (total)	2,375	2,097	2,478	6,950	660	416	718	581	565	467	401	664	472	538	744	724
Beds per 1,000 people aged 75+																
Nursing homes	32	47	32	36	54	23	37	12	53	34	56	45	29	30	24	46
Residential	56	43	48	49	47	51	53	70	44	43	21	61	37	49	56	48
Care homes (total)	87	90	80	85	101	73	91	82	97	78	77	106	66	79	80	94

Data: Care Analytics care home database combined with team postcodes supplied by LCC

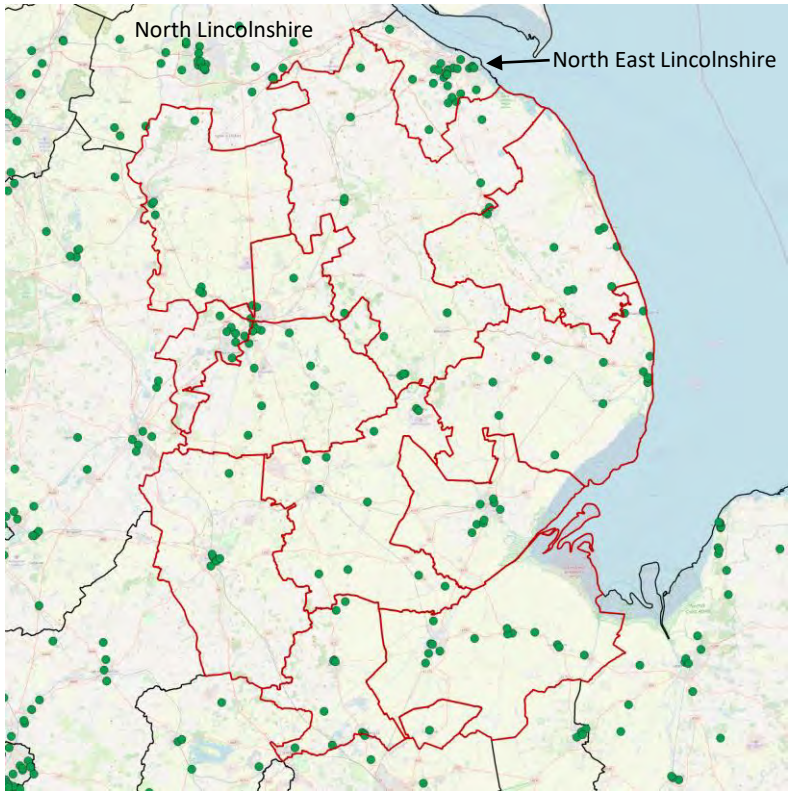
- There is less registered bed capacity in older adult care homes in the south of the county relative to the size of the elderly population.
- Skegness only has two nursing homes. Louth and Spalding also have a low number of beds in nursing homes relative to elderly population size.
- Boston and three of the four older adult care teams in the west have comparatively high numbers of beds in nursing homes, though we do not know true nursing capacity as there is no definitive and comprehensive data source for nursing bed capacity.

Older adult care homes in Lincolnshire

Nursing homes (Apr 21)



Residential homes (Apr 21)



- There are a few parts of the county where there are several older adult residential homes but no nursing homes.
- There are also several areas where there are few nursing homes.
- Nursing homes tend to be in urban rather than rural areas. This can likely be explained by the following logic chain: (1) Nursing homes have higher minimum building requirements and so tend to be newer, (2) new homes are mostly built by corporate providers, and (3) corporate providers tend to prefer urban rather than rural locations.

- The red boundaries show the approximate boundaries for LCC's 12 older adult care teams.
- See page 114 for the above maps classified by build decade.

Twin rooms and implications for true capacity

Twin rooms in older adult care homes in Lincolnshire

Category	Nursing homes	Residential homes	Care homes (total)	Urban'	Rural	Small providers (<5 homes)	Groups (5+ homes)
Total rooms	2,800	3,765	6,565	3,600	2,965	3,267	6,565
Twin rooms	110	225	335	133	202	229	106
Percent twin	3.9%	6.0%	5.1%	3.7%	6.8%	7.0%	3.2%

Twin rooms in older adult care homes in Lincolnshire by older adult care team

	East				West				South			
Category	Boston	Louth	Market Rasen	Skegness	Gainsboro'	Hykeham	Lincoln North	Lincoln South	Grantham	Sleaford	Spalding	Stamford-Bourne
Total rooms	627	391	673	540	537	451	400	589	443	503	707	704
Twin rooms	24	24	46	39	26	11	2	70	20	32	27	14
Percent twin	3.8%	6.1%	6.8%	7.2%	4.8%	2.4%	0.5%	11.9%	4.5%	6.4%	3.8%	2.0%

Data: Surveys plus internet research, linked to Care Analytics care home database combined with team postcodes supplied by LCC

- This analysis has an error margin as we are combining data from the surveys with unvalidated data found on the internet.
- The market is probably 5% smaller than indicated by registered bed capacity owing to twin rooms (which are often used as large singles).
- It is possible that twin rooms are distorting the view of bed capacity in some localities.
- The geographical areas with the most twin rooms relative to market size are Lincoln South, Sleaford, and the east of the county (Boston aside).
- The differences between nursing/residential homes, urban/rural locations, and group size can all be explained by the age of the respective care home stock. See pages 113-114 in the Capital cost and facilities section for analysis of build decade.

Changes in registered bed capacity

Changes in registered bed capacity by type of change: January 2014 to January 2021

Category	Lincolnshire	England	East Midlands	Shire Counties	Unitary Authorities	Metropolitan Districts
Beds as of January 2014	6,724	395,341	35,708	216,402	67,413	81,443
Beds in newly built care homes	549	38,442	4,030	22,032	6,895	7,221
Beds in newly registered homes	50	332	50	115	67	110
Increased beds in same home	150	10,351	1,070	6,113	1,685	1,750
Beds in deregistered homes	-465	-47,226	-3,635	-24,528	-8,119	-9,659
Reduced beds in same home	-57	-3,721	-272	-1,906	-871	-688
Beds as of January 2021	6,951	393,519	36,951	218,228	67,070	80,177
Beds as a percentage of registered capacity as of January 2014						
Beds in newly built care homes	8.2%	9.7%	11.3%	10.2%	10.2%	8.9%
Beds in newly registered homes	0.7%	0.1%	0.1%	0.1%	0.1%	0.1%
Increased beds in same home	2.2%	2.6%	3.0%	2.8%	2.5%	2.1%
Beds in deregistered homes	-6.9%	-11.9%	-10.2%	-11.3%	-12.0%	-11.9%
Reduced beds in same home	-0.8%	-0.9%	-0.8%	-0.9%	-1.3%	-0.8%
Net change in registered beds	227	-1,822	1,243	1,826	-343	-1,266
% net change	3.4%	-0.5%	3.5%	0.8%	-0.5%	-1.6%

Data: Care Analytics care home database

- Caution is required in that results for Lincolnshire can be materially changed by only a few new builds and home closures. However, the data suggests that old stock in the county is staying open for longer than it might in other areas. This will be influenced by low repurposing potential of land in certain areas, especially in the east of the county. This has a myriad of consequences for market forces.

- This analysis is based on 'linking' new CQC location IDs in Care Analytics care home database (so a new registration of an existing home is not counted as new). If a care home is knocked down and rebuilt, we may not know if the home did not deregister for a significant period.
- Shire counties are the best comparison for Lincolnshire, as there are differences to solely urban areas. National results are also distorted by London, where new builds are much sparser owing to high land and build costs.
- Lincolnshire's market is growing in terms of net change in registered bed capacity (+3.4% since January 2014). However, relative to market size, both investment in new stock and home closures in the county are lower than the averages for both England and shire counties.

Deregistered (closed) older adult care homes

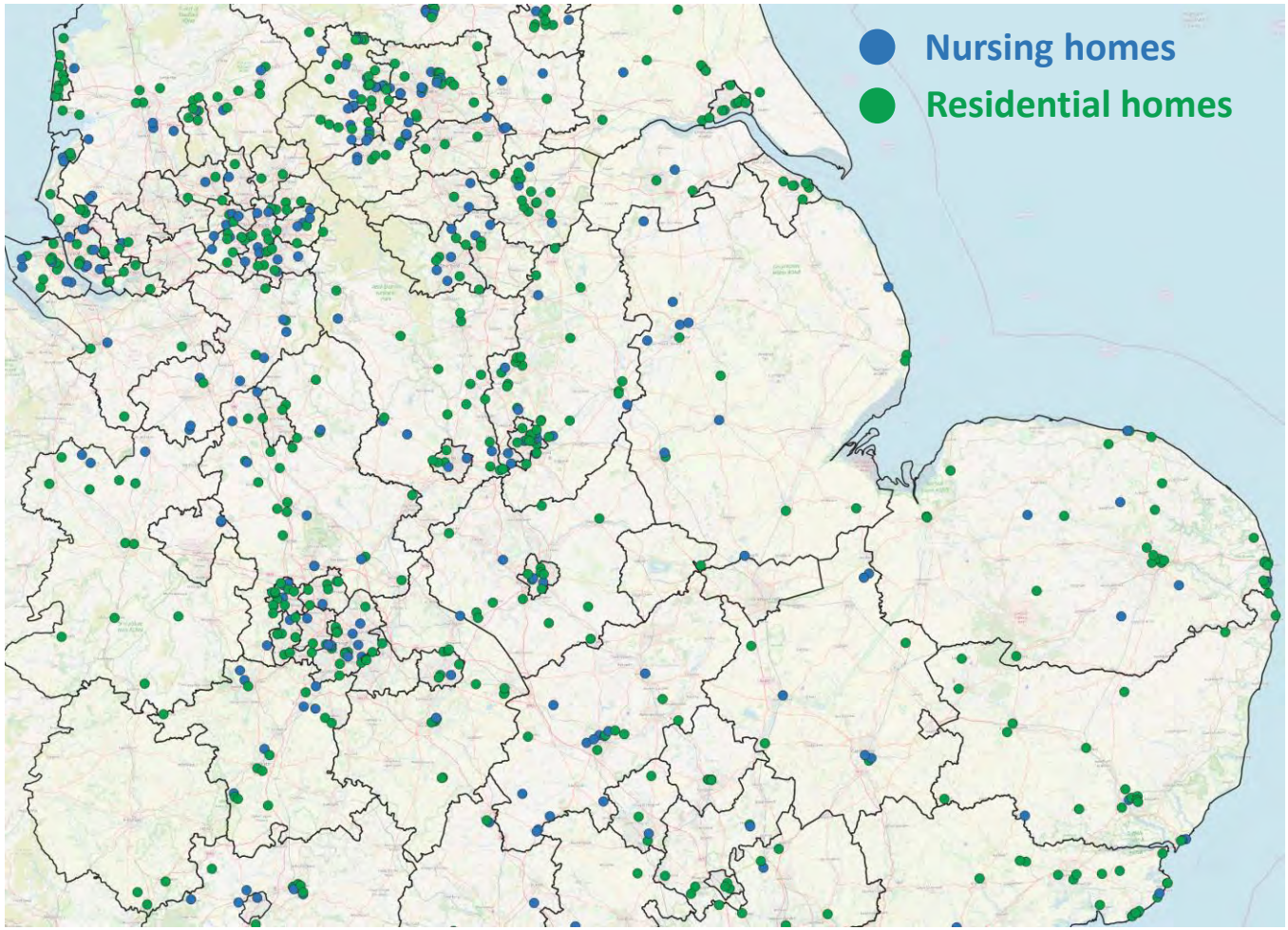
					East				West				South			
Category	East	West	South	Total	Boston	Louth	Market Rasen	Skegness	Gainsboro'	Hykeham	Lincoln North	Lincoln South	Grantham	Sleaford	Spalding	Stamford-Bourne
Closed care homes since January 2014																
Nursing homes	1	5	3	9	-	1	-	-	2	1	2	-	1	1	-	1
Residential homes	4	4	9	17	-	2	-	2	-	1	1	2	2	1	4	2
Care homes (total)	5	9	12	26	-	3	-	2	2	2	3	2	3	2	4	3
Deregistered beds in closed care homes																
Nursing homes	34	162	46	242	-	34	-	-	62	29	71	-	13	20	-	13
Residential homes	103	129	229	461	-	62	-	41	-	42	27	60	55	30	109	35
Care homes (total)	137	291	275	703	-	96	-	41	62	71	98	60	68	50	109	48
Deregistered beds as a % of current beds																
Nursing homes	4%	15%	5%	8%	-	26%	-	-	20%	14%	24%	-	6%	10%	-	4%
Residential homes	7%	13%	15%	11%	-	22%	-	8%	-	16%	25%	16%	21%	9%	21%	9%
Care homes (total)	6%	14%	11%	10%	-	23%	-	7%	11%	15%	24%	9%	14%	9%	15%	7%

Data: Care Analytics care home database combined with team postcodes supplied by LCC

- The west of Lincolnshire has seen the most closures, though still has the largest market per capita (see page 31).
- The east of the county has had fewer closures. This is probably related to lower property values, and thus low opportunity costs for repurposing land.
- Some team localities have seen many closures (including nursing homes, though we do not know how many nursing residents the homes usually had). In small geographical areas, the addition or removal of a single care home can have profound impacts on market supply and demand dynamics.
- A common pattern across England (including Lincolnshire) is that homes exiting the market are smaller than new care homes.

Deregistered (closed) older adult care homes

- Deregistered care homes since January 2014.
- Home closures in the east of Lincolnshire appear quite sparse when pictured.
- There is obviously more density of care homes in urban areas, so the larger map may be misleading.
- Many more residential homes close than nursing. This is as partly a result of the age of stock.



Data: Care Analytics care home database

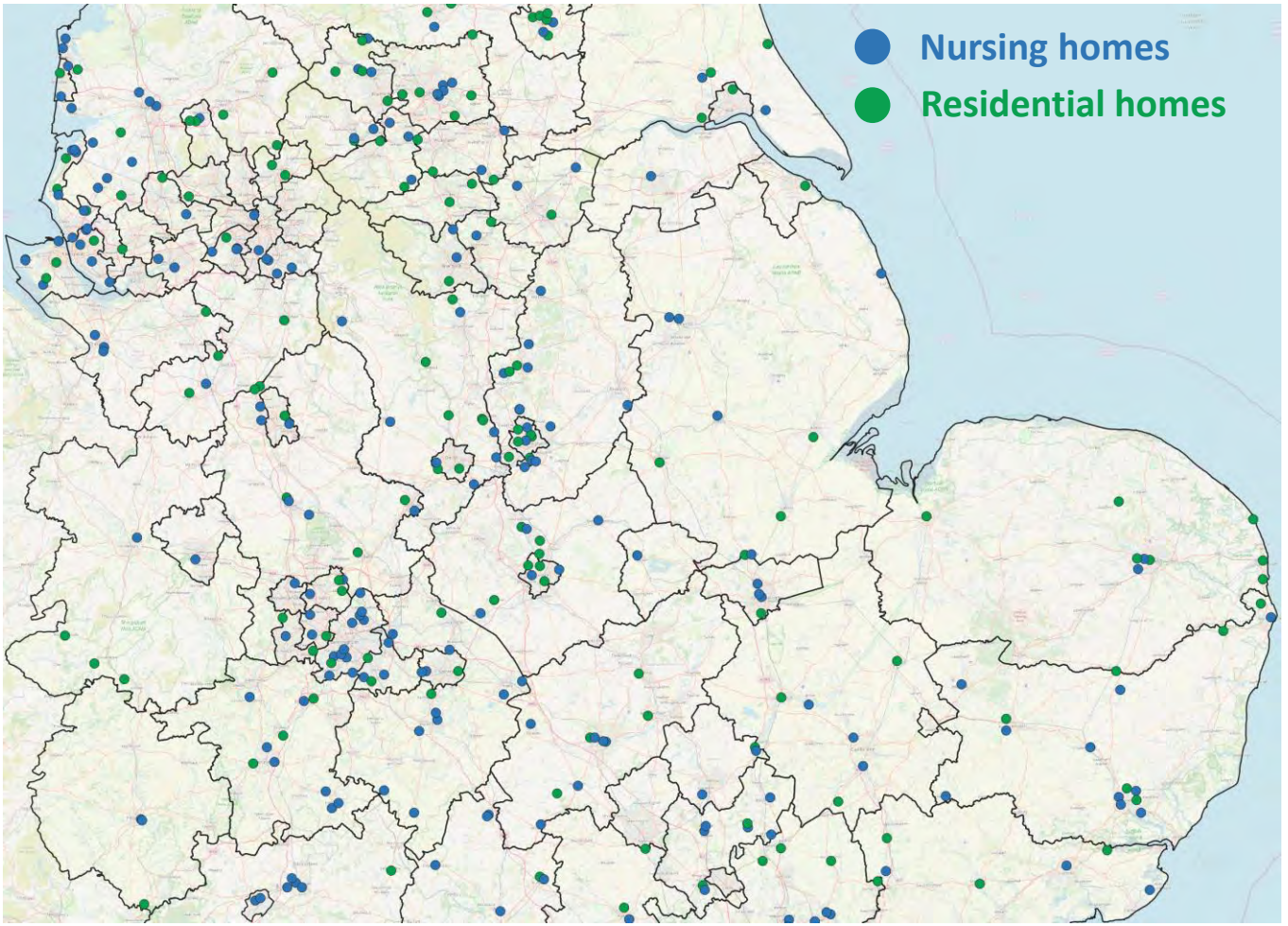
Newly-registered older adult care homes

					East				West				South			
Category	East	West	South	Total	Boston	Louth	Market Rasen	Skegness	Gainsboro'	Hykeham	Lincoln North	Lincoln South	Grantham	Sleaford	Spalding	Stamford-Bourne
New care homes since January 2014																
Nursing homes	2	3	2	7	-	1	1	-	1	-	2	-	-	1	-	1
Residential homes	1	-	4	5	1	-	-	-	-	-	-	-	1	-	1	2
Care homes (total)	3	3	6	12	1	1	1	-	1	-	2	-	1	1	1	3
Beds in new care homes																
Nursing homes	106	182	134	422	-	40	66	-	60	-	61	-	-	74	-	60
Residential homes	66	-	207	273	66	-	-	-	-	-	-	-	64	-	60	42
Care homes (total)	172	182	341	695	66	40	66	-	60	-	61	-	64	74	60	48
Beds in new homes as a % of current beds																
Nursing homes	12%	17%	14%	14%	-	31%	22%	-	19%	-	42%	-	-	37%	-	17%
Residential homes	4%	-	14%	7%	21%	-	-	-	-	-	-	-	24%	-	12%	22%
Care homes (total)	7%	9%	14%	10%	10%	10%	9%	-	11%	-	30%	-	14%	14%	8%	20%
Net change in registered bed capacity																
New less closed	35	-109	66	8	66	-56	66	-41	-2	-71	24	-60	-4	24	-49	95
% of current beds	1%	-5%	3%	0%	10%	-13%	9%	-7%	0%	-15%	6%	-9%	-1%	4%	-7%	13%

Data: Care Analytics care home database combined with team postcodes supplied by LCC

- The market has generally replenished with newly-registered care homes offsetting closures.
- There are more new builds in the south of the county almost certainly because of levels of affluence. New care homes are generally built for self-funders.
- Much of the new stock is built to the circa 60-bed template.

Newly-registered older adult care homes



- Newly-registered care home locations since January 2014 (or same location with complete rebuild).
- There is obviously more density of care homes in urban areas, so the larger map may be misleading.
- Although the number of closures (see pages 35-36) is far greater than the number of new homes, total bed capacity is increasing as new homes are larger.

Data: Care Analytics care home database

Changes in nursing home status

Older adult care homes which have deregistered for nursing since January 2014 but stayed open

					East				West				South			
Category	East	West	South	Total	Boston	Louth	Market Rasen	Skegness	Gainsboro'	Hykeham	Lincoln North	Lincoln South	Grantham	Sleaford	Spalding	Stamford-Bourne
Care homes	6	4	3	13	2	1	3	-	1	2	1	-	1	1	1	-
Beds	268	146	149	563	75	52	141	-	47	67	32	-	29	52	68	-

Data: Care Analytics care home database combined with team postcodes supplied by LCC

Residents with NHS Funded Nursing Care (FNC) in Lincolnshire since the start of 2017-18 (snapshots at the end of each quarter)

Organisation Area	17-18 Q1	17-18 Q2	17-18 Q3	17-18 Q4	18-19 Q1	18-19 Q2	18-19 Q3	18-19 Q4	19-20 Q1	19-20 Q2	19-20 Q3	19-20 Q4	20-21 Q1	20-21 Q2	20-21 Q3	20-21 Q4
Residents with FNC	1,093	1,206	1,132	1,061	1,088	1,019	1,000	988	984	983	954	903	765	758	739	713
Change (△) per quarter		113	-74	-71	27	-69	-19	-12	-4	-1	-29	-51	-138	-7	-19	-26
△ since 2017-18 Q1	-	113	39	-32	-5	-74	-93	-105	-109	-110	-139	-190	-328	-335	-354	-380
% of 2017-18 Q1	100%	110%	104%	97%	100%	93%	91%	90%	90%	90%	87%	83%	70%	69%	68%	65%

Data: FNC data published by NHS England

- 13 older adult care homes in Lincolnshire have deregistered for nursing since January 2014. This contrasts starkly with national trends.
- However, if the data reported by NHS England is correct, this is unsurprising in the context of significant falls in FNC numbers in the county.
- Only 1 residential home that was already open in January 2014 subsequently registered for nursing (data not shown)
- One provider who recently deregistered a home for nursing told us that difficulties recruiting nurses was a contributory factor but far from the sole driver.

CQC inspection ratings

Latest CQC inspection rating as of April 2021

Category	Outstanding	Good	Req. Imp.	Inadequate	No info	Total
Lincolnshire care homes						
Older adult nursing homes	-	40	17	-	2	59
Older adult residential homes	5	91	18	5	3	122
Older adult care homes (total)	5	131	35	5	5	181
Lincolnshire percentages						
Older adult nursing homes	-	68%	29%	-	3%	100%
Older adult residential homes	4%	75%	15%	4%	2%	100%
Older adult care homes (all)	3%	72%	19%	3%	3%	100%
England						
Older adult care homes	4%	72%	19%	2%	3%	100%
Learning disability care homes	4%	81%	9%	1%	5%	100%
Lincolnshire inspections 2015-2019						
2015	1%	48%	48%	2%	-	100%
2016	-	47%	50%	3%	-	100%
2017	1%	50%	47%	2%	-	100%
2018	1%	61%	28%	10%	-	100%
2019	3%	59%	30%	7%	1%	100%

Data: CQC care directory as of April 2021, linked to Care Analytics care home database

- The profile of results for older adult care homes in Lincolnshire are normal. Care Analytics rarely, if ever, see a pattern materially different to that shown in the table.
- Lincolnshire appeared to have a problem with inadequate ratings in 2018 and 2019. As well as obvious issues, this can reduce the supply of available beds if homes are embargoed or cannot take on new residents.
- The analysis of CQC inspection ratings stops at the end of 2019 owing to Covid-19.
- Comparative results for learning disability care homes in England are shown for reference, as it highlights the need to categorise care homes before undertaking market-wide analysis. The better results are largely a consequence of the much smaller size homes compared to older adult homes. The CQC recommends no more than 6 beds.

Occupancy and resident mix

Occupancy pre-pandemic

Sample of occupancy in older adult care homes using CQC inspection reports

Occupancy	2015	2016	2017	2018	2019	2020	2021	2015	2016	2017	2018	2019	2020	2021
<50%	6	-	3	2	3	3	4	7%	-	3%	3%	3%	3%	17%
50-55%	1	-	2	-	1	4	1	1%	-	2%	-	1%	5%	4%
55-60%	2	2	5	5	2	7	2	2%	2%	4%	8%	2%	8%	9%
60-65%	-	5	5	3	6	5	-	-	5%	4%	5%	6%	6%	-
65-70%	1	7	6	4	4	12	2	1%	7%	5%	6%	4%	14%	9%
70-75%	7	2	6	1	3	14	4	8%	2%	5%	2%	3%	16%	17%
75-80%	7	9	9	11	9	14	4	8%	9%	8%	17%	9%	16%	17%
80-85%	8	9	11	9	13	9	1	10%	9%	9%	14%	13%	10%	4%
85-90%	14	25	19	11	21	6	3	17%	24%	16%	17%	20%	7%	13%
90-95%	15	18	23	9	22	2	1	18%	17%	20%	14%	21%	2%	4%
95-100%	23	28	28	9	19	10	1	27%	27%	24%	14%	18%	12%	4%
Total	84	105	117	64	103	86	23	100%	100%	100%	100%	100%	100%	100%
Mean occupancy	**85%**	**87%**	**84%**	**81%**	**84%**	**74%**	**71%**							

Data: CQC inspection reports (to the end of March 2021) where the total number of residents in the home is stated

Mean occupancy in 2017 surveys

Category	Of all beds	Of used beds
Residential homes	90%	92%
Nursing homes	87%	93%
All surveys	89%	92%

Data: Reported 2017 survey data

- Registered bed capacity counts twin rooms at 2 beds.
- Unit costs are heavily impacted by levels of occupancy.
- See page 16 for a discussion of marginal costing implications of changes in occupancy.

- There is a clear drop in occupancy as a result of Covid-19. However, based on the sample of CQC inspections in each year, something like 20% of older adult care homes were already operating below 70% of registered capacity prior to the pandemic. Only about 40-45% of homes were operating above 90% of registered capacity prior to the pandemic. This differs markedly from reported results in 2017 based on submitted surveys at the time.
- Some commentators say 90% is a sustainable occupancy level for a market (not too low to be inefficient and not too high so that there are difficulties finding vacant beds). However, average occupancy statistics are usually misleading as they are nearly always comprised of a spread of occupancy from homes with waiting lists to homes operating below 50% of registered beds. Many of the beds in care homes with very low occupancy are likely not operational, either in the short term (mothballed units) or at all (such as twin rooms).

Recent occupancy

Occupancy and vacancies as a percentage of registered beds in older adult care homes

	Residents as a percentage of registered bed capacity											
Category	20-39%	40-59%	60-64%	65-69%	70-74%	75-79%	80-84%	85-89%	90-94%	95-99%	100%	Total
Number of care homes												
Nursing homes	1	7	6	3	10	2	7	6	10	3	4	59
Residential homes	1	14	6	6	19	19	15	16	17	6	3	122
Care homes (total)	2	21	12	9	29	21	22	22	27	9	7	181
Maximum theoretical bed vacancies												
Nursing homes	30	162	108	75	138	28	57	35	41	7	-	681
Residential homes	43	251	74	78	169	140	75	72	37	10	-	949
Care homes (total)	73	413	182	153	307	168	132	107	78	17	-	1,630

Data: Combined survey data and weekly submissions by care homes to LCC if no survey (June/July 2021), linked to Care Analytics care home database

- There are major occupancy issues in the market across the county (as of the start of July 2021). However, this analysis is slightly misleading as circa 20% of care homes were already operating below 70% of registered capacity prior to Covid-19 (see previous page).
- We have been told by LCC staff at the start of September that occupancy levels in the market have started to improve.
- In aggregate across the whole county, the market already had enough spare capacity prior to Covid-19, with an average occupancy somewhere around the 85% mark. This would probably raise to about 90% of rooms once an adjustment is made for twin rooms.
- In aggregate, there is no difference in vacancy levels between residential and nursing homes. Both have vacancies in aggregate of circa 23% of registered bed capacity (data not shown).
- However, once twin rooms and mothballed capacity are taken into account, vacancies in particular geographical locations can be materially different to a calculation of registered capacity minus current residents.

Resident mix in Lincolnshire older adult care homes

Category	Funder (percentage of residents)								Funder (percentage of beds)								
	LCC (inc. joint)	Other council	Lincs CCG	Other CCG	Unknown CCG	Self funder	Other funder	Total residents	LCC (inc. joint)	Other council	Lincs CCG	Other CCG	Unknown CCG	Self funder	Other funder	Total residents	Registered capacity
All older adult care homes																	
Nursing homes	43%	3%	10%	2%	8%	34%	1%	100%	33%	2%	8%	2%	6%	26%	<1%	77%	100%
Residential homes	54%	2%	1%	<1%	1%	42%	<1%	100%	41%	2%	<1%	<1%	1%	32%	<1%	76%	100%
Care homes (all)	49%	3%	5%	1%	4%	38%	<1%	100%	38%	2%	4%	1%	3%	29%	<1%	77%	100%
Nursing homes by broad-geographical area																	
East	48%	2%	13%	2%	6%	29%	<1%	100%	37%	2%	10%	2%	5%	22%	<1%	77%	100%
West	47%	3%	7%	3%	5%	33%	1%	100%	36%	3%	6%	2%	4%	25%	1%	76%	100%
South	34%	3%	12%	2%	12%	39%	-	100%	26%	2%	9%	1%	9%	30%	-	78%	100%
Residential homes by broad-geographical area																	
East	56%	2%	1%	<1%	1%	40%	<1%	100%	40%	2%	<1%	<1%	<1%	29%	<1%	72%	100%
West	53%	1%	<1%	-	1%	44%	-	100%	43%	1%	<1%	-	1%	36%	-	81%	100%
South	52%	3%	1%	<1%	2%	42%	<1%	100%	41%	2%	1%	<1%	1%	33%	<1%	78%	100%

Data: Combined survey data and weekly submissions by care homes to LCC if no survey, linked to Care Analytics care home database and area postcodes supplied by LCC

- The above analysis has an error margin as it combines survey data and data from weekly submissions to the council (Jadu data).
- Changes in the demand caused by the Covid-19 pandemic may also be materially impacting the above analysis.
- Self-funder market share is higher in the south of the county, but not by much. However, based on these combined datasets, CCG's buy a greater proportion of the beds in the market in the south compared to both the east and west. There is also a corresponding reduction in council-funded placements in the south. If accurate, there may be supply-side and demand-driven drivers behinds these patterns.

Lincolnshire County Council (LCC) market share

					East				West				South			
Category	East	West	South	Total	Boston	Louth	Market Rasen	Skegness	Gainsboro,	Hykeham	Lincoln North	Lincoln South	Grantham	Sleaford	Spalding	Stamford-Bourne
LCC Placements (including joint-funded)																
Nursing homes	184	223	127	534	83	29	48	24	52	37	68	66	30	32	38	27
Residential homes	479	334	502	1,315	63	109	127	180	70	77	38	149	78	129	182	113
Total (care homes)	663	559	632	1,854	146	138	175	204	122	116	106	215	108	161	221	142
LCC placements in nursing homes																
With FNC	127	137	102	366	58	18	36	15	31	36	26	44	23	17	39	23
Without FNC	57	86	25	168	25	11	12	9	21	1	42	22	7	15	-	4
LCC % res in nursing	31%	39%	20%	31%	30%	38%	25%	38%	40%	3%	62%	33%	23%	47%	0%	15%
LCC market share (% of registered beds)																
Nursing homes	21%	20%	13%	18%	24%	22%	16%	28%	17%	18%	23%	24%	15%	16%	17%	8%
Residential homes	32%	33%	34%	33%	20%	38%	30%	36%	27%	30%	35%	39%	29%	38%	35%	30%
Total (care homes)	28%	27%	26%	27%	22%	33%	24%	35%	22%	25%	26%	32%	23%	30%	30%	20%

Data: Placements and FNC data supplied by LCC, linked to Care Analytics care home database and team postcodes supplied by LCC

- The above analysis is based solely on council-supplied data.
- LCC residential placements in nursing homes is calculated by subtracting LCC-funded placements qualifying for FNC from the total number of LCC-funded placements in each home.
- We were unable to acquire a care-home level breakdown of CCG-funded nursing placements in time to inform this review.
- LCC market share (% of registered beds) in nursing homes in the south of the county is much lower than both the east and west.

Public-sector market share

Number care homes by the proportion of public-funded residents (all councils and CCG's)

	Broad location				Nursing status		Group size		Nursing status		Group size	
Percent public funded	East	West	South	Total	Nursing homes	Res only homes	Small providers (<5 homes)	Groups (5+ homes)	Nursing homes	Res only homes	Small providers (<5 homes)	Groups (5+ homes)
<10%	1	2	2	5	1	4	2	3	2%	3%	2%	4%
10-19%	1	-	-	1	-	1	1	-	-	1%	1%	-
20-29%	3	4	5	12	2	10	9	3	3%	8%	9%	4%
30-39%	7	3	5	15	5	10	9	6	8%	8%	9%	8%
40-49%	6	3	6	15	5	10	9	6	8%	8%	9%	8%
50-59%	11	8	11	30	5	25	18	12	8%	21%	17%	16%
60-69%	5	11	11	27	7	20	11	16	12%	17%	10%	21%
70-79%	22	15	8	45	19	26	27	18	32%	21%	26%	24%
80-89%	9	6	10	25	13	12	16	9	22%	10%	15%	12%
90-99%	2	1	2	5	2	3	3	2	3%	2%	3%	3%
Total	67	53	60	180	59	121	105	75	100%	100%	100%	100%

Data: Combined survey data and weekly submissions by care homes to LCC if no survey (circa July 21), linked to Care Analytics care home database and area postcodes supplied by LCC

- The above analysis is based on residents (not registered bed capacity). Vacancies are excluded from the percentage analysis.
- The analysis excludes one care home where there is no data (the home did not submit a survey and has no recent data submission to the council).
- The reverse of the above data (100% less result) are self-funders. Covid-19 may have lowered the usual proportion of self-funders in care homes.
- Care homes with markedly different percentage of residents who are public funded, have different opportunity costs in terms of their willingness and ability to sell beds based on marginal costing considerations (see page 16).

Third-party ‘top-ups’

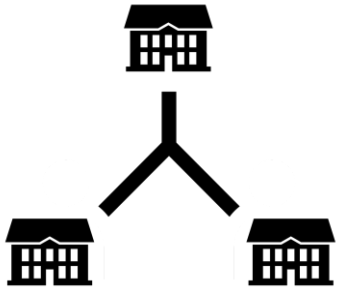
Number of third-party top-ups from the survey sample

				East				West				South			
Category	Nursing homes	Res homes	Total	Boston	Louth	Market Rasen	Skegness	Gainsboro’	Hykeham	Lincoln North	Lincoln South	Grantham	Sleaford	Spalding	Stamford-Bourne
LCC placements	398	453	851	118	54	63	33	43	97	62	71	24	51	195	40
Third-party top-ups	138	108	246	41	17	12	4	6	33	16	14	1	37	54	11
Percent	**35%**	**24%**	**29%**	**35%**	**31%**	**19%**	**12%**	**14%**	**34%**	**26%**	**20%**	**4%**	**73%**	**28%**	**28%**
Homes with survey	26	34	60	8	5	6	3	3	8	4	4	3	4	9	3
% coverage homes	44%	28%	33%	50%	38%	30%	17%	20%	67%	50%	22%	27%	27%	50%	18%
% coverage beds	46%	31%	37%	58%	36%	34%	16%	27%	72%	52%	24%	22%	38%	57%	18%

Data: Anonymised surveys (2021)

- Based on the survey data, 35% of LCC-funded placements in older adult nursing homes have third-party top-ups, compared to only 24% of placements in older adult residential homes. The data for nursing homes has more chance of being representative of the overall market as there is greater coverage in terms survey data (44% of nursing homes submitted a survey with answers this section vs 28% for residential).
- There appears to be a local practice whereby various types of enhanced payments made by the council are called ‘tops-ups’. It is possible that this local terminology may have undermined the reliability of the survey data on third-party top-ups. Furthermore, given that the surveys are skewed towards groups, it is a leap to assume the sample is representative of the overall market. The extent to which older adult care homes in Lincolnshire charge third-party top-ups in practice therefore remains an area of uncertainty. Despite this, our working assumption in the above analysis is that the stated number of third-party top-ups in the surveys are genuine ones paid by a third-party.
- The data on the right-hand side of the table shows combined residential and nursing placements by geographical area. Based on the survey data, differences between the locality teams in a particular area are as large as differences between the three broad areas (East, West, and South). Caution should therefore be applied making generalisations about broad geographical areas; although a more complete sample may show a different picture.

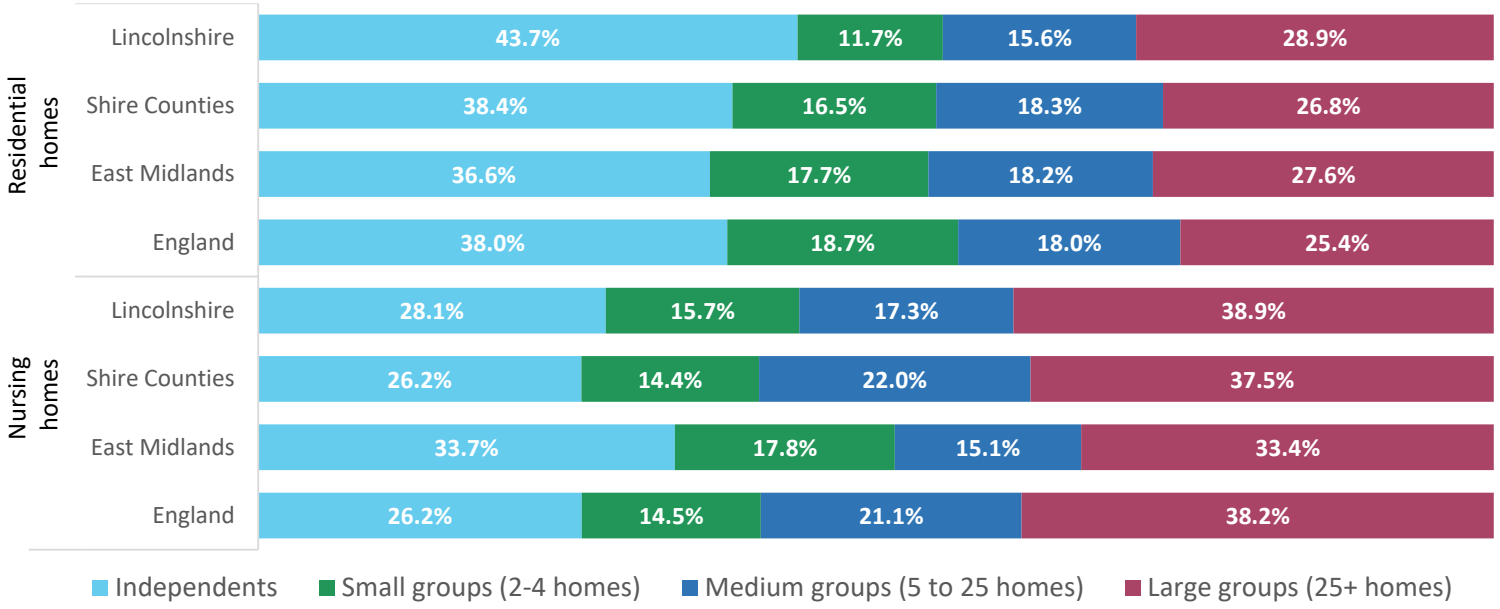
Older adult care home providers



Market composition by provider group size

Percentage of registered beds in the older adult care home market operated by different sized groups

Data: Care Analytics care home database



- Care Analytics link care homes in the CQC care directory using brand and provider ID's. Many small and medium groups are not always linked in the care directory (as they are registered through separate companies for various reasons). This means the number of independent care homes are overstated, and small groups correspondingly understated.
- Although the demarcation points for group sizes are a little arbitrary, there are consistent patterns in terms of market composition in almost all older adult care home markets.

- Lincolnshire's nursing home market is typical in terms of group composition, comprised of about 28% of beds operated by independent care homes (including small groups without formal links in the CQC care directory) and the rest a typical mix of small-to-large groups.
- However, Lincolnshire's residential care home market has a larger-than-average independent footprint, with 44% of beds operated by independent care homes compared to 38% for both England and shire counties.
- A greater number of independent care homes has implications for market forces in terms of both client choice and price competition. A related factor is that independent care homes tend to be significantly smaller on average.

Older adult care home providers in Lincolnshire by market share

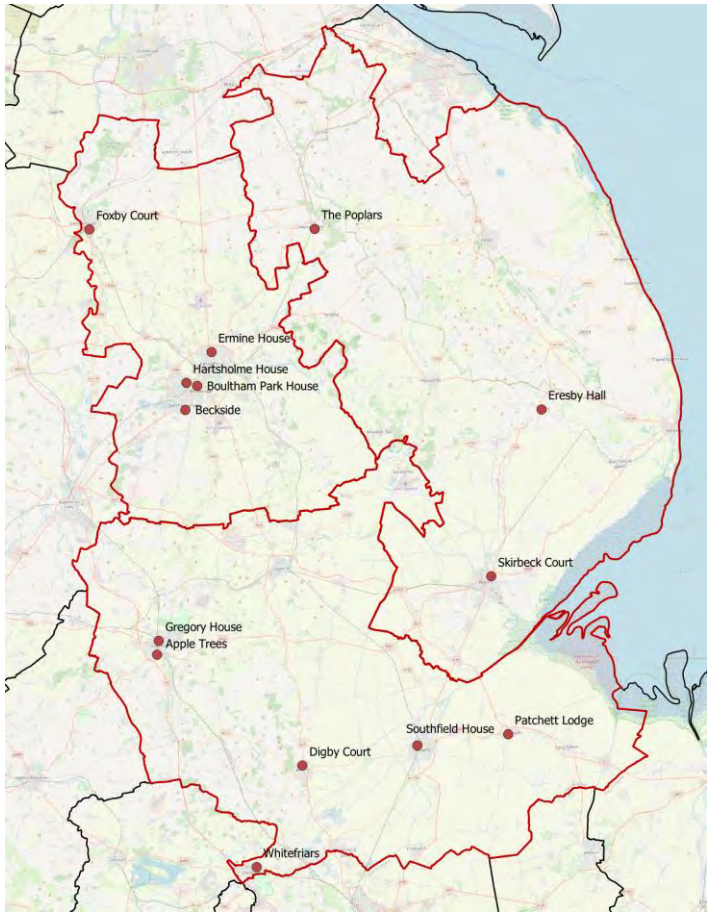
Provider	Homes in Lincs	Beds in Lincs	Percent	Cumulative	Group size (homes)
Orders of St John C.T.	14	611	8.8%	8.8%	68
Country Court Care	11	489	7.0%	15.8%	32
Barchester Healthcare	6	433	6.2%	22.1%	207
Tanglewood Care Services	6	393	5.7%	27.7%	6
HC-One	5	252	3.6%	31.3%	266
St Philips Care	6	201	2.9%	34.2%	20
Prime Life	4	170	2.4%	36.7%	56
Bhandal Care Services	6	144	2.1%	38.7%	7
Knightingale Care	3	128	1.8%	40.6%	7
Care For Your Life	3	109	1.6%	42.2%	3
Priory Group	1	88	1.3%	43.4%	213
Halcyon Care	2	86	1.2%	44.7%	2
Burlington Care	1	86	1.2%	45.9%	31
Carecall	2	82	1.2%	47.1%	2
United Health Group	1	78	1.1%	48.2%	2
Four Seasons Group	2	76	1.1%	49.3%	119
Glenholme Senior Living	1	74	1.1%	50.4%	3
Other care homes	107	3,450	50.4%	100.0%	
Total	181	6,950	100.0%		

Data: Care Analytics care home database (April 2021)

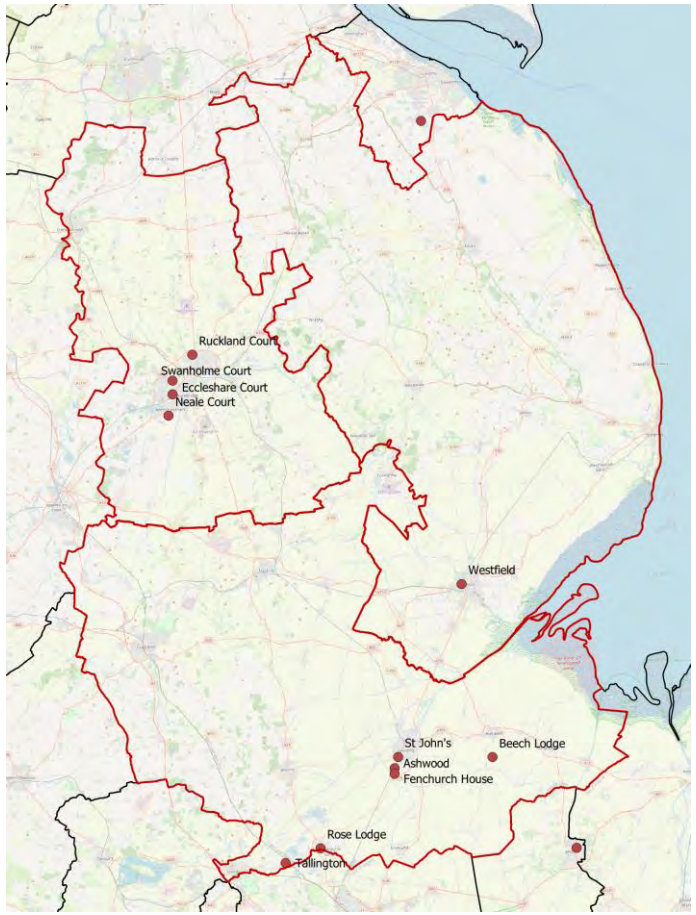
- Care Analytics link care homes in our database using brand and provider IDs in the CQC care directory. However, many small and medium groups are not always linked in the care directory as, for various reasons, they are registered through separate companies. This means some care homes we classify as independent may in fact be part of a group.
- The older adult care home market in Lincolnshire is diverse, with only a handful of providers with what could be described as a substantial market share.
- 31% of the beds in the market are operated by five groups (OSJCT, Country Court, Barchester, Tanglewood, and HC-One). Past that, the market is very diverse.
- Most of the 107 ‘other’ care homes not shown in the table are either independent care homes or groups who only operate a single care home in the county.
- Some providers also operate a few care homes predominantly supporting adults in other client groups. These care homes are not included in the table to the left.
- Maps showing the approximate locations of the largest groups in the county can be found on the next three pages.

Older adult care homes (Apr 21)

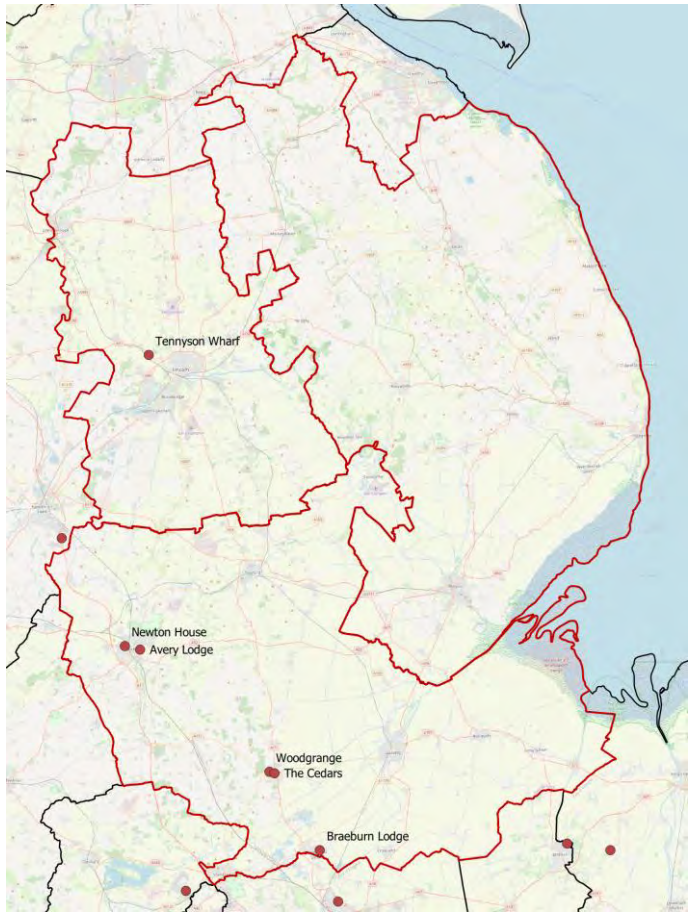
Order of St Johns (14 homes)



Country Court (11 homes)



Barchester (6 homes)



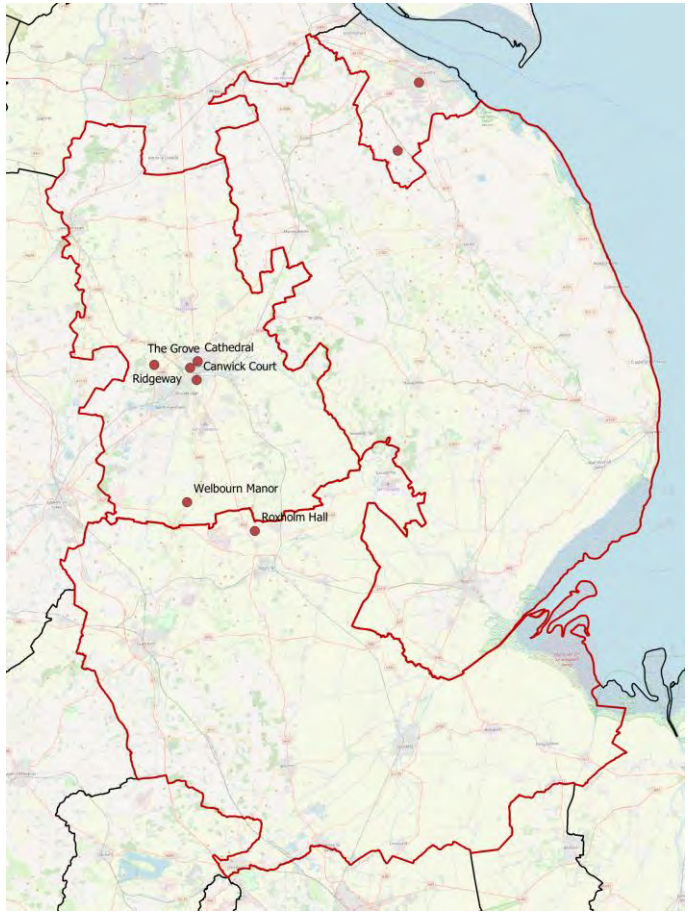
Maps contains OS data © Crown copyright and database right 2020 and Royal Mail data © Royal Mail copyright and database right 2020

The red boundaries on the map show the three broad-geographical areas in the county: East, West and South

Older adult care homes (Apr 21)

Tanglewood (6 homes)

St Phillips Care (6 homes)



Bhandal Group (6 homes)

Maps contains OS data © Crown copyright and database right 2020 and Royal Mail data © Royal Mail copyright and database right 2020

The red boundaries on the map show the three broad-geographical areas in the county: East, West and South

Older adult care homes (Apr 21)

HC-One (5 homes)

- Corporate groups will generally have different business models (and cost profiles) to most independent care homes.
- Groups often operate in clusters as there can be synergies operating nearby care homes. Some synergies have been (temporarily) lost as a result of the Covid-19 pandemic.
- Outside of Boston, Tanglewood and OSJCT are the only larger groups in the county with a significant footprint in the east of the county.
- The larger provider groups in Lincolnshire generally appear to be concentrated in urban areas, despite that half of the older adult care homes in the county are in rural locations. This is because larger country houses were a significant source of converted care homes and large corporate providers are more likely to operate from purpose-built facilities. Some groups also consider rural provision a greater risk, owing to greater difficulties with recruitment and less certainty about demand.
- Based on a combination of survey data and jobs advertised on the internet, all the provider groups operating in multiple locations in the county appeared to have identical pay structures and staff terms and conditions. This suggests any differences in cost drivers within more localised economies are not that strong, as they are not material enough for providers to change their pay structures. The only variations we found were for nurses, where there were sometimes differences in pay in different care homes (albeit with no clear and consistent geographical pattern).

The red boundaries on the map show the three broad-geographical areas in the county: East, West and South

Operating policies and practices

Introduction

- The government does not strongly prescribe how care homes must operate. The Care Standards Act 2000, enacted in 2002, sets various minimum standards for operating a care home, but it leaves a great deal of latitude to providers (and managers).
- Many of the operating policies and practices in the sector have therefore developed organically.
- Operating policies and practices vary based on factors such as the provider, size of home, layout of home, and the manager. For example:
    - Larger care homes are usually more similar to each other, whilst small care homes often have more variability.
    - Small care homes often have multi-functional roles (such as dual care worker/domestic staff). As homes increase in size, most roles are specialised.
    - For obvious reasons, homes run by large groups tend to have more standardised practices.
    - The layout of a care home significantly influences operating practice, such as staffing ratios in care units during the day night and night.
    - Care Analytics often find differences in average staffing levels between for-profit providers, charities and public-sector operated homes.
    - On average, corporate groups are more likely to use agency staff than independent care homes.
    - Within constraints, managers run homes in different ways.
- These differences in practice add complexity when seeking to produce a standard cost model for the marketplace to inform council ‘usual’ rates.
- The analysis within this section includes aspects of operating practice where we were able to capture sufficient data to provide benchmarks. We have also commented based on Care Analytics wider experience working in the sector.
- Most of the analysis in this section comes from either the staffing or rota sections within the survey. These are both snapshots at the current time, where each care home only counts once in the respective analysis.
- However, some of the analysis comes from cost breakdowns supplied within the survey. These are historic and can include the same care home twice, albeit in different financial years.

Length of night shift

Length of night shift in older adult care homes by nursing status of the home

Shift length	Care homes			Percentages		
	Nursing homes	Residential homes	All homes (total)	Nursing homes	Residential homes	All homes (total)
8 hours	1	-	1	3%	-	2%
9 hours	1	-	1	3%	-	2%
9.5 hours	-	2	2	-	6%	3%
10 hours	5	10	15	16%	32%	24%
11 hours	3	3	6	10%	10%	10%
12 hours	21	16	37	68%	52%	60%
Total	31	31	62	100%	100%	100%

Data: Rotas included within anonymised surveys (2021)

- The analysis to the left has a slight error margin as we tried to remove the impact of handover time where it was included as part of the stated shift pattern.
- In most care homes, increasing the length of the night shift lowers costs, as there are nearly always fewer care workers to each resident at night (sometimes half as many depending on the set-up of the home).
- Some nursing homes also operate with fewer nurses at night, though this depends on both the home set-up and the ratio of nursing residents to nurses.

- Most nursing homes run 12-hour shift patterns for nurses and 6-6-12 or 12-12 hour shift patterns for all care staff. This is because it has the lowest costs where homes can reduce nurse and/or care worker staffing at night.
- The two nursing homes with short nights of 8-9 hours are a little anomalous. If we have interpreted their surveys correctly, they both reduce staffing in the evening compared to the daytime, before further reducing for a shorter night shift.
- A surprisingly large number of nursing homes that completed the surveys run 10- or 11-hour night shifts. Some of these could be inaccurate answers. It is also possible that there are more residential than nursing residents in the respective homes. Some operated with 1 nurse 24-hours per day, so longer night shifts were less important financially. Otherwise, we found no obvious consistent patterns in terms of home size or staffing within these 8 homes.
- We are also surprised that 16 out of 31 (52%) older adult residential homes operate 12-hour night shifts. Whilst this could relate simply to sample representativeness, it could also be a consequence of pressures to operate more efficiently. Moving from an arguably – and certainly historically – more typical 10-hour night for residential homes to a 12-hour night can potentially save more than £20 prw in combined wages and employment on-costs.

Paid or unpaid breaks

Treatment of breaks during shifts for both nurses and care workers in older adult care homes in Lincolnshire

	Nurses					Care workers						
		Group size		Location			Group size		Location		Home nursing status	
Category	Total	1-4 homes	5+ homes	Urban	Rural	Total	1-4 homes	5+ homes	Urban	Rural	Nursing	Res only
Breaks unpaid	14	5	9	10	4	35	11	24	25	10	19	16
Partial breaks paid	3	3	-	-	3	5	5	-	-	5	3	2
All breaks on shift are paid	15	4	11	10	5	37	15	22	21	16	10	27
Total survey responses / average	32	12	20	20	12	77	31	46	46	31	32	45
Percentages												
Breaks unpaid	44%	42%	45%	50%	33%	45%	35%	52%	54%	32%	59%	36%
Partial breaks paid	9%	25%	-	-	25%	7%	16%	-	-	16%	9%	4%
All breaks on shift are paid	47%	33%	55%	50%	42%	48%	48%	48%	46%	52%	31%	60%
Total survey responses / average	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

Data: Staffing tab within anonymised surveys (2021)

- The impact of paid breaks should not be underestimated as it can have a material impact on costs. For some job roles (especially nurses), it is impossible to fairly compare wages until you know whether breaks during shifts are paid.
- We were a little surprised so many nursing homes do not pay nurses for breaks during shifts (44% unpaid). It is more common for nurses to be paid for breaks (often providers do not want to leave care units without a nurse on breaks and paid breaks include the requirements to stay in the building).
- Some of the 'partial' answers explicitly mentioned that breaks are only paid at night, or for tea breaks but not lunch. Others were unspecified.
- There may be a rural impact in terms of paid breaks, though this would require more evidence to be certain.

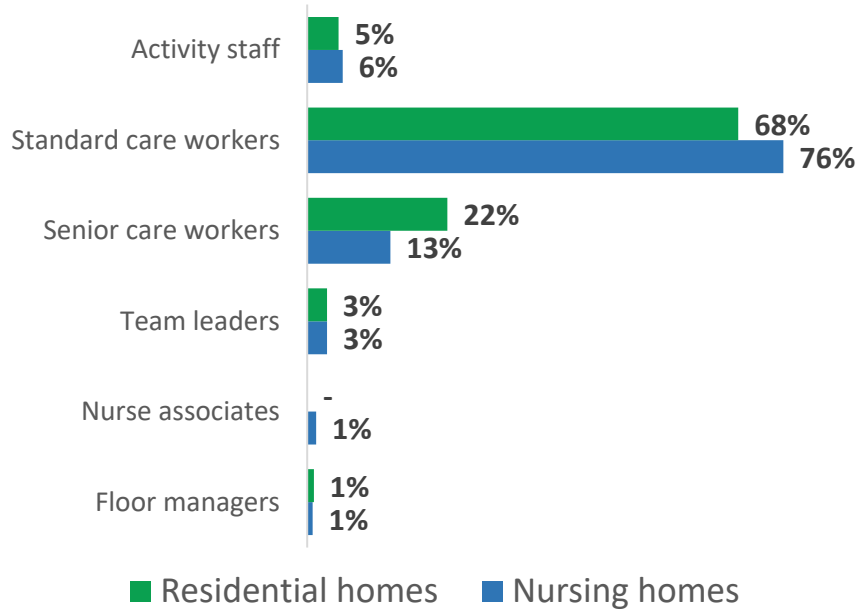
Mix of standard and senior care staff

Senior care staff as a percentage of total care workers in older adult care homes in Lincolnshire

	Care homes			Percentage		
Percent senior care staff	Nursing homes	Residential homes	Total	Nursing homes	Residential homes	Total
0-5%	-	-	-	-	-	-
5-10%	2	1	3	10%	3%	0%
10-15%	3	2	5	15%	6%	6%
15-20%	3	6	9	15%	19%	10%
20-25%	7	7	14	35%	23%	18%
25-30%	1	8	9	5%	26%	27%
30-35%	3	4	7	15%	13%	18%
35-40%	-	1	1	-	3%	14%
40%+	1	2	3	5%	6%	2%
Total care homes	**20**	**31**	**51**	100%	100%	6%

Data: Staffing tab within anonymised surveys (2021)

Total breakdown of care worker hours in surveys



- In the above analysis, senior care staff are considered either a (i) senior care worker, (ii) team leader, (iii) nurse associate, or (iv) floor manager if there is also a deputy manager in the respective care home (else the floor manager is treated as management).
- We expect to see lower senior care staff percentages in nursing homes, as nurses are also a senior role.
- The above results are typical, though the distribution demonstrates there are potential error margins if a sample is not representative.
- There is always an issue of 'labelling' with this type of analysis. Some senior care staff are paid a marked premium to standard care workers, whilst others only a modest higher rate of pay. Senior care staff in some homes may also be paid less than standard care workers in others.

Public holiday pay enhancements

Public holiday pay enhancements in older adult care homes in Lincolnshire

	Number of care homes			Percentage of care homes			Mark-up on hourly pay		
	Group size			Group size			Group size		
Category	1-4 homes	5+ homes	Total	1-4 homes	5+ homes	Total	1-4 homes	5+ homes	Total
All paid at double time	3	17	20	15%	43%	33%	2.2%	2.2%	2.2%
All paid at 50%	2	2	4	10%	5%	7%	1.1%	1.1%	1.1%
All paid at 25%	1	-	1	5%	-	2%	0.5%	-	0.5%
Mixed (varies by public holiday)	13	21	34	65%	53%	57%	0.8%	0.7%	0.7%
No public holiday premiums	1	-	1	5%	-	2%	-	-	-
Total survey responses / average	20	40	60	100%	100%	100%	**0.9%**	**1.3%**	**1.2%**

Data: Staffing tab within anonymised surveys (2021)

East	0.7%
West	1.3%
South	1.6%
All	1.2%

- Only one care home out of 60 who completed this part of the survey did not pay any pay enhancements on public holidays.
- 57% of older adult care homes in the sample have pay enhancements which vary based on the public holiday. A common answer was double pay but only for 3 public holidays, though there were a variety of configurations of days and amounts.
- The percentage mark-up on hourly wages has been calculated on the right-hand side of the table. Double time for 8 public holidays calculates as a 2.2% increase in wages, though occasionally there are additional public holidays in some years.
- The average 1.2% mark-up on wages for affected roles is a little more than all public holidays paid at time-and-a-half pay. However, larger groups appear to be more generous with respect of public holiday pay. As the sample is skewed towards larger groups, the 'true' market average may be less.
- Whilst there can be no guarantee of the representativeness of the sample, there appears to be more generous public holiday enhancements in the south of the county (1.6% average mark-up) and less in the east (0.7%). The west (1.3%) is closer to the south.

Other terms and conditions

Holiday entitlement

- Only two individual care homes and one group with multiple homes stated they had higher than statutory holiday entitlements.
- The more generous holiday pay was nearly always a reward for length of service and so entitlement was statutory when starting employment.

Sick pay

- No older adult care home who submitted a survey had automatic occupational sickness for hourly paid staff.
- Almost all care homes who submitted a survey only pay statutory sick pay (SSP). This is a near universal norm in the sector.
- One provider and a handful of other care homes had paid sickness absence after a qualifying period. Examples include: full pay if Covid, else sick pay after 5 years; Statutory till 1 year, then 1-week full pay for each year of service to 4 weeks; 8 days full pay after 6 months / supervisory roles 4 weeks.
- We have chosen not to show statistical results as they are distorted by a single provider and so would give a misleading signal about the market.

Weekend pay

- Based on the survey sample, only one provider and one other care home pay weekend pay premiums. These are small (only circa £0.20p per hour). As part of the analysis, we have added these premiums to the respective care homes hourly rate of pay on a pro rata basis.
- We have chosen not to show statistical results for weekend pay as it would either risk anonymity or give a misleading signal about the market.

Other pay enhancements

- Some care homes pay premiums for overtime and working at short notice. This has substantially increased as a result of the Covid-19 pandemic and related central government grants.

Apprenticeship Levy

- Based on the survey sample, 69% of care homes paid the levy. However, this is simply a product of each provider's size. The proportion of the overall market who pay the levy is much lower given that independent care homes are underrepresented in the survey sample.

National insurance costs

National insurance costs as a percentage of wages in older adult care homes in Lincolnshire

Financial year	Sample size	Mean	Distribution							10-90th percentile	
			Minimum	10th percentile	25th percentile	Median	75th percentile	90th percentile	Maximum	Sample size	Trimmed mean
2019-20	30	6.2%	3.8%	4.9%	5.5%	6.2%	7.2%	7.5%	8.4%	24	6.2%
2020-21	31	6.4%	4.0%	5.3%	5.8%	6.4%	7.3%	7.7%	8.3%	25	6.5%
2021-22 (forecast)	12	6.3%	3.7%	4.4%	5.6%	6.3%	7.6%	7.9%	8.3%	8	6.5%

Data: Calculated from anonymised surveys (2021) where care homes supplied both total wages and employer national insurance costs

- Survey results are as expected.
- Percentages increase as either wages rise and/or a greater proportion of staff work full-time hours. Extensive use of overtime can also raise employer national insurance costs.
- The lower end of percentages will be based on a combination of comparatively low wages and high numbers of part-time workers (though the results below 5.0% would require a heavily part-time workforce).
- We found nothing significant when we analysed the survey data by group size, nursing status of each home, and care home size.
- Logically, the cost of nurses and higher paid managerial staff means nursing homes would be expected to have slightly higher national insurance costs. However, the difference caused by these higher paid staff is not significant enough to stand out given the underlying variation in the data.
- We also analysed the statutory accounts of five older adult care home provider groups operating in the county. These accounts had employer national insurance costs between 5.7% and 7.6% of total wages (and a simple mean of 6.5%). This is therefore consistent with the survey results.
- Central staff would generally have higher national insurance costs than home-based staff, but this would rarely be enough to distort overall averages.
- The recently announced 1.25 percentage point increase in national insurance costs is obviously not included in the survey data or historic accounts. Once employment thresholds are taken into account, this will likely cost older adult care home providers between 0.5% and 0.75% of wages.

Pension costs

Pension costs as a percentage of wages in older adult care homes in Lincolnshire

Financial year	Sample size	Mean	Distribution							10-90th percentile	
			Minimum	10th percentile	25th percentile	Median	75th percentile	90th percentile	Maximum	Sample size	Trimmed mean
2019-20	31	1.8%	0.4%	1.3%	1.5%	1.7%	2.0%	2.3%	2.8%	25	1.8%
2020-21	31	1.7%	0.7%	1.4%	1.5%	1.7%	1.9%	2.0%	3.1%	25	1.7%
2021-22 (forecast)	12	1.8%	0.6%	1.3%	1.7%	1.8%	2.0%	2.1%	2.8%	8	1.8%

Data: Calculated from anonymised surveys (2021) where care homes supplied both total wages and employer pension costs

- Survey results are as expected.
- Percentages increase as either wages rise and/or a greater proportion of staff work full-time hours (especially extensive use of overtime).
- The lower end of percentages will be based on a combination of comparatively low wages and high numbers of part-time workers. The lowest pension costs also indicate high numbers of staff either being ineligible or opting out of pension auto-enrolment.
- We found nothing significant when we analysed the survey data by group size, nursing status of each home, and care home size.
- We also analysed the statutory accounts of five older adult care home provider groups operating in the county. These accounts had pension costs between 1.2% and 2.4% of total wages. This is therefore consistent with the survey results.
- The highest pension costs will either be because pension contributions are paid based on all wages (rather than statutory qualifying wages) or the provider has legacy pensions within their portfolio when they have taken over contracts (usually from local authorities).
- It is common for providers to make higher pension contributions for managerial and central staff. However, the impact on overall pension costs as a percentage of wages is usually negligible as they only account for a small fraction of total staff spend.
- For the avoidance of doubt, the combination of employees opting-out, ineligible workers, and non-qualifying wages substantially reduce pension costs in percentage terms below the 3.0% statutory rate.

Agency staffing (1)

Agency staffing as a percentage of total staffing costs in older adult care homes in Lincolnshire (for care homes who used agency staff)

Financial year	Sample size	Mean	Distribution							10-90th percentile	
			Minimum	10th percentile	25th percentile	Median	75th percentile	90th percentile	Maximum	Sample size	Trimmed mean
2019-20	17	6.0%	0.3%	2.1%	2.7%	4.6%	8.2%	12.3%	14.5%	13	5.5%
2020-21	19	5.6%	0.1%	0.3%	1.4%	3.6%	7.5%	15.8%	18.7%	15	4.7%
2021-22 (forecast)	10	3.4%	0.0%	0.1%	0.4%	2.0%	5.9%	8.6%	9.7%	8	3.0%

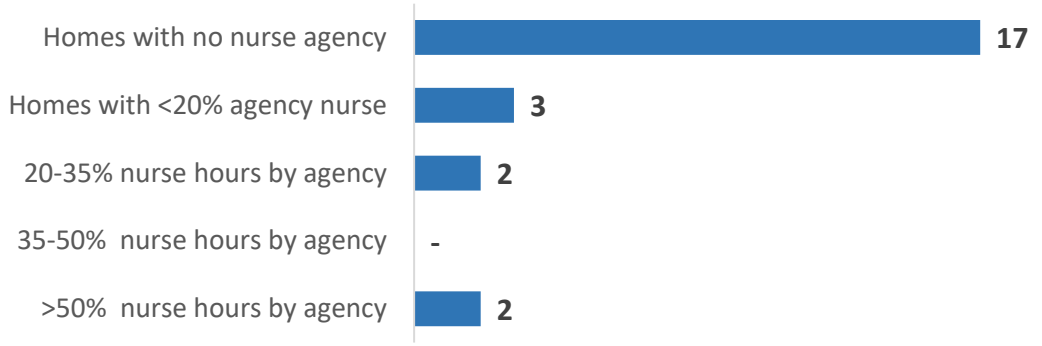
Data: Calculated from anonymised surveys (2021) where care homes supplied both total staffing costs and agency costs

- The above analysis does not include about one-third of care homes who supplied cost breakdowns but had no agency costs. This is common in the sector. As indicated by comments in the surveys, many care homes clearly took pride in the fact that they had not used agency staff in many years.
- The 'true' results for agency usage for both the overall sample (and likely the wider market) would therefore be substantially lower than indicated above – both in terms of averages and the distribution.
- These results are unsurprising as many care homes operate with little to no agency, whilst others systematically use agency (for short periods of time).
- The risk of Covid-19 infection has, by all accounts, reduced the use of agency staff. There is some supporting evidence in the 2021-22 forecasts.
- We found nothing significant when we analysed the survey data by both group size and care home size.
- However, analysis showed nursing homes (various averages between 4.5% to 6.0%) had much higher typical agency costs than residential homes (various averages between 0.6% to 3.6%). This is unsurprising as much of the agency costs in older adult care homes are for nurses.
- In the staffing tab within the surveys (separate from the above analysis), 24 nursing homes supplied staffing information. This includes two specialist nursing homes in addition to the 22 older adult care homes. Of these, 7 (29%) were currently using agency nurses on their rota and 17 (71%) were not.
- Where homes were currently using agency nurses, they accounted for 26% of nurse hours. However, across all 24 nursing homes, agency nurses only account for 7% of nurse hours.

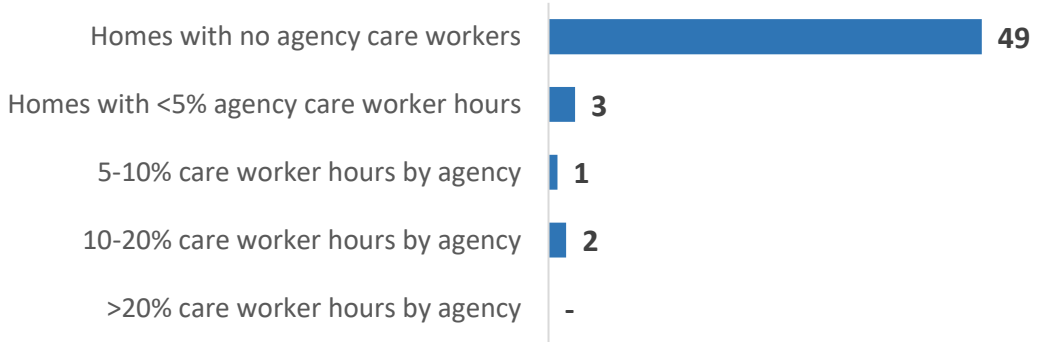
Agency staffing (2)

- The nursing data shown right is discussed on the previous page.
- On the staffing tab in the survey, 55 older adult care homes supplied care worker hours, of which 6 identified agency staff (11%).
- The total care worker hours delivered by agency staff was 7% of total hours in the 6 homes currently using agency care workers. However, this is less than 1% of all care worker hours for all 55 care homes.
- Agency staffing levels are currently lower than usual in the market owing to Covid-19 and the additional funding provided. Many care homes have indicated they are paying overtime instead of using agency staff.

Number of older adult care homes by percentage of **nurse** hours delivered by agency staff



Number of older adult care homes by percentage of **care worker** hours delivered by agency staff



Data: Calculated from anonymised surveys (2021) where care homes supplied staffing data

Agency hourly rates (inclusive of VAT) included within the surveys

Senior nurse	1 x £35.00 per hour / 1 x £32.00 at night // 1 x £36.50 at night
Nurse	1 x £34.00 per hour / 1 x £32.00 per hour / 1 x £28.50 per hour
Senior carer	1 x group for multiple homes @ £18.00 per hour (day and night)
Care worker	1 x group for multiple homes @ £16.00 per hour (day and night) 1 x £15.00 per hour / 1 x £18.00 per hour

Staff hours

Staff hours

- The analysis of staff hours uses data from two sections of the survey: (i) the staffing tab (total hours per week) and (ii) the care rota tab.
- In the care rota tab, some surveys included the rota for each care unit, whilst other surveys supplied the current care rota for their whole home. Depending on the set-up of the home, it can be difficult to allocate all care staff to specific care units.
- Many care units support residents with different categories of need. We have classified each unit or home based on the predominant type of support provided.
- Many staff roles in older adult care homes overlap with each other, such that higher-than-usual hours for one group of staff are often offset by lower hours for other staff. This means that there are risks when analysing individual staff roles in isolation from each other. Throughout this section, we provide analysis of multiple groupings of staff categories to give a more holistic picture of overlapping roles. We also provide an analysis of total staffing within each care home.
- For most of this report we calculate trimmed means using data between the 10th and 90th percentile. The aim of this metric is to exclude outliers. However, for care workers, the 90th percentile is often still too high to cover standard-rated care home placements. In some cases, we therefore use defined ranges of hours to calculate a trimmed mean. The ranges are stated in the context on the relevant page. We also show the overall mean based on all data so readers can assess the impact of using defined ranges to exclude outliers.
- It is also worth stressing at the outset that many of the care homes where staffing information was provided in their survey were suffering from extremely low occupancy. For several staff roles, this clearly increases the hours per resident week (prw) compared to business-as-usual practice. The context of the Covid-19 pandemic, and the fact that additional funding has been made available to care homes, means many care homes may not have reduced staffing levels as they ordinarily would have done with lower occupancy.
- In our analysis, we treat activity staff as care workers. We have only done this to ensure comparability to the 2017 analysis. We also start the section with activity staff to provide context before analysing care workers.

Activity staff hours

Activity lead and activity staff hours prw

Category	Sample size	Mean	Trimmed mean	Distribution						
				Minimum	10th percentile	25th percentile	Median	75th percentile	90th percentile	Maximum
All responding homes	54	1.4	1.3	0.6	0.8	1.0	1.3	1.6	2.2	3.7
Nursing homes	23	1.4	1.3	0.6	0.8	1.1	1.3	1.6	2.0	2.7
Residential homes	31	1.4	1.3	0.7	0.8	1.0	1.4	1.6	2.3	3.7
Occupancy above 75%	37	1.3	1.3	0.6	0.8	1.0	1.2	1.6	1.9	2.4
40+ residents	18	1.3	1.2	0.6	0.8	1.0	1.2	1.4	2.0	2.4

Data: Anonymised care home surveys (2021)

- Averages and distribution of activity staff hours prw are consistent across most cuts of the 2021 survey data.
- Based on Care Analytics previous experience, the above averages and distribution are typical, though a little higher than usual.
- Many of the highest hours prw are caused by a combination of small homes and low occupancy. In such circumstances, it should be possible to reduce staffing to compensate. However, the respective care homes may have preferred to reduce care worker hours while maintaining activity staffing levels. For various reasons, it will often be easier to reduce care worker hours, particularly if activity staff are contracted for a specified number of hours per week.
- The other relevant factor for the higher-than-usual hours is that only 18 of the 54 responding care homes had more than 40 residents.

Notes

- The published 2017 survey results do not analyse activity staff as a separate staff category. Instead, activity staff are only shown as a percentage of total care worker hours.
- Care Analytics do not always treat activity staff as care workers. However, we have done so on subsequent pages to ensure consistency with the 2017 analysis.
- The above analysis excludes two small care homes (<20 beds) and one other home with low occupancy where there are no activity staff, but where full staffing is supplied. Many small care homes do not employ activity staff as a dedicated role.
- The trimmed mean is calculated as the mean of results between the 10th and 90th percentile. For the above data, this is arguably still too wide a range to represent staffing for standard-rated care home placements.

Care worker hours in residential homes (total hours)

Care worker hours prw in older adult residential homes

Category	Sample size	Mean	Trimmed mean	Distribution						
				Minimum	10th percentile	25th percentile	Median	75th percentile	90th percentile	Maximum
All responding care homes	32	29.9	25.0	17.9	22.7	25.0	28.8	34.0	37.7	45.2
Occupancy above 75%	21	26.8	24.7	17.9	22.7	23.9	26.5	30.6	33.4	35.0
40+ residents	7	27.1	24.6	22.7	23.4	24.6	26.3	28.9	31.5	33.7

Data: Anonymised care home surveys (2021)

- The analysis on this page is based on the staffing section of the survey.
- Most care units support residents with a range of needs. It was not possible to differentiate between standard and high-dependency care units, other than using the actual hours of support prw as a reference.
- Both the averages and distribution of care worker hours are markedly higher than 2017. This is strongly influenced by homes with low occupancy, seemingly as a result of the Covid-19 pandemic. The additional funding made available has enabled care homes to maintain staffing at levels they probably would not have done in 'normal' times with lower occupancy.
- It is also possible that a high proportion of the independent care homes who did not submit surveys operate with low-dependency staffing, which would lower the results shown above.
- We consider the trimmed mean to be a more useful metric than the mean, as it at least partially adjusts for lower occupancy in 2021 compared to 2017.
- However, owing to the pandemic, this data is probably not stable enough for the council to use as a firm basis to make decisions about fees going forward.

2017 survey results prw

	Minimum	Median	Mean	Maximum
Frail older people	20.6	23.4	23.6	31.1
Dementia	16.6	23.2	24.2	48.8

Notes

- Care worker hours are inclusive of activity staff.
- The trimmed mean is calculated as the mean of results between 18.0 to 30.0 hours prw. Care hours outside this range is deemed non-standard, as either low dependency or very high dependency.
- The mean from 2017 is a weighted average based on care home size.
- The 2017 report calculates totals (combining frail and dementia) inclusive of mental health and physical disability care homes. This distorts the results for all older adult care homes (all residents), so we have not shown the 2017 totals.

Care worker hours in residential homes (rota)

Care workers staffing ratio on morning shift (from care rota and excluding activity staff)

Type of unit	Sample	>1 to 7.5	<1 to 7.5	<1 to 7.0	<1 to 6.5	<1 to 6.0	<1 to 5.5	<1 to 5.0	<1 to 4.5	<1 to 4.0	<1 to 3.5
Residential general	26	1	1	2	3	1	5	4	3	4	2
Residential dementia	20	2	-	-	1	1	2	2	4	8	-
Residential (all)	46	3	1	2	4	2	7	6	7	12	2

Data: Anonymised care home surveys (2021)

Care worker hours per resident week calculated from the care rota (including an assumed 1.2 hours for activity staff)

				Distribution						
Category	Sample size	Mean	Trimmed mean	Minimum	10th percentile	25th percentile	Median	75th percentile	90th percentile	Maximum
Residential general	27	27.5	24.4	16.6	20.2	22.5	24.9	28.7	37.2	62.8
Residential dementia	20	29.1	25.0	19.9	21.2	23.4	28.5	33.8	37.8	43.2
Residential (all)	47	28.2	24.6	16.6	20.2	22.9	26.9	32.1	37.9	62.8

Data: Anonymised care home surveys (2021)

- The results here are from the care rota section of the surveys. This is different to data on the previous page (total weekly hours), though the results are similar.
- The overall range of staffing ratios is similar to data we have seen in our previous work elsewhere, though the proportion of higher staffing ratios are higher than normal. Again, this is likely caused by lower occupancy caused by the pandemic (and the additional funding made available).

Notes

- Care worker hours in the bottom table are inclusive of a standardised 1.2 hours prw for activity staff. This allows comparability to the previous page.
- The trimmed mean is calculated as the mean of results between 18.0 to 30.0 hours prw. Care hours outside this range are deemed non-standard, as either low dependency or very high dependency.
- See previous page for 2017 results for comparison.

Nurse hours

Nurse hours prw in older adult nursing homes (by all residents)

Category	Sample size	Mean	Trimmed mean	Distribution						
				Minimum	10th percentile	25th percentile	Median	75th percentile	90th percentile	Maximum
All responding care homes	23	4.8	4.5	2.1	2.4	3.5	4.2	5.3	7.7	11.9
Occupancy above 75%	17	4.7	4.0	2.1	2.6	3.4	3.8	4.9	8.1	11.9
40+ residents	10	3.6	4.0	2.1	2.3	3.1	3.6	4.0	4.9	5.6

Data: Anonymised care home surveys (2021)

- The hours prw for the 2021 survey data are calculated using all residents in the home as we do not have comprehensive data for the number of nursing residents in each care home. Unfortunately, this also means we cannot compare nurse hours per nursing resident to the 2017 data.
- The low number of nurse hours per resident for about half the survey sample indicates that many nursing homes are operating largely as residential homes, despite the presence of nurses. This raises concerns that more homes in the county may end their nursing registration.
- The homes with nurse hours above about 8.0 prw likely have few or no residential residents.
- We have no explanation for the 2017 survey maximums, other than that the data could be erroneous.
- In practice, nurses carry out tasks supporting all residents in the home, not only those with nursing needs (and associated funding). This is especially the case in homes with a low ratio of nursing residents to each nurse – which appears to be common in Lincolnshire.

2017 survey results prw (by nursing residents)

	Minimum	Median	Mean	Maximum
Frail older people	4.7	10.3	9.7	16.2
Dementia	6.6	9.7	8.8	19.3

Notes

- The trimmed mean is calculated as the mean of results between the 10th and 90th percentile.
- The mean from 2017 is a weighted average based on care home size.
- The 2017 report calculates totals (combining frail and dementia) inclusive of mental health and physical disability care homes. This distorts the results for all older adult care homes, so we have not shown them.
- For several reasons beyond our control, we do not have comprehensive data on the number of residents in each care home with nursing needs.

Care worker hours in nursing homes

Care worker hours prw in older adult nursing homes

Category	Sample size	Mean	Trimmed mean	Distribution						
				Minimum	10th percentile	25th percentile	Median	75th percentile	90th percentile	Maximum
All responding care homes	25	25.0	25.1	16.2	20.6	22.7	24.6	28.6	29.6	30.4
Occupancy above 75%	18	25.5	25.8	16.2	21.8	23.5	25.3	29.0	29.7	30.4
40+ residents	12	26.5	26.1	22.2	23.0	24.4	25.9	29.3	29.8	30.4

Data: Anonymised care home surveys (2021)

- The analysis on this page is based on the staffing section of the survey.
- Most care units support residents with a range of needs. It was not possible to reliably differentiate between standard and high dependency care units, other than using the actual hours of support prw as a reference.
- Further, as shown on the next page, consideration of care worker hours in nursing homes is misleading without combining with nurses.
- Despite this, the averages of care worker hours are markedly higher than 2017. This is strongly influenced by homes with low occupancy as a result of the pandemic. The additional funding made available has enabled care homes to maintain staffing at levels they probably would not have done at their current levels of occupancy in 'normal' times.
- It is also possible that a high proportion of the independent care homes who did not submit surveys operate with low-dependency staffing.
- Owing to the pandemic, this data is probably not stable enough for the council to use as a basis to make decisions about fee levels going forward.

2017 survey results prw

	Minimum	Median	Mean	Maximum
Frail older people	18.1	20.7	21.4	24.8
Dementia	15.6	21.5	27.0	41.3

Notes

- Care worker hours are inclusive of activity staff.
- The trimmed mean is calculated as the mean of results between 18.0 to 30.0 hours prw. However, the results are similar as the range is narrow, with few results outside of this range.
- The mean from 2017 is a weighted average based on care home size.
- The 2017 report calculates totals (combining frail and dementia) inclusive of mental health and physical disability care homes. This distorts the results for all older adult care homes, so we have not shown them.

Combined care worker and nurse hours in nursing homes

Nurse and care worker hours prw in older adult nursing homes

Category	Sample size	Mean	Trimmed mean	Distribution						
				Minimum	10th percentile	25th percentile	Median	75th percentile	90th percentile	Maximum
All responding care homes	25	29.4	29.4	22.2	24.7	27.0	28.2	33.5	34.3	35.7
Occupancy above 75%	18	30.0	29.7	24.1	26.9	27.8	28.3	33.6	34.2	35.5
40+ residents	12	29.5	29.8	22.2	27.1	27.8	28.2	33.5	34.1	34.5

Data: Anonymised care home surveys (2021)

- The analysis on this page is based on the staffing section of the survey.
- In practice, you cannot fully separate nurses and care workers in care homes as the overlap in duties is substantial.
- As occupancy drops, the proportion of care workers to nurses will drop, as the homes must have at least one nurse onsite 24/7.
- The 2021 survey data suggests total care staffing hours in nursing homes (nurses + care workers) is lower than usual. However, this is likely impacted by a combination of two factors: (1) nursing homes operating with low numbers of nursing residents and so with staffing more closely aligned to residential homes, and (2) many of the homes submitting surveys have low occupancy, and as such reduce care workers rather than nurses, supernumerary management and other ancillary roles.

Notes

- Care worker and nurse combined hours are inclusive of activity staff.
- There is no comparative data from 2017 as the results were not published even if the analysis was carried out.
- The trimmed mean is calculated as the mean of results between the 10th and 90th percentile. The results are almost identical to the overall mean as the range is narrow, with few outlier results.

Combined care worker and nurse hours in nursing homes (rota)

Combined nurse and care worker staffing ratio on morning shift (from care rota)

Type of unit	Sample	>1 to 7.5	<1 to 7.5	<1 to 7.0	<1 to 6.5	<1 to 6.0	<1 to 5.5	<1 to 5.0	<1 to 4.5	<1 to 4.0	<1 to 3.5
Nursing general	13	-	-	-	-	-	2	2	6	3	-
Nursing dementia	15	-	-	-	-	-	1	2	4	2	6
Nursing (all)	28	-	-	-	-	-	3	4	10	5	6

Data: Anonymised care home surveys (2021)

Combined nurse and care worker hours per resident week calculated from the care rota (including 1.2 hours for activity staff)

				Distribution						
Category	Sample size	Mean	Trimmed mean	Minimum	10th percentile	25th percentile	Median	75th percentile	90th percentile	Maximum
Nursing general	13	30.0	30.0	23.4	26.7	28.2	30.5	32.0	33.8	34.8
Nursing dementia	15	41.3	31.7	26.0	26.4	28.6	34.7	39.1	73.8	93.6
Nursing (all)	28	36.1	30.8	23.4	26.4	28.3	31.1	34.8	48.4	93.6

Data: Anonymised care home surveys (2021)

- The results here are from the care rota section of the surveys. This is different to data on the previous page (total weekly hours).
- The nursing general care units have similar distributions than the previous page. However, the distribution of hours for nursing dementia is higher, especially past the median.
- Many of the low care worker hours (page 71) disappear when nurses are included.

Notes

- Care worker and nurse combined hours are inclusive of activity staff.
- The trimmed means are calculated between 20.0-50.0 hours prw for care workers and nurses combined. Support levels outside that are deemed non-standard, as either low dependency or very high dependency.
- See previous page for 2017 results for comparison.

Chef and cook hours

Chef and cook hours prw (excludes kitchen assistants)

Category	Sample size	Mean	Trimmed mean	Distribution						
				Minimum	10th percentile	25th percentile	Median	75th percentile	90th percentile	Maximum
All responding homes	54	2.3	2.2	1.0	1.1	1.7	2.1	2.8	3.4	5.6
Nursing homes	23	1.9	2.2	1.0	1.1	1.3	1.7	2.5	2.8	3.4
Residential homes	31	2.6	2.2	1.2	1.6	1.9	2.3	3.1	3.5	5.6
Occupancy above 75%	37	2.2	2.2	1.0	1.1	1.6	2.0	2.7	3.3	5.6
40+ residents	18	1.7	1.9	1.0	1.1	1.1	1.7	2.0	2.4	3.4

Data: Anonymised care home surveys (2021)

- It is important to be careful interpreting chef and cook hours, as there is an overlap with kitchen assistants, and consequently also with domestic staff. Where there is an overlap, chef and cook hours are low. Results for combined kitchen and domestic staff can be found on page 76.
- Care Analytics are a little surprised by some of the very low numbers (below 1.2 hours prw). Some homes may have outsourced part of their kitchen function, though this was not explicitly stated in any survey.
- The 90th percentile is very high at 3.4 hours prw. However, this is a small-home effect, as the 90th percentile of care homes with more than 40 residents is much lower at 2.4 hours prw. The same 2.4 hours prw at the 90th percentile also applies to homes with 30-40 residents (not shown).
- The 2021 results are higher than 2017. The overlap with other staff roles means this could be a consequence of different samples. However, the most likely explanation is low occupancy in the 2021 sample.

2017 survey results prw

	Minimum	Median	Mean	Maximum
Nursing homes	1.1	1.7	1.7	3.1
Residential homes	0.8	1.8	1.8	5.8
All responding care homes	0.8	1.6	1.7	5.8

Notes

- The trimmed mean is calculated as the mean of results between the 10th and 90th percentile. For the above data, this is still arguably too wide a range to represent staffing for standard-rated care home placements.
- The mean from 2017 is a weighted average based on care home size.

Domestic staff hours

Housekeepers, domestic staff, and kitchen assistant hours prw

Category	Sample size	Mean	Trimmed mean	Distribution						
				Minimum	10th percentile	25th percentile	Median	75th percentile	90th percentile	Maximum
All responding homes	54	5.5	5.5	1.3	2.9	4.0	5.6	6.8	7.8	10.8
Nursing homes	23	5.8	5.9	1.3	2.9	4.8	6.2	7.2	7.9	9.9
Residential homes	31	5.3	5.2	1.7	3.0	3.9	5.4	6.5	7.2	10.8
Occupancy above 75%	37	5.3	5.5	1.3	2.9	4.1	5.7	6.4	7.1	9.6
40+ residents	18	6.0	5.9	1.3	4.6	5.3	6.1	6.7	7.7	9.6

Data: Anonymised care home surveys (2021)

- Like the previous page, overlaps between kitchen and domestic roles mean caution is required interpreting hours. There is also an overlap with care workers in small homes, who more frequently have all-purpose roles.
- The 2017 report did not include combined domestic and housekeeper hours. We have summed the median and mean to produce the results right, though this has an error margin associated with adding averages.
- Irrespective of the error margin with interpreting the 2017 data, there has clearly been a marked increase in domestic staff hours. The overall median has increased by roughly 1.7 hours prw and the mean by 1.4 hours prw.
- This is almost certainly a Covid-19 effect given additional infection control requirements (and the fact additional funding has been made available).
- As with 2017, there are higher average hours in nursing homes compared to residential (though the distributions heavily overlap).

2017 survey results prw

	Minimum	Median	Mean	Maximum
Nursing homes	Unknown	4.5	4.6	Unknown
Residential homes	Unknown	3.6	4.0	Unknown
All responding care homes	Unknown	3.9	4.1	Unknown

Notes

- The trimmed mean is calculated as the mean of results between the 10th and 90th percentile. For the above data, this is still arguably too wide a range to represent staffing for standard-rated care home placements.
- The mean from 2017 is a weighted average based on care home size.

Combined kitchen and domestic staff hours

Chefs, cooks, kitchen assistants, housekeepers, and domestic staff hours prw

Category	Sample size	Mean	Trimmed mean	Distribution						
				Minimum	10th percentile	25th percentile	Median	75th percentile	90th percentile	Maximum
All responding homes	56	7.8	7.7	3.5	5.3	6.4	7.6	9.2	10.4	12.7
Nursing homes	24	7.8	7.9	3.5	5.4	6.3	7.5	9.2	9.9	12.7
Residential homes	32	7.8	7.6	3.6	5.4	6.4	7.6	9.2	10.6	12.6
Occupancy above 75%	38	7.6	7.6	3.6	5.5	6.5	7.5	8.9	9.7	11.5
40+ residents	19	7.7	7.7	5.3	6.4	6.9	7.5	8.5	9.3	10.8

Data: Anonymised care home surveys (2021)

- The page combines the analysis from the previous two pages.
- By combining the different kitchen and domestic staff roles, many of the differences between types of home disappear.
- The large-home efficiencies in terms of chef and cook hours disappear. This is because larger homes have more junior kitchen and domestic staff roles, and so similar overall staffing in terms of hours. This is still a small cost efficiency as chefs and cooks cost more per hour than kitchen assistants and other domestic staff.
- The 2017 results have an error margin as it is based on adding multiple averages from different staff categories. Despite this, there is a clear Covid-19 impact with much higher averages in 2021.

2017 survey results prw

	Minimum	Median	Mean	Maximum
Nursing homes	Unknown	6.2	6.3	Unknown
Residential homes	Unknown	5.4	5.8	Unknown
All responding care homes	Unknown	5.5	5.8	Unknown

Notes

- The trimmed mean is calculated as the mean of results between the 10th and 90th percentile. For the above data, this is still arguably too wide a range to represent staffing for standard-rated care home placements.
- The mean from 2017 is a weighted average based on care home size.

Maintenance staff hours

Maintenance and handyperson staff hours prw

Category	Sample size	Mean	Trimmed mean	Distribution						
				Minimum	10th percentile	25th percentile	Median	75th percentile	90th percentile	Maximum
All responding homes	51	1.3	1.2	0.3	0.7	0.9	1.2	1.5	2.0	5.1
Nursing homes	23	1.2	1.2	0.7	0.8	0.9	1.1	1.4	1.8	2.5
Residential homes	28	1.5	1.3	0.3	0.7	1.0	1.3	1.7	2.3	5.1
Occupancy above 75%	35	1.2	1.2	0.3	0.7	0.9	1.1	1.4	1.6	2.5
40+ residents	17	1.0	1.0	0.7	0.7	0.8	0.9	1.0	1.3	1.5

Data: Anonymised care home surveys (2021)

- The above analysis for 2021 excludes 5 care homes where there is no handyperson or maintenance staff but where full staffing is supplied.
- Maintenance tasks will still need doing, so the averages shown above are valid. The homes with no maintenance staff are likely to have a service delivered on a contract or as-and-when needed by external contractors.
- Both the results above in comparison to 2017 and the raw data shows clear issues with occupancy in the market. Other than in extremis, maintenance staff hours are difficult to flex with lower-than-usual occupancy.
- We are aware that some care homes have taken the opportunity of lower-than-usual occupancy to undertake improvement works.

2017 survey results prw

	Minimum	Median	Mean	Maximum
Nursing homes	0.6	0.9	1.0	1.4
Residential homes	0.5	1.0	1.0	2.6
All responding care homes	0.5	0.9	1.0	2.6

Notes

- The trimmed mean is calculated as the mean of results between the 10th and 90th percentile. For the above data, this is still arguably too wide a range to represent staffing for standard-rated care home placements.
- The mean from 2017 is a weighted average based on care home size.

Management hours

Home manager, deputy managers, and floor managers (if no deputy manager) hours prw

Category	Sample size	Mean	Trimmed mean	Distribution						
				Minimum	10th percentile	25th percentile	Median	75th percentile	90th percentile	Maximum
All responding homes	56	2.7	2.6	0.9	1.5	1.8	2.4	3.5	4.0	6.4
Nursing homes	24	2.0	2.2	0.9	1.2	1.5	1.9	2.3	2.9	4.1
Residential homes	32	3.2	2.8	1.6	1.8	2.3	3.0	3.8	4.7	6.4
Occupancy above 75%	38	2.5	2.5	0.9	1.5	1.8	2.3	3.1	4.0	4.9
40+ residents	19	1.8	2.0	0.9	1.2	1.5	1.7	2.0	2.7	2.8

Data: Anonymised care home surveys (2021)

- There is a real complexity trying to compare the mix of hours and wages for this combination of staffing, as it directly relates to home size. Wages increase for the manager in larger homes, but then more junior managers lower average wages. There are also economies of scale in terms of hours, though they tend to be modest past about 30 beds.
- It is probably more accurate to say that small homes are more likely to suffer from a lack of economies of scale.
- As nursing homes tend to be larger homes, there are economies on hours, which partially offset much higher wages (see page 13).
- Some owner-managed care homes stated very high manager hours (80+ hours per week). We have reduced these to 40 hours, as otherwise it is distorting for wage and other analysis. However, it should be noted that many of the low hours in the table above can only be achieved by owner-managers working extended hours.

Notes

- The published 2017 survey results did not include enough data to be able to meaningfully analyse management staff hours.
- Caution should be applied interpreting management hours in isolation from administrative staff as there is often an overlap. There is also often an overlap between management and team leaders or other senior staff on the care rota.
- The trimmed mean is calculated as the mean of results between the 10th and 90th percentile. For the above data, this is still arguably too wide a range to represent staffing for standard-rated care home placements.

Management and administrative staff hours

Home manager, deputy managers, floor managers (if no deputy managers), senior administrators, administrators, and reception staff hours prw

Category	Sample size	Mean	Trimmed mean	Distribution						
				Minimum	10th percentile	25th percentile	Median	75th percentile	90th percentile	Maximum
All responding homes	56	4.0	3.8	1.8	2.5	2.9	3.6	4.7	6.5	8.4
Nursing homes	24	3.3	3.6	1.8	2.3	2.6	3.4	3.9	4.4	5.4
Residential homes	32	4.5	3.9	2.5	2.8	3.1	3.8	5.6	7.0	8.4
Occupancy above 75%	38	3.7	3.7	1.8	2.4	2.7	3.5	4.3	5.5	7.6
40+ residents	19	3.2	3.5	1.8	2.3	2.5	2.9	3.6	3.8	4.7

Data: Anonymised care home surveys (2021)

- There are some homes with very high management and administrative hours (5.0+ hours prw), though many of the extreme results are caused by very low occupancy. Whilst speculative, others may be caused by family-run companies employing family members. There are also labelling issues in that homes with more managers can operate with fewer care staff.
- It is not necessary to have very large older adult care homes to have efficient staffing, and past about 30-40 beds any further economies tend to be modest. However, homes with fewer than 25-30 residents run a far higher risk of inefficient staffing, particularly with lower-than-usual occupancy.

Notes

- The published 2017 survey results did not include enough data to be able to meaningfully analyse management and administrative staff hours in total.
- The trimmed mean is calculated as the mean of results between the 10th and 90th percentile. For the above data, this is still arguably too wide a range to represent staffing for standard-rated care home placements.

Hours for all home-based staff

All home-based staff hours prw in older adult care homes

Category	Sample size	Mean	Trimmed mean	Distribution						
				Minimum	10th percentile	25th percentile	Median	75th percentile	90th percentile	Maximum
Nursing homes										
All responding homes	25	41.2	41.2	28.4	33.2	37.6	40.9	46.0	49.5	53.4
Occupancy above 75%	18	41.2	41.4	28.4	36.3	38.2	41.0	46.0	46.9	51.3
40+ residents	12	40.9	41.8	30.8	36.7	38.5	40.6	45.9	46.1	47.0
Residential homes										
All responding homes	32	43.5	42.5	30.2	33.6	36.3	41.3	49.6	56.2	66.1
Occupancy above 75%	21	39.5	41.3	30.2	33.0	34.7	38.9	43.7	49.5	50.1
40+ residents	7	39.1	39.1	34.3	34.9	36.6	38.6	41.5	43.6	44.4

Data: Anonymised care home surveys (2021)

- Although the sample sizes become small, it is clearly noticeable that many of the high hours do not exist in larger homes (40+ residents) and homes with occupancy above 75% of registered beds (which is still a very low occupancy threshold from an efficiency perspective). The effects are large enough to significantly raise the averages, including the trimmed mean.
- We are surprised at some of the low hours in nursing homes. If the data is accurate, the most likely explanation is that these homes do not have many nursing clients, and so are basically running like residential homes (albeit with a nurse doing the team leader role and part-time nursing).

Notes

- The published 2017 survey results did not include enough data to be able to analyse whole-home staffing.
- The trimmed mean is calculated as the mean of results between the 10th and 90th percentile. This is still arguably too wide a range to represent staffing for standard-rated care home placements.

Wages

Care home wages

- This section analysis wages in the 2021 surveys. It also includes comparisons to the 2017 reported results uplifted for inflation in ballpark terms.
- Throughout this section, there is a common theme that job titles can be misleading. Senior roles in some care homes (by job title) are often paid less than roles in other care homes with a more junior job title. To compensate, we present results both at a granular level for individual job roles and using weighted averages of different staff roles for a particular category.
- Some care homes supplied wage information but not staff hours. As both are needed to calculate a weighted average for staff roles with different levels of seniority, the weighted averages are calculated using a smaller subset of the data than analysis for individual job roles. For example, 67 older adult care homes supplied care worker wage data, but only 47 care homes supplied both wages and staff hours.
- Throughout this section, hourly rates are inclusive of weekend, night, and public holiday enhancements where applicable. This is the best way to analyse wages as some providers have comparatively high base pay and no enhancements (and vice versa).
- It is important to note that where wages are slightly higher than the prevailing statutory National Living Wage (NLW) for adults over 23 years of age (£8.91 per hour), this is often the result of public-holiday enhancements. For example, a provider who pays double time for all 8 public holidays but otherwise pays the NLW, has a composite hourly rate of pay of £9.11 across the year.
- Specific analysis of public-holiday pay enhancements can be found on page 59 in the Operating policies and practices section.
- Both the mean and trimmed mean averages are used in this section. The trimmed mean calculates a mean average where results below the 10th percentile and above the 90th percentile are excluded. This is designed to exclude outliers where they have an undue influence on the mean. The exception in our analysis is where the 10th or 90th percentile result is the same as the minimum or maximum. In these rare instances, the respective low-and high-end results are not excluded as the rate covers at least 10% of the sample (and so is not an outlier).
- There is often no significant difference between the mean and trimmed mean, and depending on the distribution of results, the trimmed mean can be either higher or lower than the mean. Both metrics are consistently shown throughout this section for readers to compare.
- This section also includes geographical analysis. However, it should be noted that whenever the data is cut geographically, the sample sizes reduce considerably. This means results can more easily be affected by only a handful of care homes. Differences between broad geographic areas should therefore be treated cautiously.

Overview of care home wages

Weighted average hourly pay in Lincolnshire older adult care homes as of Summer 2021 (inclusive of weekend, night, and public holiday pay enhancements)

Category of staff	Care homes	Mean	Distribution							10-90th percentile	
			Minimum	10th percentile	25th percentile	Median	75th percentile	90th percentile	Maximum	Care homes	Trimmed mean
Nurses	20	£17.40	£15.50	£16.29	£17.00	£17.33	£18.12	£18.48	£18.63	16	£17.44
Carer workers	47	£9.32	£8.91	£8.99	£9.10	£9.23	£9.50	£9.77	£10.14	37	£9.28
Activity staff	47	£9.21	£8.91	£8.95	£8.97	£9.15	£9.34	£9.45	£11.11	37	£9.15
Domestic staff	48	£9.09	£8.91	£8.93	£8.99	£9.07	£9.17	£9.26	£9.58	38	£9.07
Chefs and cooks	47	£10.13	£8.91	£9.09	£9.45	£10.03	£10.64	£11.42	£12.65	37	£10.02
Maintenance staff	46	£9.56	£8.91	£8.92	£9.04	£9.39	£9.75	£10.36	£13.00	36	£9.43
Manager (nursing homes)	22	£23.68	£12.47	£20.53	£20.72	£23.97	£25.92	£28.74	£35.96	16	£23.27
Manager (residential homes)	36	£19.51	£9.84	£13.94	£16.78	£21.16	£21.22	£24.45	£31.17	28	£19.45
Deputy manager (nurse)	15	£18.69	£16.81	£16.89	£17.44	£18.40	£19.34	£19.58	£24.93	11	£18.38
Deputy manager (non-nurse)	39	£11.92	£9.50	£10.30	£10.55	£10.74	£12.25	£15.68	£20.00	32	£11.35
Senior Administrator	11	£11.82	£9.50	£10.00	£10.60	£12.00	£12.94	£13.21	£14.22	9	£11.81
Administrator	44	£9.72	£8.91	£9.03	£9.18	£9.42	£9.86	£10.89	£13.58	34	£9.49
Receptionist	18	£9.13	£8.91	£8.91	£8.91	£8.91	£9.00	£9.50	£10.94	16	£8.99

Data: Anonymised care home surveys (2021)

- The above analysis merges all grades for a specific job category to produce a weighted average for each home. The analysis is limited to care homes where both wages and hours were supplied, as both are needed to calculate a weighted average. Analysis by more granular grades of job can be found on subsequent pages in this section. These are based on larger samples as some care homes only supplied wage data.

Hourly wage comparisons between 2017 and 2021

Hourly wage comparisons in older adult care homes in Lincolnshire between 2017 and 2021 (inclusive of weekend, night, and public holiday pay enhancements)

	2017 survey results			2017 uplifted to 2021		2021 survey results		Difference	
Category	Median	Mean	Uplift rate	Median	Mean	Median	Mean	Median	Mean
Nurses	£14.37	£14.86	8.2%	£15.55	£16.08	£17.33	£17.40	£1.78	£1.32
Care workers (all grades)	£7.73	£7.81	18.8%	£9.18	£9.28	£9.23	£9.32	£0.05	£0.04
Activity staff	£7.78	£7.77	18.8%	£9.24	£9.23	£9.15	£9.21	-£0.09	-£0.02
Domestic staff (all grades)	£7.58	£7.71	18.8%	£9.00	£9.16	£9.07	£9.09	£0.07	-£0.06
Chefs & cooks	£8.12	£8.58	18.8%	£9.65	£10.19	£10.03	£10.13	£0.38	-£0.06
Maintenance staff	£8.03	£8.22	18.8%	£9.54	£9.77	£9.39	£9.56	-£0.15	-£0.21
Deputy manager (nurse)	£15.06	£15.40	8.2%	£16.30	£16.67	£18.40	£18.69	£2.10	£2.02
Deputy manager (non-nurse)	£10.04	£11.58	8.2%	£10.87	£12.53	£10.74	£11.92	-£0.13	-£0.61
Administrator	£8.38	£8.81	8.2%	£9.07	£9.54	£9.42	£9.72	£0.35	£0.18
Reception	£8.01	£7.81	18.8%	£9.52	£9.28	£8.91	£9.13	-£0.61	-£0.15

Data: Anonymised care home surveys (2021) combined with manipulated survey results from 2017

- The above table does not include all staffing categories shown on the previous page owing the way the 2017 data was presented.
- For 2017, we have created weighted averages for care workers and domestic staff using the overall ratios of hours reported at the time. This has an error margin as it is essentially combining average results for wages and average results for hours.
- The above comparison obviously depends on deciding on how to uplift wages for each job category. 8.2% is a compounding 2.0% annual increase, whilst 18.8% is the percentage increase on the statutory National Living Wage from 2017-18 to 2021-22 (£7.50 to £8.91).
- The table above is discussed further on the next page.

Hourly wage comparisons between 2017 and 2021

- For reference, the statutory National Living Wage (NLW) at the time of the 2017 survey was £7.50 per hour.
- All hourly rates on the previous page are weighted averages inclusive of applicable pay enhancements for weekends, nights, and public holidays. This is the only robust way to make comparisons, as some providers have higher base rates of pay and fewer pay enhancements, and vice versa.
- The published results from the 2017 survey included differences between weekday daytime, weekday night, weekend daytime, weekend night, and public holidays. However, the published results did not show weighted average results. For the analysis on the previous page, we have calculated a single average wage using the published results for each of these time periods. This should be materially accurate but has an error margin as it calculating a composite hourly rate using averages of averages.
- Apart from nurses and deputy manager nurses, all hourly wages from 2021 are within the expected ballpark given the starting wages for 2017 and the increase in the statutory NLW from 2017.
- Once both anti-social pay enhancements and the increase in the NLW are taken into account, there has been essentially no change in average pay for care workers, activity staff, and domestic staff. These are obviously the roles with rates of pay closest to statutory levels.
- Although there are some differences in average pay for other roles (housekeepers, chefs, admin, reception), they are not large enough to indicate significant changes in terms of wages within the market. The changes in average wages are more likely to be caused by differences in the samples and the labelling of job roles. For example, although housekeeper average pay appears to have increased, the small difference between average pay and the NLW in 2017 means the sample must have included a high proportion of domestic staff with a more senior job title. As another example, the results for chefs and cooks could easily be changed by the balance of different grades of job.
- By contrast, average nurse wages by 2021-22 have increased by almost £1.50-2.00 per hour over and above an assumed 2.0% annual level of inflation.
- A key driver for the higher nurse pay has been above inflation NHS pay increases for nurses over this period, as care homes compete with hospitals for the same pool of nurses. However, there is no robust way to quantify actual NHS nurse wage inflation over this period as it has involved (i) standard inflation increases, (i) regrading of roles leading to a significant proportion of staff receiving higher pay, and (iii) shorter periods to qualify for higher grades.
- Once employment on-costs are taken into account, the increase in nurse pay adds something like £15-25 prw on average, with the range depending on the actual increase in specific care homes and the nurse hours per resident. This will have therefore offset much of the structural increase in FNC that has taken place in recent years.

Nurse wages

Nurse hourly pay (inclusive of weekend, night, and public holiday pay enhancements where applicable)

			Distribution							10-90th percentile	
Category	Care homes	Mean	Minimum	10th percentile	25th percentile	Median	75th percentile	90th percentile	Maximum	Care homes	Trimmed mean
Senior nurse	9	£18.92	£17.03	£17.41	£18.13	£18.41	£20.44	£20.44	£20.44	8	£19.16
Nurse	27	£17.48	£15.50	£16.23	£17.00	£17.58	£18.24	£18.58	£18.91	21	£17.53
Nurse (night)	8	£17.57	£16.12	£17.06	£17.49	£17.58	£17.91	£18.13	£18.44	6	£17.67
Weighted average	20	£17.40	£15.50	£16.29	£17.00	£17.33	£18.12	£18.48	£18.63	16	£17.44

Nurse hourly wages (as above) by broad-geographical area

	East		West		South	
Category	Care homes	Trimmed mean	Care homes	Trimmed mean	Care homes	Trimmed mean
Senior nurse	-	-	3	£18.38	5	£19.62
Nurse	6	£17.26	7	£17.58	8	£17.70
Nurse (night)	1	£17.50	2	£17.75	3	£17.67
Weighted average	6	£17.34	7	£17.43	3	£17.67

- There will be an overlap in some care homes between senior nurse and deputy manager roles.
- Sample sizes are small so are subject to material movements by data from a handful of homes.
- There are still some homes able to employ nurses at 2017 wage levels adjusted for inflation, but these are rare. We found nothing in job adverts on the internet to question the validity or representativeness of the survey results.

2017 survey results uplifted by 2.0% each year	
Median: £15.55	Mean: £16.08

Notes

- The weighted average is calculated for every care home who supplied both wages and hours for care staff. This is less than all wage data as some surveys did not include hours, and both are needed to calculate a weighted average.
- We applied a rule that a care home could only have senior nurses if they also had nurses, else we moved the senior nurse wage into nurse.

Care worker wages

Care worker hourly pay (inclusive of weekend, night, and public holiday pay enhancements where applicable)

Category	Care homes	Mean	Distribution							10-90th percentile	
			Minimum	10th percentile	25th percentile	Median	75th percentile	90th percentile	Maximum	Care homes	Trimmed mean
Standard care worker	67	£9.15	£8.91	£8.95	£8.98	£9.11	£9.30	£9.34	£9.84	57	£9.15
Standard care worker (night)	31	£9.55	£8.91	£8.95	£9.03	£9.79	£9.84	£9.84	£12.13	26	£9.49
Senior care worker	58	£9.93	£9.01	£9.22	£9.41	£10.09	£10.35	£10.35	£11.24	50	£9.91
Senior care worker (night)	14	£10.12	£9.01	£9.04	£9.70	£9.98	£10.25	£11.15	£12.85	10	£9.94
Team Leader	20	£10.55	£9.05	£9.35	£9.67	£10.71	£11.24	£11.25	£13.00	16	£10.53
Floor managers as care workers	10	£11.88	£9.50	£9.95	£10.96	£11.25	£12.18	£14.37	£16.48	8	£11.60
Weighted average	**47**	**£9.32**	**£8.91**	**£8.99**	**£9.10**	**£9.23**	**£9.50**	**£9.77**	**£10.14**	**37**	**£9.28**

Data: Anonymised care home surveys (2021)

- Weighted averages also include a handful of nurse associates and night team leaders. These are too few to be worthwhile showing in the table.
- The true night pay average is less than shown above, as most providers left this answer blank. The above only includes results where the care home supplied separate day and night staffing.
- Within our analysis, we treated floor managers as care workers if the care home also had a deputy manager. This was necessary to ensure comparability of hours and pay. This would not be an appropriate approach in very large care homes, but there are not any in the sample.
- We analysed the data by group size, nursing status, and home size, and weighted averages generally do not change by more than £0.05p. Location analysis is shown on the next page.
- The above analysis counts all care homes once. We also analysed the data giving different weightings by bed capacity and LCC-funded placements. No averages materially changed.

2017 survey results uplifted by the % increase in NLW	
Median: £9.18	Mean: £9.28

Notes

- The weighted average is calculated for every care home who supplied both wages and hours. This is less than all wage data as some surveys did not include hours, and both are needed to calculate a weighted average.

Care worker wages by broad-geographical area

Care worker hourly pay (inclusive of weekend, night, and public holiday pay enhancements where applicable)

	East		West		South	
Category	Care homes	Trimmed mean	Care homes	Trimmed mean	Care homes	Trimmed mean
Standard care worker	15	£9.09	20	£9.13	22	£9.20
Standard care worker (night)	6	£9.58	11	£9.39	9	£9.56
Senior care worker	12	£9.73	20	£9.79	18	£10.15
Senior care worker (night)	3	£9.95	6	£9.97	1	£9.77
Team Leader	4	£9.88	5	£10.50	7	£10.92
Floor managers as care workers	5	£11.13	-	-	3	£12.38
Weighted average	**14**	**£9.24**	**14**	**£9.26**	**9**	**£9.38**

Data: Anonymised care home surveys (2021)

2017 survey results uplifted by the % increase in NLW	
Median: £9.18	Mean: £9.28

Notes

- The weighted average is calculated for every care home who supplied both wages and hours. This is less than all wage data as some surveys did not include hours, and both are needed to calculate a weighted average.
- Weighted averages also include a handful of nurse associates and night team leaders. These are too few to show in the table.

- See the previous page for descriptions of the job roles and our treatment of the data.
- For the above analysis, the trimmed mean is calculated excluding the top and bottom 10% of all data, not the specific sample for each geographical area. This helps ensure outliers are excluded without unnecessarily reducing the size of each sample.
- There is evidence that wages are a little higher in the south of the county, but not by much. This finding should be treated cautiously as it could be a random variation caused by the sample. Some providers with multiple care homes are large enough to skew the results when the data is cut geographically. Furthermore, as sample sizes reduce, results are more easily influenced by a handful of care homes. It should also be noted that the sample is self-selecting in that care homes were not mandated to submit surveys.
- The weighted averages from 2021 are close to the 2017 results once both anti-social pay enhancements and the increase in the NLW are taken into account.

Activity staff wages

Activity staff hourly pay (inclusive of weekend and public holiday pay enhancements where applicable)

Category	Care homes	Mean	Distribution							10-90th percentile	
			Minimum	10th percentile	25th percentile	Median	75th percentile	90th percentile	Maximum	Care homes	Trimmed mean
Activity coordinator (lead)	23	£9.44	£8.91	£8.95	£9.04	£9.20	£9.42	£9.96	£13.00	17	£9.24
Activity staff	43	£9.16	£8.91	£8.95	£8.99	£9.20	£9.34	£9.37	£9.63	33	£9.16
Weighted average	47	£9.21	£8.91	£8.95	£8.97	£9.15	£9.34	£9.45	£11.11	37	£9.15

Activity staff hourly pay (as above) by broad-geographical area

Category	East		West		South	
	Care homes	Trimmed mean	Care homes	Trimmed mean	Care homes	Trimmed mean
Activity coordinator (lead)	6	£9.19	5	£9.22	6	£9.30
Activity staff	11	£9.10	11	£9.16	11	£9.21
Weighted average	13	£9.09	15	£9.17	9	£9.23

2017 survey results uplifted by the % increase in NLW	
Median: £9.24	Mean: £9.23

- The rates of pay for activity staff follow similar averages and distribution as standard care workers in the daytime. This is typical based on our work elsewhere.
- Care Analytics sometimes find activity staff are paid a slight wage premium to standard care workers, though wages are usually the same or similar.
- Average pay is slightly higher in the south of the county. Though as with care workers, the difference is not large enough to be meaningful.

Notes

- The weighted average is calculated for every care home who supplied both wages and hours. This is less than all wage data as some surveys did not include hours, and both are needed to calculate a weighted average.
- Most care homes only employ one level of activity staff. However, as can be seen by the wage distributions above, job titles can be misleading. Activity 'leads' in some homes are equivalent to standard staff in other homes.

Domestic staff wages

Domestic staff hourly pay (inclusive of weekend and public holiday pay enhancements where applicable)

Category	Care homes	Mean	Distribution							10-90th percentile	
			Minimum	10th percentile	25th percentile	Median	75th percentile	90th percentile	Maximum	Care homes	Trimmed mean
Head housekeeper	39	£9.64	£8.95	£9.10	£9.27	£9.54	£10.00	£10.20	£11.24	31	£9.58
Domestic staff	65	£9.08	£8.91	£8.93	£8.97	£9.10	£9.17	£9.21	£9.50	55	£9.08
Kitchen assistant	55	£9.09	£8.91	£8.95	£8.97	£9.11	£9.17	£9.21	£9.50	48	£9.09
Weighted average	48	£9.09	£8.91	£8.93	£8.99	£9.07	£9.17	£9.26	£9.58	38	£9.07

Domestic staff hourly pay by broad-geographical area

Category	East		West		South	
	Care homes	Trimmed mean	Care homes	Trimmed mean	Care homes	Trimmed mean
Head housekeeper	9	£9.67	13	£9.49	9	£9.62
Domestic staff	15	£9.02	20	£9.07	20	£9.14
Kitchen assistant	13	£9.04	16	£9.08	19	£9.14
Weighted average	14	£9.05	17	£9.08	7	£9.11

- Although Head housekeeper pay is usually considerably higher than other domestic staff, the impact on the weighted average is small as the hours are usually heavily diluted.
- It is unsurprising that domestic staff and kitchen assistants have near identical results. They will invariably be paid the same wage, and sometimes staff will undertake both roles. In some care homes (and in some parts of the country), wages for standard care workers are noticeably higher than domestic staff. This is not the case in Lincolnshire.

2017 survey results uplifted by the % increase in NLW	
Median: £9.00	Mean: £9.16

Notes

- The weighted average is calculated for every care home who supplied both wages and hours. This is less than all wage data as some surveys did not include hours, and both are needed to calculate a weighted average.
- Job titles can be misleading. The low end of pay for housekeepers are likely domestic staff only, while the high end are likely more senior roles.

Chefs and cook wages

Chefs and cook hourly pay (inclusive of weekend and public holiday pay enhancements where applicable)

Category	Care homes	Mean	Distribution							10-90th percentile	
			Minimum	10th percentile	25th percentile	Median	75th percentile	90th percentile	Maximum	Care homes	Trimmed mean
Chef Manager	27	£11.42	£9.00	£9.31	£10.25	£11.31	£12.27	£13.72	£14.31	21	£11.36
Chef	39	£9.97	£9.00	£9.24	£9.47	£10.04	£10.41	£10.41	£11.00	33	£9.99
Cook	34	£9.39	£8.91	£8.95	£9.13	£9.40	£9.40	£9.63	£11.50	26	£9.32
Weighted average	47	£10.13	£8.91	£9.09	£9.45	£10.03	£10.64	£11.42	£12.65	37	£10.02

Chefs and cook hourly pay (as above) by broad-geographical area

Category	East		West		South	
	Care homes	Trimmed mean	Care homes	Trimmed mean	Care homes	Trimmed mean
Chef Manager	8	£11.22	6	£11.00	7	£11.82
Chef	12	£9.80	10	£10.02	11	£10.15
Cook	7	£9.27	9	£9.34	10	£9.34
Weighted average	15	£9.99	13	£9.94	9	£10.21

- Whilst there is a progression of wages with job title, there are clear overlaps indicating a lack of equivalency of job titles in many care homes.
- Weighted average wages are considerably lower in smaller homes (£9.53 with fewer than 30 beds, not shown above) as Chef Managers are seldom used. Small homes partially offset a lack of economies on chef and cook hours by having lower grades in this area or paying a lower rate than would be the case in a large home for the same grade.

2017 survey results uplifted by the % increase in NLW	
Median: £9.65	Mean: £10.19

Notes

- The weighted average is calculated for every care home who supplied both wages and hours. This is less than all wage data as some surveys did not include hours, and both are needed to calculate a weighted average.
- Most larger care homes employ multiple levels of chefs and cook, including a more senior Chef Manager role. However, as can be seen by the wage distributions, job titles can be misleading.

Maintenance staff wages

Maintenance staff hourly pay (basic pay only)

Category	Care homes	Mean	Distribution							10-90th percentile	
			Minimum	10th percentile	25th percentile	Median	75th percentile	90th percentile	Maximum	Care homes	Trimmed mean
Head of maintenance	25	£10.01	£8.91	£8.93	£9.10	£9.53	£10.43	£12.74	£15.00	20	£9.76
Handyperson / Gardener	45	£9.45	£8.91	£8.91	£8.94	£9.22	£9.51	£10.00	£12.50	41	£9.22
Weighted average	46	£9.56	£8.91	£8.92	£9.04	£9.39	£9.75	£10.36	£13.00	36	£9.43

Maintenance staff hourly pay by broad-geographical area

Category	East		West		South	
	Care homes	Trimmed mean	Care homes	Trimmed mean	Care homes	Trimmed mean
Head of maintenance	6	£9.70	7	£9.38	7	£10.18
Handyperson / Gardener	14	£9.14	14	£9.30	13	£9.21
Weighted average	12	£9.38	15	£9.40	9	£9.53

- Some care homes may pay anti-social hours pay enhancements for maintenance staff. However, as we could not ensure consistent treatment, the above is based on basic rates of pay only.
- Almost all cares homes who submitted a survey had hourly maintenance staff. Presumably, maintenance contracts are therefore rare (at least within the sample).
- In some areas Care Analytics have worked, maintenance staff tend to be paid considerably higher wages than above. There is obviously likely to be a skill difference between a handyman paid close to statutory wages and those earning considerably higher pay.

2017 survey results uplifted by the % increase in NLW	
Median: £9.54	Mean: £9.77

Notes

- The weighted average is calculated for every care home who supplied both wages and hours. This is less than all wage data as some surveys did not include hours, and both are needed to calculate a weighted average.
- Most homes only employ one level of maintenance staff. However, as can be seen by the wage distribution, job titles can be misleading. 'Heads' in some homes are equivalent to standard staff in other homes

Management, admin and reception wages 1

Management, admin & reception hourly pay (basic pay only)

Category	Care homes	Mean	Distribution							10-90th percentile	
			Minimum	10th percentile	25th percentile	Median	75th percentile	90th percentile	Maximum	Care homes	Trimmed mean
Manager (nursing homes)	22	£23.68	£12.47	£20.53	£20.72	£23.97	£25.92	£28.74	£35.96	16	£23.27
Manager (residential homes)	36	£19.51	£9.84	£13.94	£16.78	£21.16	£21.22	£24.45	£31.17	28	£19.45
Deputy manager (nurse)	15	£18.69	£16.81	£16.89	£17.44	£18.40	£19.34	£19.58	£24.93	11	£18.38
Deputy manager (non-nurse)	39	£11.92	£9.50	£10.30	£10.55	£10.74	£12.25	£15.68	£20.00	32	£11.35
Senior Administrator	11	£11.82	£9.50	£10.00	£10.60	£12.00	£12.94	£13.21	£14.22	9	£11.81
Administrator	44	£9.72	£8.91	£9.03	£9.18	£9.42	£9.86	£10.89	£13.58	34	£9.49
Receptionist	18	£9.13	£8.91	£8.91	£8.91	£8.91	£9.00	£9.50	£10.94	16	£8.99
Weighted average (nursing)	23	£15.83	£7.21	£13.44	£15.18	£16.43	£17.51	£17.85	£19.36	17	£16.31
Weighted average (residential)	26	£13.60	£9.84	£11.09	£12.50	£13.30	£15.10	£15.94	£18.75	20	£13.47

- It is difficult to compare management and administrative roles in older adult care homes as there are multiple ways homes can organise themselves, particularly small homes.
- There is an overlap between senior administrators and deputy managers, as well as functions in groups carried out by central staff.
- The reception role is quite rare and only exists in group homes (and usually premium-type facilities). More than half of the 18 care homes above are from only two providers.
- Further notes on the table above are on the next page.

Notes

- The weighted average is calculated for every care home who supplied both wages and hours for care staff. This is less than all wage data as some surveys did not include hours, and both are needed to calculate a weighted average.

Management, admin & reception wages 2

- Different staffing structures between care homes make comparisons between management and administrative roles difficult.
- Within the survey data, almost all floor managers were treated as care workers. This is because (i) there was already a deputy manager in the home and (ii) given the size of the homes and the rates of pay, most floor managers were the equivalent of team leaders (in care staff). Apart from very large homes (of which there are none in the sample), in homes with both a manager and deputy manager, floor managers are better compared with team leaders. While in a home with only a single manager, a team leader might be the equivalent of a deputy manager.
- Some of the lowest manager pay are owners or perhaps family members. Within some surveys hourly rates were under £5.00 per hour as very high hours were included. We standardised any hours above 40 per week to ensure comparability.
- Managers and deputy managers in nursing homes are usually paid more than (smaller) residential care homes. However, there also usually some economies of scale on hours to offset the additional costs.
- We have chosen not to show geographical differences as the results are distorted by confounding factors such as home size and group size.

Non-staff operating costs

Non-staff operating costs

- Non-staff operating costs are the costs required to operate a care home on a day-to-day basis, excluding staffing and any capital costs or rental considerations. This includes the cost of a corporate function where applicable.
- Within this section, we have rounded results to the nearest £0.25 prw. This is for two reasons:
    i. We do not want to create a perception of false accuracy. Results can easily be moved by even a single additional entry, so analysis at the level of pence is unnecessary. Some cost categories would be better rounded to the nearest £1, though this is too granular for some low-value cost categories. We have therefore kept with rounding to the nearest £0.25 for consistency.
    ii. The numbers are easier to read and compare when rounded.
- Providers have different start and end dates for their financial years. As the variation between providers is nearly always greater than cost inflation even over several years, we have simply allocated costs based on the most months in the financial year April to March.
- Some providers only gave data for one financial year, whilst others gave two financial years (so are doubly counted in the data).
- Any 2021-22 costs will be forecasts.
- Results for 2019-20 and 2020-21 are shown without uplifts for inflation. However, when calculating averages using all the data, amounts for historic financial years have been crudely uplifted using 2.0% per year. Whilst it is, of course, possible to use more precise indices for specific cost lines, it is immaterial given the additional work involved and the timelines with which we had to undertake the analysis.
- Covid-19-related funding would have partially offset some non-staff costs in 2020-21. However, the data in this section will not generally include ongoing additional costs associated with Covid-19 as most of the data is historic.
- With the type of data analysed in this section, it is inevitable that there will be high and low outliers. This is both because of differences in costs incurred and differences in recording practices. Given the sample sizes, we therefore consider the trimmed mean (ignoring the lowest and highest 10% of costs) to usually be a more robust metric than the mean. The difference is not always significant, but sometimes outliers can have a material impact on the mean. The trimmed mean is often close to the median of unit costs. This is because, aside from outliers, non-staff operating costs tend to follow normal distribution characteristics.
- Finally, please note that ‘rent’ and financing costs are not analysed here as they are covered in the capital costs and facilities section.

Low-value cost lines

- A general issue with these types of exercises is that many non-staff operating costs are low, particularly when expressed as a cost per resident week. Many costs are therefore not separately accounted for by providers and, either end up in grouped categories or in 'other'.
- The following cost lines could not be meaningfully analysed as either the sample size was too small and/or the median amounts were too low.

Low-value cost lines prw

Category	Minimum	Median	Maximum
Uniform	£0.07	£0.79	£9.44
Activities and entertainment	£0.02	£1.53	£17.70
Travel and vehicles	£0.01	£0.96	£17.70
IT costs	£0.22	£3.20	£26.56
Professional subscriptions	£0.06	£0.81	£10.70
Recruitment and DBS	£0.01	£0.54	£33.93
Training	£0.17	£1.86	£11.93
Marketing	£0.01	£1.09	£71.20

Data: Anonymised care home surveys (2021)

- All the cost categories to the left only had partial entries such that some care homes did not separately account for the items. The minimums therefore only reflect the lowest value where costs were supplied against the respective cost line.
- Please also note that the median is calculated based on uplifting historic values to 2021-22 using a crude 2.0% annual rate of inflation (so are at 2021-22 price levels). However, the minimums and maximums are as calculated for the particular year in which they relate.
- We have chosen not to show the mean average, as it is a meaningless metric given these types of distribution pattern.
- All the cost categories to the left have been grouped under 'other' in our analysis which follows (page 107).

- There are a few other cost categories which are low-value amounts in older adult care homes when expressed as a cost per resident week. Examples are insurance and CQC inspection fees. However, we have chosen to maintain these as their own category as the cost profiles are narrow, almost all homes had costs against these categories, and there is little error margin with interpretation.
- Please note that no surveys identified GP services as a cost despite it being an explicit cost line in the survey template. In our experience, where care homes pay for enhanced GP services, the amounts can be material as a cost per resident week.

Food

Food costs prw (single cost line)

Financial year	Sample size	Mean	Distribution							10-90th percentile	
			Minimum	10th percentile	25th percentile	Median	75th percentile	90th percentile	Maximum	Sample size	Trimmed mean
2019-20	38	£28.25	£18.50	£21.50	£25.25	£27.50	£30.50	£36.75	£41.50	30	£27.75
2020-21	39	£29.50	£16.75	£23.50	£26.00	£28.00	£32.50	£37.25	£41.25	31	£29.50
2021-22 (forecast)	14	£29.25	£17.25	£24.75	£29.00	£30.00	£32.50	£33.50	£34.75	10	£30.00

Data: Anonymised care home surveys (2021)

Food costs prw 2021-22:
uplifting historic costs by 2.0% each year

Category	Sample size	Trimmed mean
All care homes	71	£29.50
Nursing homes	36	£30.00
Residential homes	35	£29.25
Independents	12	£30.00
Groups	59	£29.50
Fewer than 30 beds	14	£30.00
30-49 beds	28	£30.00
50+ beds	29	£29.00

Data: Anonymised care home surveys (2021)

2017 weighted average food costs (£25.37) uplifted by 2.0% for 4 financial years is £27.46

- The distribution of food costs in the sample is as we would expect.
- Although there is a distribution of costs of circa £25.00 to £35.00 prw between the 10th and 90th percentile (ballpark figures), in whatever way the data is cut, all averages are in the region of £29.00 to £30.00 prw. This implies there is no strong economies of scale with either group size or home size.
- The averages from the 2021 survey data are circa £2.00 to £2.50 prw more than the sample in 2017 uplifted by 2.0% each year to 2021-22. Possible explanations include:
    i. Food cost inflation higher than 2.0% per year (though we would note that total CPI inflation for food was only 3.4% between 2017 and 2020, substantially below the 8.2% assumed).
    ii. The 2017 sample may have had more homes with consistently lower costs compared to 2021.
    iii. The possible inclusion of low value outliers when calculating averages in 2017.
- Although higher-than-usual inflation for food costs is likely over the coming years, the impact will not be that material in isolation as a total cost prw. Several surveys already mentioned that higher food costs were already being incurred.

Utilities

Utilities costs prw: Gas, electricity, oil, water, utilities, telephone and internet

Financial year	Sample size	Mean	Distribution							10-90th percentile	
			Minimum	10th percentile	25th percentile	Median	75th percentile	90th percentile	Maximum	Sample size	Trimmed mean
2019-20	38	£23.00	£8.75	£13.50	£17.25	£22.25	£25.75	£29.50	£59.50	30	£21.50
2020-21	41	£26.00	£12.50	£16.25	£19.25	£23.25	£30.25	£42.00	£62.00	33	£24.75
2021-22 (forecast)	14	£27.00	£13.50	£15.75	£16.25	£20.50	£37.50	£41.50	£55.75	10	£25.00

Data: Anonymised care home surveys (2021)

2017 weighted average utilities costs (£22.06) uplifted by 2.0% for 4 financial years is £23.88

Utilities prw 2021-22:
uplifting historic costs by 2.0% each year

Category	Sample size	Trimmed mean
All care homes	73	£24.00
Nursing homes	34	£24.00
Residential homes	39	£24.00
Independents	9	£25.75
Groups	64	£23.75
Fewer than 30 beds	12	£24.50
30-49 beds	30	£26.25
50+ beds	31	£21.50

Data: Anonymised care home surveys (2021)

- These costs had to be grouped for analysis owing to the level of overlap and the fact that some surveys did not provide more granular cost breakdowns.
- The distribution of utilities costs is quite wide, both lower and higher than most averages, and with particularly large jumps after the median. This is unsurprising and typical from previous data we have seen. There may be an effect caused by locking in tariffs for a fixed time, as well as different costs associated with energy efficiency in converted homes and purpose-built homes of various ages.
- We reviewed all results under £17.50 prw and found nothing obvious for why the costs are so low.
- As far as we can tell, the £21.50 trimmed mean for the homes with 50+ beds is a genuine difference caused by economies of scale or better energy efficiency of the respective homes. However, we would note that the distribution for homes above 50+ beds is still almost as wide as other groupings.
- The 2021 survey results are consistent with averages from 2017 assuming 2.0% annual inflation.
- Large gas price increases are in the news at the time of writing. This is potentially a major risk area as care homes are not protected from price increases in the same way as domestic properties.

Insurance

Insurance costs prw: Home-based and central cost lines combined

Financial year	Sample size	Mean	Distribution							10-90th percentile	
			Minimum	10th percentile	25th percentile	Median	75th percentile	90th percentile	Maximum	Sample size	Trimmed mean
2019-20	28	£4.50	£1.25	£1.50	£2.75	£3.50	£4.75	£5.75	£28.75	22	£3.75
2020-21	31	£5.75	£1.25	£2.75	£3.50	£5.25	£6.00	£7.50	£26.75	25	£5.00
2021-22 (forecast)	14	£6.75	£1.00	£2.00	£4.50	£5.75	£8.00	£11.75	£18.25	10	£6.25

Data: Anonymised care home surveys (2021)

Insurance prw 2021-22:
uplifting historic costs by 2.0% each year

Category	Sample size	Trimmed mean
All care homes	57	£4.75
Nursing homes	29	£5.00
Residential homes	28	£4.50
Independents	15	£4.75
Groups	42	£5.00
Fewer than 30 beds	10	£4.25
30-49 beds	21	£5.00
50+ beds	26	£5.00

Data: Anonymised care home surveys (2021)

2017 weighted average insurance costs (£2.86) uplifted by 2.0% for 4 financial years is £3.10

- The interquartile range (25th to 75th percentiles) is generally as expected in 2019-20 and 2020-21. However, the full range is odd both at the low and high end. We are surprised that insurance can be as low as £1.00 prw, and if accurate, the high-end costs must either relate specialist services or an enhanced type and level of insurance.
- It should be noted that the sample size has dropped compared to food and utilities on the previous two pages. This implies that some care homes do not separately account for insurance (at least at the level with which they have supplied cost data).
- We were told by multiple providers that insurance costs are likely to increase by 30% for most older adult care homes going forward. Comparing results for 2019-20 to the next two financial years, this already appears to be evident in data. This should be monitored as it may be subject to further change.
- The effect of large increases on individual cost lines like insurance will not be unduly significant to total placement unit costs on its own. However, it nevertheless adds to the cumulative effect of above-usual-inflation increases for multiple cost lines.

CQC fees

CQC costs prw: Home-based and central cost lines combined

Financial year	Sample size	Mean	Distribution							10-90th percentile	
			Minimum	10th percentile	25th percentile	Median	75th percentile	90th percentile	Maximum	Sample size	Trimmed mean
2019-20	31	£3.50	<£0.25	£2.75	£3.00	£3.25	£3.75	£4.75	£8.00	25	£3.50
2020-21	36	£4.00	£2.00	£3.25	£3.50	£3.50	£4.25	£5.00	£6.75	28	£3.75
2021-22 (forecast)	11	£4.50	£3.00	£3.25	£3.50	£3.75	£4.50	£6.50	£7.75	9	£4.25

Data: Anonymised care home surveys (2021)

CQC fees prw 2021-22:
with no uplift of historic costs

Category	Sample size	Trimmed mean
All care homes	62	£3.75
Nursing homes	32	£3.75
Residential homes	30	£3.50
Independents	9	£3.75
Groups	53	£3.75
Fewer than 30 beds	9	£3.50
30-49 beds	27	£4.00
50+ beds	26	£3.50

Data: Anonymised care home surveys (2021)

2017 weighted average insurance costs (£3.45) uplifted by 2.0% for 2 financial years is £3.59

- Although most care homes reported CQC fees as a separate cost line, about 10-15% of homes did not. This implies either they consider the amount too low to be its own summary cost line, or costs are accounted for centrally.
- The CQC fee structure has not changed since 2019-20, with no increases for 2 years. Fees vary based on the number of service users supported by a provider (or registered bed capacity for a care home).
- The range should be £1.50 to £3.91 per bed week unless a care home has other types of CQC activity, such as a domiciliary care services operating from the same location. The maximum possible charge for a care home is £6.00, though this only applies for a services supporting a single service user.
- For providers with more than 26 service users, CQC fees should be between £2.73 and £3.35 before adjusting for vacancies.
- The range of unit costs in the surveys will be a combination of vacancies and the cost line being used to record other costs, such as registration fees for other professional bodies.

Repairs and maintenance

Repairs and maintenance costs prw: Single cost line

Financial year	Sample size	Mean	Distribution							10-90th percentile	
			Minimum	10th percentile	25th percentile	Median	75th percentile	90th percentile	Maximum	Sample size	Trimmed mean
2019-20	38	£23.25	£5.00	£13.50	£17.00	£22.50	£28.25	£34.75	£44.75	30	£23.00
2020-21	41	£25.00	£5.00	£7.75	£16.75	£24.50	£31.00	£42.25	£62.50	33	£23.75
2021-22 (forecast)	14	£30.25	£10.25	£17.25	£22.25	£28.75	£34.25	£47.25	£58.50	10	£29.00

Data: Anonymised care home surveys (2021)

Repairs and maintenance prw 2021-22: uplifting historic costs by 2.0% each year

Category	Sample size	Trimmed mean
All care homes	73	£24.75
Nursing homes	34	£24.75
Residential homes	39	£24.75
Independents	12	£21.00
Groups	61	£25.50
Fewer than 30 beds	8	£23.25
30-49 beds	32	£24.50
50+ beds	33	£25.25

Data: Anonymised care home surveys (2021)

It is difficult to interpret 2017 data to make a comparison

- Almost all care homes separately reported repairs and maintenance costs.
- There is nothing unusual about this distribution of costs, though it is obviously a wide range.
- Repairs and maintenance costs can vary substantially from year to year depending on whether significant issues arise.
- The quality of facilities have implications for repairs and maintenance in that it costs more to maintain and repair a higher specification facility than lower specification. For example, there is a higher maintenance cost for homes with entirely ensuite showers versus shared bathrooms.
- Good practice is obviously to invest a reasonable amount in ongoing maintenance to minimise the need for future repairs. However, the inevitable temptation for some providers is to minimise repairs and maintenance spend to maximise short-term profits / achieve a breakeven position – especially in times of financial difficulty.

Medical and clinical supplies

Medical and clinical supplies costs prw in nursing homes (single cost line)

Financial year	Sample size	Mean	Distribution							10-90th percentile	
			Minimum	10th percentile	25th percentile	Median	75th percentile	90th percentile	Maximum	Sample size	Trimmed mean
2019-20	18	£8.25	£3.25	£5.00	£6.00	£7.25	£8.50	£12.50	£20.25	14	£7.50
2020-21	18	£10.00	£3.50	£4.00	£6.25	£8.50	£11.75	£15.50	£28.25	14	£9.25
2021-22 (forecast)	7	£7.75	£4.75	£5.00	£5.75	£7.50	£9.00	£10.75	£11.75	5	£7.50

Data: Anonymised care home surveys (2021)

2017 weighted average costs (£7.77) uplifted by 2.0% for 4 financial years is £8.41

Medical and clinical supplies costs prw in residential homes (single cost line)

Financial year	Sample size	Mean	Distribution							10-90th percentile	
			Minimum	10th percentile	25th percentile	Median	75th percentile	90th percentile	Maximum	Sample size	Trimmed mean
2019-20	18	£3.50	<£0.25	£1.25	£1.75	£2.00	£2.75	£8.75	£15.25	14	£2.50
2020-21	20	£4.50	<£0.25	£0.25	£0.50	£1.25	£6.75	£9.00	£27.50	16	£2.75
2021-22 (forecast)	4	£2.75	£1.25	£1.50	£1.75	£2.75	£3.50	£4.00	£4.25	2	£2.75

Data: Anonymised care home surveys (2021)

2017 weighted average costs (£2.17) uplifted by 2.0% for 4 financial years is £2.35

- As many nursing homes have residential residents, there is a case that the true cost per nursing resident is higher than indicated by the above results. However, a larger sample of evidence would be needed to confirm and quantify any differences in Lincolnshire care homes.
- The average costs in 2021 are broadly consistent with 2017 results. Any differences comfortably fall within the error margin caused by differences in the sample.

Central overheads and professional services costs

- It is difficult to use survey data to reliably estimate central overheads and professional services costs. Any average must also be treated with extreme caution as it will be calculated using a large range of costs (from close to zero to several hundred pounds prw) depending on each provider's business model. This can be seen in the data on the next page.
- The Competitions and Markets Authority (CMA) analysis of the older adult care home market in 2017 found that group-level costs ranged from 5-10% of revenue. This is a very wide range when translated to costs prw. However, Care Analytics would note that the bottom of this range (circa 5%) would only be achievable for most groups with a significant proportion of revenue generated from higher/premium self-funder fees.
- Independent care home providers and most small (stable) groups generally do not incur the same level of cost for equivalent professional services as central overheads in larger groups. The three main reasons for this are:
    i. Groups have costs for portfolio management and growing their business. There are also costs associated with ensuring the business is structured efficiently for tax purposes (and restructured as necessary). These additional costs can be substantial compared to a stable portfolio with a simple business structure.
    ii. Over time, groups commonly fall victim to accumulating bureaucracy and the associated costs. This is rarer among small businesses as the owner(s) see the direct effects of bureaucracy on their profits. This is not a care home specific phenomena.
    iii. The owner of an independent care home or small group will often be responsible for many tasks that are managed by central staff in larger groups (procurement, finance, HR, strategy and policy, various admin, etc.). This input is often not an explicit cash cost as owners often primarily use dividends to take money out of the business (though small groups will often incur director renumeration as an equivalent to central costs).
- Ten older adult care homes within the survey sample included director remuneration payments within their cost breakdowns. These ranged from £10 to £167 prw, though 7 of the 10 had costs between £20-40 prw. Whilst the high end of the full range is clearly a form of profit extraction (rather than a legitimate cost for standard-rated placements), a £20-40 cost prw is not a high charge if attempting to cost the owner input for most independent care homes and small groups (in addition to any paid manager costs). As a ballpark example, £20-40 prw can be calculated by £30-50k per year (including on-costs) spread over 25 residents.
- In our opinion, central overheads and professional services costs above circa £50 prw can be considered as being any combination of (i) portfolio management costs associated with growing the business, (ii) profit extraction, (iii) inefficiency in terms of central staffing being poorly aligned to business size, (iv) inefficiency resulting from bureaucracy / complex business structures.

Professional services, directors, and central staff

Professional costs prw: Professional services, director renumeration, central staff

Financial year	Sample size	Mean	Distribution							10-90th percentile	
			Minimum	10th percentile	25th percentile	Median	75th percentile	90th percentile	Maximum	Sample size	Trimmed mean
2019-20	34	£46.25	£1.00	£2.25	£13.00	£39.25	£57.25	£91.50	£236.25	26	£39.00
2020-21	39	£40.50	<£0.25	£1.50	£3.25	£39.50	£58.25	£80.50	£235.25	31	£32.75
2021-22 (forecast)	13	£34.75	<£0.25	£0.25	£3.50	£40.00	£45.75	£65.25	£73.25	9	£35.00

Data: Anonymised care home surveys (2021)

Professional costs prw 2021-22: uplifting historic costs by 2.0% each year

Category	Sample size	Trimmed mean
All care homes	66	£36.50
Nursing homes	30	£38.25
Residential homes	36	£35.00
Independents	17	£24.00
Groups	49	£40.75
Fewer than 30 beds	14	£20.50
30-49 beds	26	£48.50
50+ beds	26	£33.00

Data: Anonymised care home surveys (2021)

No data from 2017 as this appeared to be outside of scope of the analysis

- Almost all 2021 surveys with cost breakdowns included costs in one or more of these categories.
- Independent and small groups account for the low end of costs for reasons explained on the previous page.
- Where costs only relate to professional services, they are invariably very low as an amount prw. This is obviously only feasible where many tasks are undertaken by business owners without wage renumeration.
- If more of the independent care homes who did not submit surveys were included in the above, both the overall averages and distribution would almost certainly be much lower for the overall market.
- The trimmed mean for both independents and care homes with fewer than 30 beds (left) are misleading. They are averages comprised of very low costs and more 'usual' costs where director renumeration is charged.

Other central costs

- There were 54 total financial years within the 2021 survey data where cost breakdowns included central overheads. Of these, 46 had ‘other’ central costs above £50 prw (that is against the unspecified ‘other’ cost line). These 46 instances had a mean of £145 prw, whilst the highest was £362 prw.
- In addition to this, 18 of the 46 cost breakdowns with ‘other’ central costs above £50 prw also had ‘rents’ between £80 and £160 prw.
- Some of the costs in the ‘other’ central cost category can likely be explained as legitimate financing costs (where there is no rent). Unfortunately, we have no choice but to ignore large entries under ‘other’. We have chosen to exclude any costs in either the home-based or central ‘other’ category above £50 prw. At best, we would argue that such levels of unspecified costs are unlikely to relate to the commissioning of standard-rated council-funded placements.
- We are aware that this will exclude some legitimate costs but have no choice, as it would render analysis of cost lines which have to be grouped under ‘other’ as pointless. Such an approach also ensures greater commensurability between the costs of independent providers, SMEs, and large groups.
- We have carefully checked against all other material cost lines (food, utilities, repairs, depreciation, insurance, waste, cleaning, etc.), and as far as we can tell every single one of the 46 instances has typical cost profiles against key cost lines. The only exceptions are (i) 11 of the entries have no central staffing (so costs would be in ‘other’), and (ii) the rent already mentioned above.
- Excluding these entries should not materially affect the overall analysis . Because the respective cost breakdowns have no costs against rents or central staffing, they will not dilute the averages shown or impact on the distribution for those cost categories (though the results might be different).

Other non-staff operating costs

Other non-staff costs prw: waste collection / disposal, cleaning materials, recruitment and DBS, training, home-based office costs, activities and entertainment, marketing, uniforms, professional subscriptions, vehicles, travel, banking costs (if <£5 prw else treated as financing), other (if <£50 prw else excluded)

			Distribution							10-90th percentile	
Financial year	Sample size	Mean	Minimum	10th percentile	25th percentile	Median	75th percentile	90th percentile	Maximum	Sample size	Trimmed mean
2019-20	38	£30.50	£7.50	£13.50	£18.00	£23.75	£32.75	£62.25	£103.50	30	£27.25
2020-21	41	£35.00	£12.00	£14.75	£17.75	£25.50	£39.25	£63.75	£188.50	33	£28.75
2021-22 (forecast)	14	£42.50	£15.25	£20.75	£27.75	£39.75	£61.25	£66.00	£68.25	10	£42.25

Other non-staff costs prw 2021-22: uplifting historic costs by 2.0% each year

Category	Sample size	Trimmed mean
All care homes	73	£30.50
Nursing homes	36	£31.75
Residential homes	37	£29.50
Independents	12	£35.75
Groups	61	£29.50
Fewer than 30 beds	13	£30.75
30-49 beds	30	£30.25
50+ beds	30	£31.00

Data: Anonymised care home surveys (2021)

It is difficult to interpret 2017 data for these costs to make a comparison

- Whilst this is a something of a cost ‘bucket’, we have grouped the categories as they are mostly low-value cost lines and not consistently accounted for by care homes in the survey data.
- We have preferred to treat as a cost ‘bucket’, as there is otherwise a risk of costs being understated. We regularly see averages of a series of low-value cost lines summed, ignoring the fact that entries are partial, and many costs are accounted for under ‘other’.
- We have disallowed any costs in either the home-based or central 'other’ categories which are greater than £50 prw. These are mostly large groups, and we found no obvious reduction in specific cost categories to justify such a high amount of unspecified costs. Whilst these exclusions only make a few pounds difference on the median and trimmed mean, they vastly inflate both the mean and distribution past the median.

Depreciation

Depreciation costs prw: Home-based depreciation and central depreciation

Financial year	Sample size	Mean	Distribution							10-90th percentile	
			Minimum	10th percentile	25th percentile	Median	75th percentile	90th percentile	Maximum	Sample size	Trimmed mean
2019-20	30	£28.75	£1.50	£6.00	£18.25	£24.00	£39.75	£46.50	£86.00	24	£27.00
2020-21	30	£28.50	<£0.25	£10.00	£18.00	£24.50	£36.75	£43.50	£95.00	24	£26.25
2021-22 (forecast)	6	£24.00	£4.50	£6.75	£10.00	£18.50	£36.75	£46.50	£52.25	4	£21.75

Data: Anonymised care home surveys (2021)

Depreciation prw 2021-22:
uplifting historic costs by 2.0% each year

Category	Sample size	Trimmed mean
All care homes	52	£27.00
Nursing homes	26	£28.25
Residential homes	26	£25.50
Independents	8	£20.00
Groups	44	£28.25
Fewer than 30 beds	3	£16.25
30-49 beds	24	£31.00
50+ beds	25	£24.25

Data: Anonymised care home surveys (2021)

It is difficult to interpret 2017 data to make a comparison

- Only about 75% of care homes who supplied cost breakdowns reported depreciation costs. This is unsurprising as some care homes do not have assets still requiring depreciation (or the costs come from a separate part of their accounting system and so not readily available to the person completing the survey).
- It is likely that many of the independent care homes who did not submit surveys will have lower capital maintenance spend and associated depreciation costs than the above sample. Whilst this will not apply to all independents, this would likely be sufficient to materially drag down any average.
- Groups tend to have 'rolling' schedules of maintenance work and thus more consistent depreciation costs over their portfolio. Although a generalisation, groups are also more likely to take a long view, and consequently their maintenance spend will include upgrading facilities to improve marketability.
- High depreciation costs can include land and buildings associated with new-build facilities, which is equivalent to rent. As depreciation is hard to disentangle from rent/capital costs, we invariably account for them side-by-side in any cost models we produce (rather than as part of non-staff costs).

Repairs, maintenance, equipment and depreciation (RMED)

RMED costs prw: repairs and maintenance, equipment & furniture, depreciation, lease costs (if <£20 prw else treated as rent/financing costs), central property

Financial year	Sample size	Mean	Distribution							10-90th percentile	
			Minimum	10th percentile	25th percentile	Median	75th percentile	90th percentile	Maximum	Sample size	Trimmed mean
2019-20	38	£50.75	£12.25	£23.25	£34.00	£52.50	£63.50	£72.25	£114.50	30	£49.25
2020-21	41	£50.25	£5.75	£25.50	£36.75	£48.50	£61.25	£68.00	£132.25	33	£48.50
2021-22 (forecast)	14	£44.75	£15.25	£18.50	£25.25	£37.50	£63.75	£73.50	£89.50	10	£42.50

Data: Anonymised care home surveys (2021)

RMED costs prw 2021-22:
uplifting historic costs by 2.0% each year

Category	Sample size	Trimmed mean
All care homes	73	£49.25
Nursing homes	37	£49.00
Residential homes	36	£49.50
Independents	13	£51.75
Groups	60	£48.75
Fewer than 30 beds	10	£47.75
30-49 beds	31	£52.75
50+ beds	32	£46.50

Data: Anonymised care home surveys (2021)

It is difficult to interpret 2017 data to make a comparison

- This page includes the cost lines from previous pages (repairs & maintenance and depreciation). It also includes equipment and furniture, which was a partial sample but has obvious overlap.
- These cost lines often cannot be separately analysed and compared as there is too much overlap. This is also a difficult area to analyse as it mixes revenue spend (incurred every year) and capital spend (investment, the cost of which is depreciated over multiple years).
- These results are not surprising as Care Analytics regularly sees this type of spread of costs for these combined categories. Both the median and trimmed mean averages are close to £50 prw for this collection of costs. This is on the high side for a market 'average'. However, these results are likely influenced by the data being weighted to groups, although, though there is no evidence of this from the independent homes in this sample.
- We analysed differences between residential and nursing homes and found little difference in terms of averages or distributions. However, we suspect differences would emerge if more independent residential care homes submitted surveys.

Facilities and capital costs

Facilities and capital costs

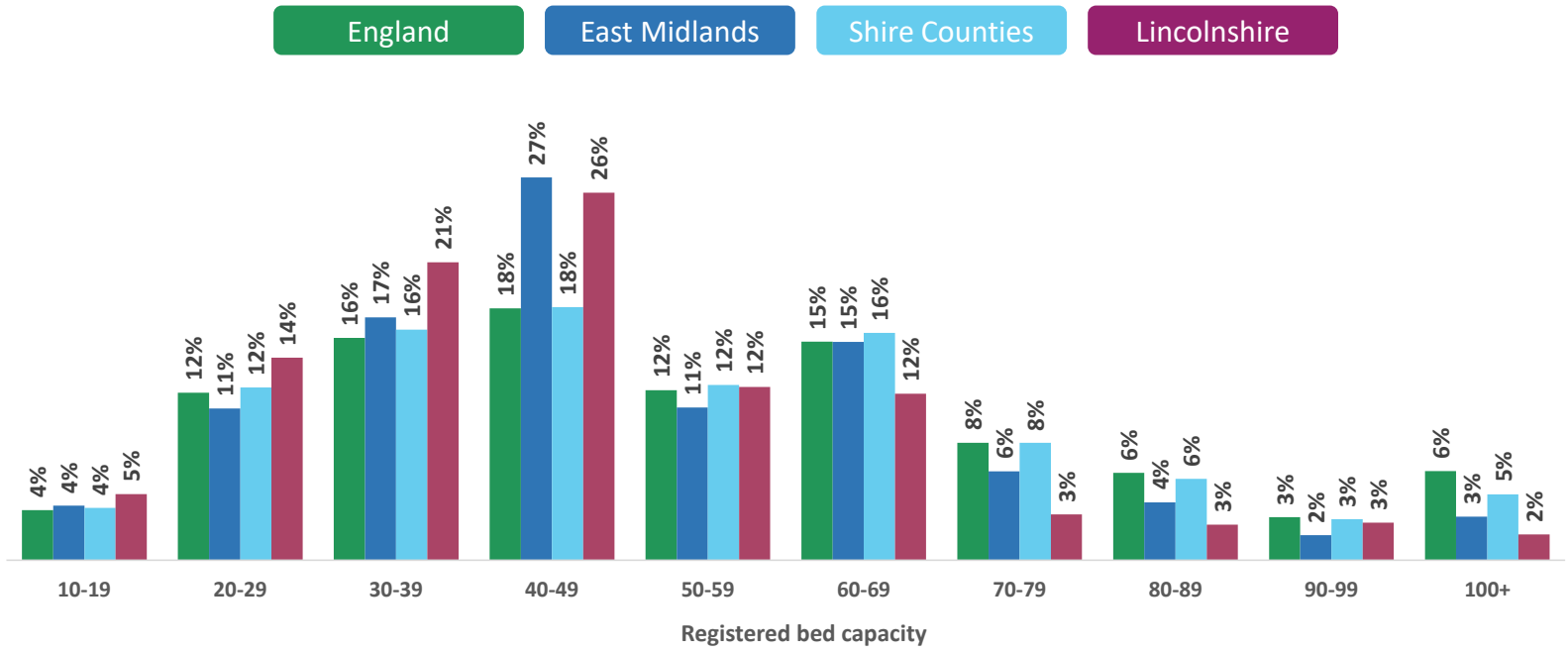
- Care home facilities can influence both the quality and cost of the support provided.
- Different types of care also have different minimum and ideal facility requirements.
- The older adult care home sector largely originated and expanded in the 20th century through converting large housing stock into care homes. Purpose-built facilities were not the norm until the late twentieth century.
- Throughout much of the 20th century, the care home market was also largely unregulated. National minimum facility standards were only established in the Care Standards Act 2000, though not enforced until 2002. Many minimum standards for new homes also do not apply retrospectively to old homes. See page 11 for a discussion of room standards over the decades.
- Most new care homes have been purpose-built since at least the 1990s, and conversions of general-purpose housing stock to care homes is a much rarer occurrence today.
- The age of care home stock is usually a good indicator of both the quality of the facilities and the capital costs incurred by providers, at least in ballpark terms. In general, the more recent the care home has been built, the better the facilities and the higher the likely capital costs. The key type of exception are converted mansions that predominantly serve the self-funder market. These type of mansions often have large bedrooms and have been updated in line with evolving expectations around facilities.
- The rule of thumb around age of care home stock and the relationship to capital costs breaks down when care homes are purchased by a new owner. At the point of sale, a revised cost of capital is created. This new valuation is often based on the expected returns of the care home as a business, not the 'bricks and mortar' valuation of the land, building and equipment.
- Care home size is another proxy indicator of the age and quality of facilities, albeit with a large error margin in each individual situation. As a rule of thumb, small care homes are likely to be older and have lower facility standards compared to larger purpose-built facilities.
- On average, nursing homes are likely to have better quality facilities and higher associated capital costs than residential homes. Nursing homes require higher physical environmental standards owing to the more complex needs of the clientele. This can include larger rooms for hoists, level-access for wheelchairs, ensuite facilities so largely bedbound residents can be washed, and more. This means nursing homes are less likely to be based in converted homes, and more likely to be in new (and consequently larger) purpose-built care homes.
- Some of the critical background for understanding this section can be found in the Context section of this report (pages 9-21).

Care home size comparisons

Distribution of beds in older adult care homes by registered bed capacity of the home

	Registered bed capacity											
Category	1-9	10-19	20-29	30-39	40-49	50-59	60-69	70-79	80-89	90-99	100+	Total
England	<1%	4%	12%	16%	18%	12%	15%	8%	6%	3%	6%	100%
East Midlands	<1%	4%	11%	17%	27%	11%	15%	6%	4%	2%	3%	100%
Shire Counties	<1%	4%	12%	16%	18%	12%	16%	8%	6%	3%	5%	100%
Lincolnshire	-	5%	14%	21%	26%	12%	12%	3%	3%	3%	2%	100%

Data: Care Analytics care home database



- Lincolnshire has fewer large care homes than average and more smaller care homes. This almost certainly relates to the composition of the market in terms of the age of stock (see pages 113-114).
- The advantages (for councils and self-funders) of having more smaller care homes, rather than fewer larger ones, are: (i) downward pressure on prices from competition, (ii) greater likelihood of having more consistent geographical coverage ,and (iii) more choices for residents.
- Homes below circa 25-30 beds are more likely to suffer from higher staffing and other costs from a lack of economies of scale. However, they are also more likely to be independently-operated and have 'sunk' capital costs.

Age of care home stock in Lincolnshire

Estimated build decade: percentage of registered beds in Lincolnshire older adult care home market

Data: Online research validated by surveys where possible, linked to Care Analytics care home database (to April 2021)

Analysis has an error margin as external data sources are often unreliable for build or opening years

Build decade	Nursing homes	Residential homes	Care homes (total)	Urban	Rural	Small providers (<5 homes)	Groups (5+ homes)
No info	4%	2%	3%	3%	2%	3%	3%
Before 1990	34%	56%	47%	40%	55%	55%	47%
1990 to 1999	31%	21%	25%	29%	22%	19%	32%
2000 to 2009	9%	11%	10%	12%	9%	10%	11%
After 2010	21%	10%	15%	17%	12%	13%	17%
Total	100%	100%	100%	100%	100%	100%	100%

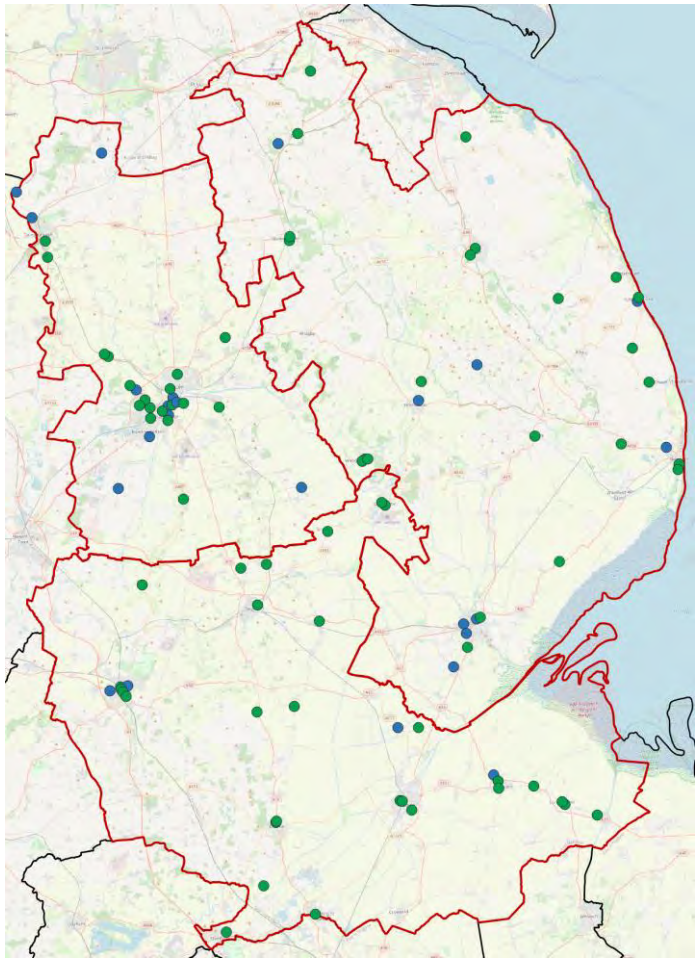
	East				West				South			
Build decade	Boston	Louth	Market Rasen	Skegness	Gainsboro'	Hykeham	Lincoln North	Lincoln South	Grantham	Sleaford	Spalding	Stamford-Bourne
No info	5%	-	-	-	-	-	19%	10%	-	-	-	-
Before 1990	32%	46%	63%	35%	39%	79%	27%	58%	46%	67%	50%	22%
1990 to 1999	24%	38%	28%	30%	23%	21%	13%	23%	27%	11%	25%	38%
2000 to 2009	16%	16%	-	34%	8%	-	-	9%	14%	8%	16%	-
After 2010	23%	-	9%	-	30%	-	40%	-	14%	14%	8%	40%
Total	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

- Only 25% of beds in the market are in care homes built (or first opened) after the Care Standards Act 2000.
- The difference between smaller providers (including independents) and groups is usually larger, with the former operating from older facilities. However, the data for Lincolnshire is heavily influenced by one provider who operates many care homes in old purpose-built facilities from the mid-20th century.
- On average, nursing care homes are newer than residential care homes.
- On average, rural properties are older stock compared to urban. This relates to the fact that groups operate less in rural areas in the county and groups tend to operate in newer facilities. It is not always clear what is the driver and what is the consequence.
- Boston aside, there are fewer new-build care homes in the east of the county.

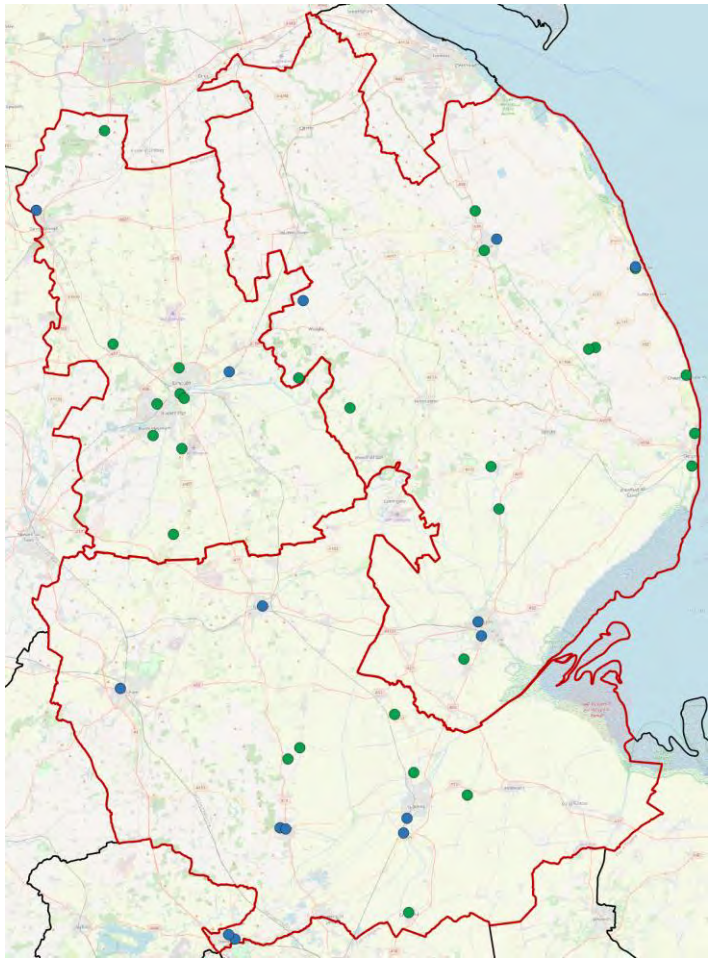
Older adult care homes in Lincolnshire

Nursing homes
Residential homes

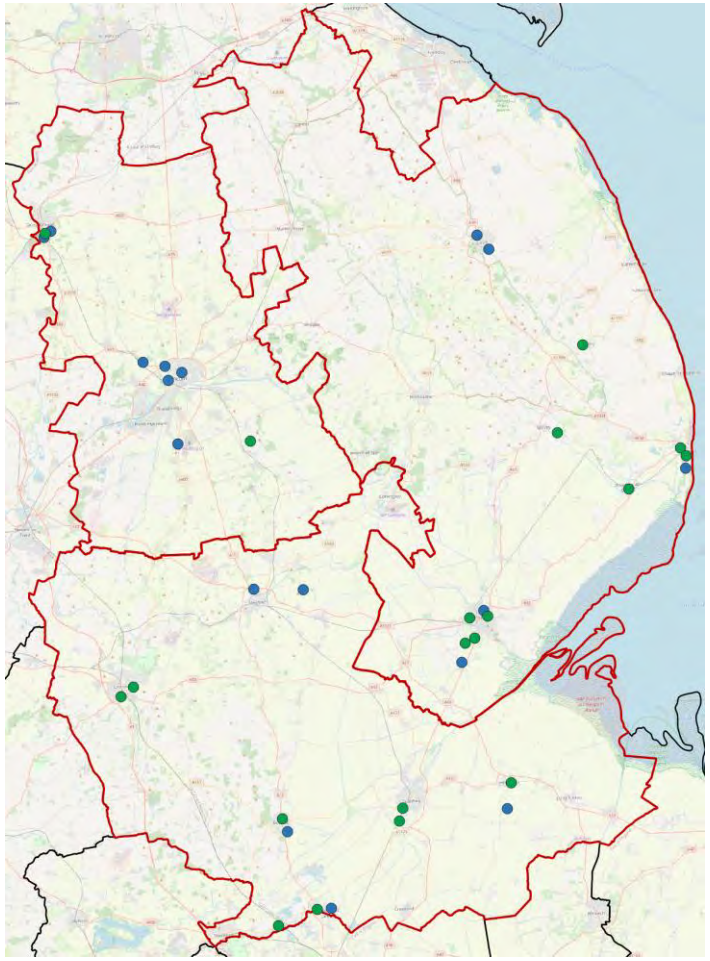
Built before 1990:
97 homes with 3,244 beds (mean 33 beds)



Built 1990 to 1999:
44 homes with 1,770 beds (mean 40 beds)



Built after 2000:
36 homes with 1,753 beds (mean 49 beds)



Analysis has an error margin as external data sources are often unreliable for build or opening years (excludes 4 homes with no data)

care ANALYTICS

Facility standards

Rooms standards in older adult care homes in Lincolnshire (surveys only)

Category	Nursing homes	Residential homes	Care homes (total)	Urban'	Rural	Indep-endents	Small groups (2-24 homes)	Large groups (25+ homes)
% of rooms with less than 12m^2 usable floor space	7%	19%	13%	13%	13%	19%	6%	13%
% of rooms with no ensuite toilet	21%	42%	32%	25%	43%	42%	34%	26%
% of rooms 'substandard' (minimum)	**22%**	**45%**	**34%**	**28%**	**44%**	**42%**	**34%**	**30%**
% of homes with at least one 'substandard' room	55%	65%	61%	53%	73%	71%	81%	46%

Data: Anonymous surveys (2021), linked to Care Analytics care home database

- A 'substandard' room relates solely to the requirements for newly-registered care homes as defined in the Care Standards Act 2000. No value judgement is inferred for the quality of care, or indeed the quality of facilities (other than that the rooms do not meet these specific standards).
- Based on the survey sample, 13% of rooms in older adult care homes have less than 12m^2 usable floor space (sometimes called 'undersized'), whilst 32% of rooms do not have an ensuite toilet. Combining the above metrics (the maximum of each result in all care homes), *at least* 34% of the rooms in the survey sample are either 'undersized' and/or rooms with no ensuite toilet. Many rooms will fail on both criteria.
- The true percentage of rooms in the Lincolnshire market not meeting minimum standards for newly-registered care homes ('substandard') is likely much higher given that independent care homes in older care home facilities are heavily underrepresented in the survey data.
- Unsurprisingly, the percentage of 'substandard' rooms is lower for nursing homes (22%) than residential homes (45%) in the survey sample. In other words, on average, room standards are demonstrably better in nursing homes than residential homes in Lincolnshire (like almost everywhere else). Again, we would expect this range to widen with a full picture of the market.
- Perhaps the more important metric is that 61% of older adult care homes in the survey sample have at least some rooms not meeting minimum new-build standards. In such homes, for understandable reasons from both commissioner and provider perspectives, it is likely the council is buying the rooms with the lowest standard of facilities. The same also applies to care homes where all the rooms meet minimum new-build standards, but not all rooms are of equivalent size, facilities, location, or aspect.
- Whilst there are always exceptions, smaller rooms, and rooms without ensuite facilities are less likely to be marketable to self-funders. It is reasonable to assume that many 'substandard' rooms would likely remain empty if they were not commissioned by the council.

Facility standards by geographical area

Rooms standards in older adult care homes in Lincolnshire (surveys only)

	East				West				South			
Category	Boston	Louth	Market Rasen	Skegness	Gainsboro'	Hykeham	Lincoln North	Lincoln South	Grantham	Sleaford	Spalding	Stamford-Bourne
% of rooms with less than 12m² usable floor space	22%	-	10%	4%	-	20%	26%	11%	10%	18%	5%	14%
% of rooms with no ensuite toilet	42%	49%	45%	83%	1%	27%	35%	32%	16%	44%	41%	9%
% of rooms 'substandard' (minimum)	**42%**	**49%**	**45%**	**83%**	**1%**	**32%**	**35%**	**32%**	**16%**	**44%**	**41%**	**22%**
% of homes with 'substandard' rooms	78%	60%	86%	100%	20%	44%	80%	75%	33%	80%	73%	25%

Data: Anonymous surveys (2021), linked to Care Analytics care home database

- Based on the survey sample, facilities in the east of the county are of a much lower standard on average, particularly in Skegness. Again, this is simply relative to the requirements for newly-registered care homes as defined in the Care Standards Act 2000.
- The simple explanation for geographical variations in terms of the proportion of the market with 'substandard' facilities is almost certainly simply a reflection of the age of care home stock. Areas with fewer new-build care homes and fewer home closures over the past two decades will have worse facilities relative to regulatory requirements for newly-registered care homes.
- Whilst questions of 'self-funder' subsidy are complicated, where room standards vary in a care home, and councils are buying rooms that would otherwise likely be vacant, in our opinion, there is greater defensibility for the respective council not covering the full unit cost in a care home. We would also note that we have seen price lists (albeit not in Lincolnshire) which have different rates for self-funders based solely on room standard which vary by multiple hundreds of pounds per week.
- Where rooms are of equivalent size, aspect, and standard, attitudes towards fee differentials will likely depend more on perspectives about market forces. As previously mentioned, affordability constraints do not currently leave many councils with much discretion in this area.
- Stakeholders are likely to have differing opinions about the importance of rooms size and the need for ensuite toilets, showers, and wet rooms.

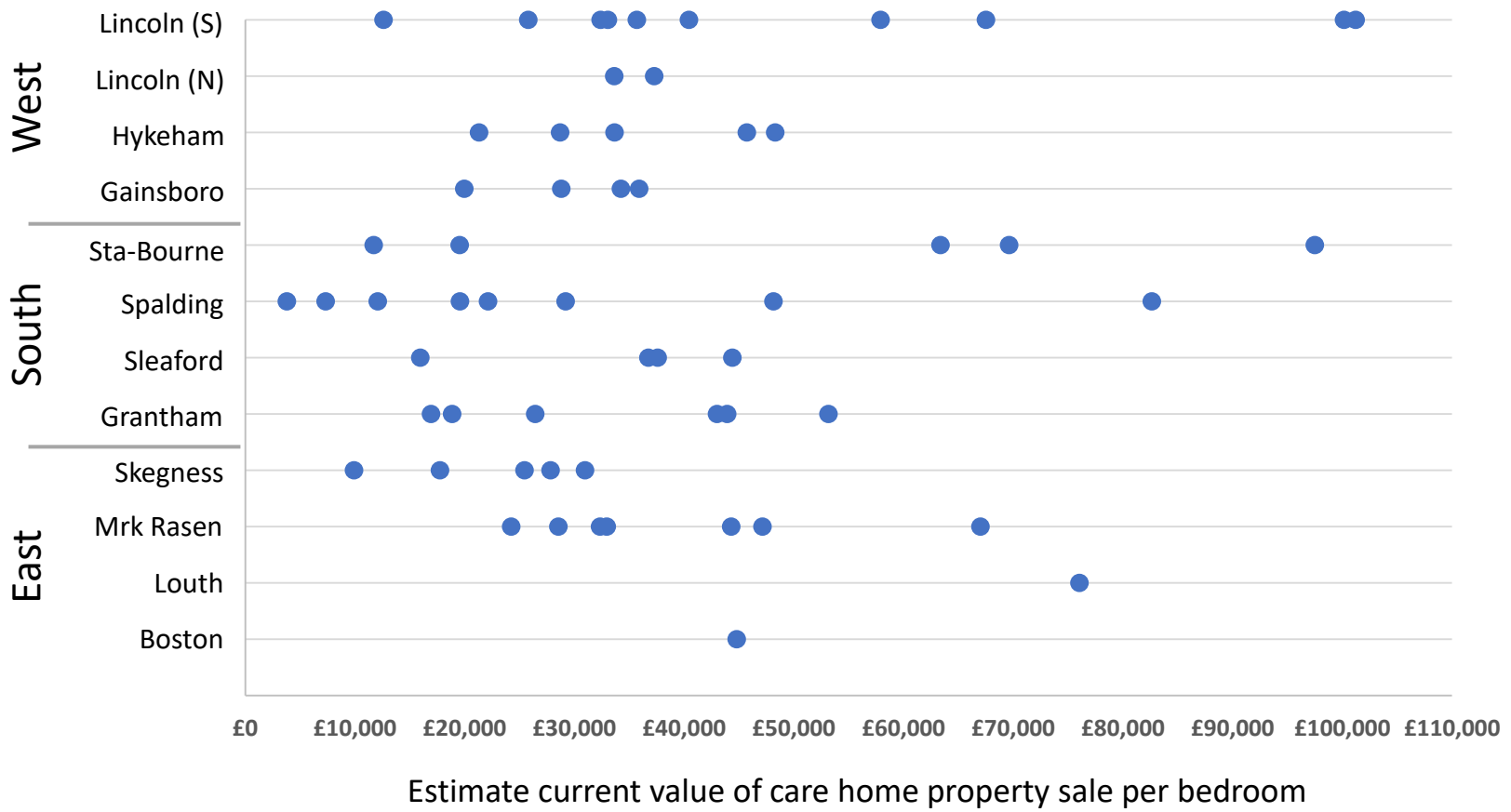
Care home sales between 2017 and 2021

Guide price per bed of advertised care home sales in and around the East Midlands between 2017 and 2021 (ordered low to high)

Location	Basic details	Beds	Per bed
Lincs (Spalding)	Land (permission for care home + flats)	117	£8,120
North East	Vacant possession	20	£19,750
East midlands	Established nursing home	59	£24,576
Lincs (Boston)	Land (estimated suitable for 60 beds)	60	£25,000
East Midlands	Purpose-built nursing home	46	£26,087
South Yorkshire	Retirement sale (all ensuite)	35	£27,143
Nottinghamshire	Retirement sale (large plot)	28	£31,964
East Midlands	Purpose-built nursing home	47	£32,979
East Midlands	Nursing home in affluent location	45	£35,556
East Midlands	Vacant site (former care home)	16	£37,188
East Midlands	Recently refurbished	39	£38,333
East Midlands	Potential for redevelopment (STP)	14	£39,286
East Midlands	Established home on large plot	40	£40,000
West Midlands	3 x home group	67	£40,299
Lincolnshire	Retirement sale	37	£40,405
Lincolnshire	Mostly purpose built (with extensions)	35	£42,143
East Midlands	Attractive residential care home	14	£42,500
East Midlands	Period property with extension	39	£43,462
East Midlands	Management run in affluent market town	19	£44,737
East Midlands	Retirement sale (market town)	12	£49,583
East Midlands	No details	30	£50,000
East Midlands	Group	71	£51,408
West Midlands	No details	31	£51,613
East Midlands	Boutique style home	24	£52,083
East Midlands	Nursing home in affluent suburb	31	£52,419
West Midlands	Profitable Specialist Dementia/MH Home	37	£52,703
East Midlands	Converted property (manager in place)	12	£54,167
East Midlands	Sought-after nursing Home	31	£54,839
West Midlands	Converted property	13	£55,769
West Midlands	Purpose built (1998)	60	£55,833
Derbyshire	Purpose built	20	£60,000
West Midlands	2 x purpose-built homes	137	£69,343
East Midlands	Purpose built (1992)	39	£70,513
Rochdale	New-build nursing home	57	£77,193
East Midlands	Profitable management run business	30	£81,667
Northamptonshire	Retirement sale	39	£85,256
Derbyshire	Retirement sale	25	£90,000
Leicestershire	Sale & leaseback (large ensuite bedrooms)	88	£95,455
Nottingham	Sale & leaseback	64	£118,750

- These care home sale guide prices were collated from various websites over the past 4 years. Actual sale prices are unknown.
- The range and distribution demonstrate the large spread of capital costs for purchasing an older adult care home.

Older adult care home property sales in Lincolnshire



- For clarification, this is not the same data as the previous page.
- The scatter graph shows 58 examples of older adult care home property sales (exact address) in Lincolnshire, with an algorithm-driven estimated current value per bedroom. The value is estimated by the website's algorithm, which adjusts for property price inflation since the sale date.
- Care Analytics have converted the total estimated value to a value per bedroom based on registered bed capacity.
- Each horizontal line represents the location for each older adult care team. The analysis is effectively 12 separate one-dimensional scatter graphs.
- Many low-value sales were for closed care homes, and so likely sold based solely on the land value.

- Sometimes, the property sale value per bedroom may be misleading for number of possible reasons. For example, (i) the sale may have been to a related party, (ii) the inflation algorithm is generic, (iii) the home may have been sold as a business with goodwill or (iv) may have had twin rooms.
- Despite these caveats, the overall dataset provides further evidence of the variability of capital costs when purchasing an existing or closed care home; and the fact that many of the old care homes in Lincolnshire are probably not worth much more than their land value.

care ANALYTICS

Property costs for general-purpose housing

Property value distributions for general-purpose housing at older adult care home locations in Lincolnshire (000)

					East				West				South			
Category	East	West	South	Total	Boston	Louth	Market Rasen	Skegness	Gainsboro'	Hykeham	Lincoln North	Lincoln South	Grantham	Sleaford	Spalding	Stamford-Bourne
Min	£20	£27	£36	£20	£36	£51	£33	£20	£27	£55	£48	£36	£38	£47	£44	£36
1st quartile	£54	£61	£63	£57	£46	£58	£69	£43	£59	£69	£62	£51	£57	£60	£67	£81
Median	£70	£74	£81	£75	£56	£76	£77	£64	£70	£77	£84	£65	£70	£78	£75	£95
3rd quartile	£86	£95	£95	£94	£65	£85	£104	£79	£87	£100	£104	£88	£86	£89	£89	£121
Maximum	£164	£161	£149	£164	£98	£94	£164	£124	£130	£161	£132	£146	£123	£149	£137	£135
Weighted mean	£72	£77	£84	£78	£59	£74	£88	£65	£70	£84	£83	£75	£71	£80	£78	£100

Data: House sale data collated from an online property valuation service, converted to a value per bedroom

- This is similar data to the previous page but is based on sales of general-purpose housing at (or as near as possible) to each older adult care home location in Lincolnshire. We prioritised larger detached and semi-detached properties when choosing which home to use for each location. We also excluded actual care homes to ensure the comparisons are as similar as possible. The sale also had to state the number of bedrooms so we could calculate a cost per bedroom.
- This analysis is **not** intended to reflect care home capital costs. It is simply to demonstrate large geographical differences in property valuations for general-purpose housing. Whilst not proportional, we would expect areas with high general-purpose housing costs to have higher land costs for care homes, better opportunity costs for repurposing old care home stock, and have more self-funders.
- The south has more high-value property, followed by the west.
- However, the most important point is that all localities have high- and low-value property at care home locations. Generalisations about broad-geographic areas should therefore only be made cautiously.

Rents and financing costs from surveys

Rent and financing costs: lease / rent costs (if >£20 prw else treated as equipment), bank & finance costs (if>£5 prw else treated as sundries)

Financial year	Sample size	Mean	Distribution							10-90th percentile	
			Minimum	10th percentile	25th percentile	Median	75th percentile	90th percentile	Maximum	Sample size	Trimmed mean
2019-20	20	£62.36	£8.79	£28.89	£37.56	£51.80	£84.87	£109.88	£132.05	16	£60.00
2020-21	22	£102.87	£7.13	£28.41	£63.97	£93.72	£133.78	£179.14	£315.52	16	£93.10
2021-22 (forecast)	9	£91.57	£25.52	£54.12	£65.91	£89.66	£102.55	£146.18	£146.97	7	£93.09

Data: Anonymised care home surveys (2021)

Rent prw 2021-22:
uplifting historic costs by 2.0% each year

Category	Sample size	Trimmed mean
All care homes	39	£81.28
Nursing homes	22	£88.61
Residential homes	17	£71.78
Independents	5	£55.67
Groups	34	£85.04
Fewer than 30 beds	8	£51.58
30-49 beds	16	£93.76
50+ beds	15	£83.80

Data: Anonymised care home surveys (2021)

- The analysis on this page shows combined rent and financing costs within the surveys. This analysis has an unavoidable error margin, both in terms of these specific cost lines themselves and overlap with depreciation and central costs (analysed earlier on pages 104-105, 107-108). The above analysis would also be subject to large volatility from small changes in any sample.
- The data does not include £0 cost lines, which were close to half of surveys that supplied cost breakdowns. A 'true' market average would therefore be much lower than indicated by the above.
- Based on evidence we have collated in recent years, a new-build older adult care home in Lincolnshire **without** premium rooms sizes and facilities would likely cost somewhere between £110k to £150k per room (including land). There are a myriad of factors that would have to be specified to narrow this range. In turn, this equates to £105 to £175 per bed week (before occupancy adjustment), assuming a finance cost between 5.0-6.0%. More premium facilities and prime locations would cost more.
- One provider we spoke with quoted much higher commercial rents for new-build leased care homes. However, these must be for more premium facilities or in prime locations, as their quoted rents far exceed our benchmarks for build costs and typical rental yields for leased care homes.
- Care homes built in the past would have incurred lower initial capital costs, as well as having much of the capital already repaid. Excluding a couple of outliers, the range of costs in the table above is therefore easily explained.

Capital costs conclusion

- The preceding analysis in this section shows that capital costs vary significantly in the Lincolnshire older adult care home market.
- At one end of the scale, the predominantly self-funder homes tend to have the best facilities and highest associated capital costs. This part of the market is made up large purpose-built facilities, usually recently built, and some large converted mansions often with newer extensions. Lower-than-usual occupancy may enable the council to commission more placements than usual in some of these homes.
- At the other end of the scale, there are care homes with lower standard facilities and lower (or 'sunk') capital costs. This part of market is largely made up of converted housing stock but also includes older purpose-built homes. Most rooms in this part of the market do not meet minimum standards for new-build care homes. Many of these homes also have no realistic option to upgrade facilities to meet with modern standards within the same building footprint (without disproportionately large investment and quite likely significant reductions in bed capacity). Consequently, it makes sense for owners to only fund essential maintenance in order to try to maximise profits for as long as they can stay in the market.
- This situation is not unique to Lincolnshire and will describe market realities in many parts of the country. In our opinion, councils are increasingly going to have to find better ways to manage the fact that there are large differences in cost between a newly-built care home facility (typically operated by a group) and care delivered in an old building with 'sunk' capital costs (especially when operated as an owner-managed business). Differential fees based on facility standards seems obvious at a superficial level, but this type of approach is not without a range of other issues.
- Local knowledge is needed to reach more definitive conclusions about the standards of facilities in different parts of Lincolnshire, as many care homes may be in good condition even if their rooms do not meet minimum standards for new-build care homes. As mentioned earlier, stakeholders are also likely to have differing opinions about the importance of rooms size and the need for ensuite toilets, showers, and wet rooms.
- It is our understanding that LCC, like many councils, is intending to facilitate growth in extracare facilities in the future. This will direct increasing numbers of clients with lower-level needs away from care homes. As such, for Lincolnshire, at an aggregate countywide-level (though not necessarily in all localities), there is unlikely to be a shortage of residential beds (without nursing) in the short and medium term. This is also likely to have implications for both staffing levels in residential homes and market forces in terms of vacancies in different types of facilities.
- The higher minimum facility standards in nursing homes and the fact that more of the market is newer in the county, means that there are likely to be different market forces in nursing compared to residential markets in the short- and medium-term.
- As a final point, several of the council staff we spoke with highlighted a lack of capacity in certain parts of the county. In our opinion, this needs careful consideration in terms of whether this perspective is caused by a lack of capacity per se, or a lack of capacity at the council's 'usual' rates. These are not the same thing, and for reasons explained in this report, no expansion of capacity would improve the latter.

Appendix: Physical disability and mental health markets

Survey data quality

Survey responses by predominant care category of each care home

Status	Elderly	LD / Autism	MH	PD	Other	Total	Elderly	LD / Autism	MH	PD	Other	Total
Submitted data	78	68	4	1	2	153	43%	74%	33%	50%	100%	53%
Not submitted anything	103	24	8	1	-	136	57%	26%	67%	50%	-	47%
Total care homes	181	92	12	2	2	289	100%	100%	100%	100%	100%	100%

- The physical disability (PD) care home market is too small to lend itself to meaningful market-level analysis. With only one survey response from a specialist physical disability care home, there is also nothing we can analyse that would not risk breaking the confidentiality rules under which the which they have supplied data.
- The same is also true for the mental health care home market given we only received data from 4 care homes. Data cannot easily be anonymised with such small samples, so we are limited in the type of analysis we can present.
- The data from the 4 mental health care homes who submitted surveys was also limited. None of the four provided cost breakdowns, only 1 provided resident information, 3 provided wages and terms & conditions, and 2 provided information about their facilities. This is not enough data to generalise about the market.
- We had hoped that the surveys would identify more specialist care units within older adult or specialist (other) care homes. However, as far as we can tell, these are rare within the local market.
- The learning disability market is large enough to undertake a market-level analysis. This has been done in a separate report as there is little overlap with older adult care homes.
- The physical disability and mental health markets are covered as an appendix here as much of the commissioning by the respective client groups is within older adult care homes.
- Care Analytics have recommended that for future exercises, the council takes a different approach to mapping and analysing the physical disability and mental health care home markets, as the size of the respective markets does not lend itself well to anonymised surveys.

PD placements by location, care home type, and age group

Age group and location for physical disability client group

	Age group						
Location	18-25	26-44	45-54	55-64	65+	Total	Percent
Lincolnshire	-	7	10	38	1	57	76%
North Lincolnshire	-	3	-	4	-	7	9%
North East Lincolnshire	-	-	-	3	-	3	4%
Nottinghamshire	-	-	-	-	-	-	-
Other	1	2	1	4	-	8	11%
Total	1	12	11	49	1	75	100%

Data: Placements data supplied by LCC finance linked to Care Analytics care home database

Age group and Care Analytics predominant care category for physical disability client group

	Age group						
Care home type	18-25	26-44	45-54	55-64	65+	Total	Percent
Older adult	-	1	4	32	2	39	52%
Physical disability	-	4	3	6	-	13	17%
Learning disability	1	5	2	2	-	10	13%
Mental health	-	2	-	2	-	4	5%
Other	-	-	2	7	-	9	12%
Total	1	12	11	49	2	75	100%

Data: Placements data supplied by LCC finance linked to Care Analytics care home database

- Only 76% (57 of 75) of the care home placements commissioned by the Physical Disability (PD) client group are in Lincolnshire. This may imply a historic shortfall in local facilities.
- The breakdown of placements by age group indicate physical disability clients have seldom been placed in care homes for over a generation.
- 57% (43 of 75) of the care home placements commissioned by the PD client group are in care homes that Care Analytics classify as predominantly supporting older adults. We found no evidence that a significant proportion of these placements are in specialist PD care units.
- There is a clear transfer of financial responsibility to the older adult client group at 65 years of age.

MH placements by location, care home type, and age group

Placements by the mental health client group by age group and location

	Age group						
Location	18-25	26-44	45-54	55-64	65+	Total	Percent
Lincolnshire	2	33	44	79	-	158	84%
North Lincolnshire	-	2	4	6	-	12	6%
North East Lincolnshire	-	1	1	1	-	3	2%
Nottinghamshire	2	1	1	3	-	7	4%
Other	-	1	2	4	-	7	4%
Total	4	38	52	93	-	187	100%

Data: Placements data supplied by LCC finance linked to Care Analytics care home database

Placements by the mental health client group by age group and care category

	Age group						
Care home type	18-25	26-44	45-54	55-64	65+	Total	Percent
Mental health	-	26	35	53	-	114	61%
Older adult	-	6	8	28	-	42	22%
Learning disability	4	5	3	5	-	17	9%
Other	-	-	5	7	-	12	6%
Physical disability	-	-	-	-	-	-	-
Total	4	38	52	93	-	187	100%

Data: Placements data supplied by LCC finance linked to Care Analytics care home database

- 84% of placements commissioned by the mental health client group are in-county.
- The fact that 16% of placements are out of county when there are vacancies in the local market suggests there is a lack of suitable facilities for certain types of care locally.
- The council have indicated that there is a lack of support for autism in care homes within the county and that they would like to manage more complex care residents in county.
- There are no care home placements in the mental health client group for adults aged 65+. This is because funding responsibility switches to the older adult client group. There are 31 older adult funded residents in mental health care homes (not shown left). Most of these people are likely to have started their placement funded by the mental health client group.
- The 55-64 age group is nearly twice as large as the 45-54 age group, which in turn is bigger than the aged 26-44 cohort. This likely indicates that care home eligibility thresholds for mental health residents were lower in the past. If so, there may be excess capacity in future as more residents exit the mental health service than enter.

Mental health care homes in Lincolnshire

						Client group commissioner		
Home type	Beds	Nursing status	Group size	Group name	Care home name	Mental health	Other	Total LCC
MH	33	Res	Large	Prime Life	Chestnut House	18	6	24
MH	18	Res	Ind.	Alderson	Alderson House	14	1	15
MH	16	Res	Small	United Health	West Deane	14	0	14
MH	24	Res	Large	Priory Group	Glebe House	14	1	15
MH	17	Res	Small	United Health	Lindum Park House	13	2	15
Other	83	Nur	Ind.	Howson CC	Howson Care Centre	12	18	30
MH	23	Res	Large	Prime Life	Byron House	10	7	17
MH	21	Res	Large	Prime Life	St Oggs	9	6	15
MH	29	Nur	Ind.	Life Care (UK)	Courtlands Lodge	7	6	12
MH	28	Nur	Ind.	Super Care	Miramar Nursing	5	7	12
MH	6	Res	Large	Priory Group	Middlegate Lodge	3	0	3
MH	14	Res	Ind	Genesis	Genesis	2	4	6

Data: Care Analytics care home database and LCC finance placements data

Map contains OS data © Crown copyright and database right 2020 and Royal Mail data © Royal Mail copyright and database right 2020

- Howson Care Centre is a 'mixed' care home not specialising in a particular client group. It has a specialist mental health unit.
- There is only one mental health care home in the south (or nearby). Despite this, no significant localised issues were raised by LCC staff.
- Mental health care homes outside of Lincolnshire are shown on the map but not named. The exception is Phoenix Park (an older adult home with a specialist unit) as it is used extensively by the mental health client group.

Resident mix and occupancy in Lincolnshire market

Resident mix in mental health care homes

	Funder (percentage of residents)								
Category	LCC (inc. joint)	Other council	Lincs CCG	Other CCG	CCG unspecified	Self funder	Other funder	Total residents	Registered capacity
Residents	169	14	2	-	4	2	-	191	236
% of residents	88%	7%	1%	-	2%	1%	-	100%	
% of beds	72%	6%	1%	-	2%	1%	-	81%	100%

Data: Surveys and Jadu data (if no survey), June/July 2021

- Based on the 11 mental health care homes, 90% of residents are funded via LCC (including joint placements).
- Given the council is in a monopsony position – the market is dominated by single buyer – this raises questions about the best way for the council and the sector to work in partnership for the benefit of all.

Occupancy and vacancies as a percentage of registered beds in mental health care homes

Category	<40%	40%-59%	60%-64%	65%-69%	70%-74%	75%-79%	80%-84%	85%-89%	90%-94%	95%-99%	100%	Total
Care homes	-	1	-	2	-	-	1	3	2	1	1	11
Theoretical vacancies	-	6	-	19	-	-	1	8	3	1	-	38

Data: Surveys and Jadu data (if no survey), June/July 2021

- Based on the data self-reported to the council by care homes (Jadu data), there appears to be considerable spare capacity in the market.
- The care homes with low occupancy may have mothballed beds or their operational capacity may ordinarily be far lower than registered capacity.
- Low occupancy could increase the risk of homes closing. Though there is sometimes potential to convert facilities to the supported living model.

Wages in local mental health care homes

- 3 mental health care homes supplied wage data via surveys, though none supplied information about wages for management and administrative staff.
- All standard care worker wages were within a range of £9.11 to £9.22 inclusive of weekend and public holiday pay enhancements. This is basically the same as the average for older adult care homes.
- Senior care workers and team leaders in the mental health care homes were paid either £9.42 or £10.21 per hour inclusive of enhancements.
- There were no night pay rates different to the daytime.
- We also found several jobs in mental health care homes advertised on the internet. These job advertisements are consistent with the survey data and confirm that care worker pay is aligned to the older adult care home market. This is unsurprising as local mental health care homes do not generally appear to support individuals with complex needs.

Care worker and nurse hours

Care worker hours per resident week calculated from the care rota

Type of unit	Sample	Minimum	10th percentile	25th percentile	Median	75th percentile	90th percentile	Maximum
Care workers only								
Residential (MH)	1	18.3						
Nursing (MH)	1	18.6						
Residential (OA)	47	15.4	19.0	21.7	25.7	30.9	36.7	61.6
Nursing (OA)	28	14.4	18.7	20.5	22.7	27.2	38.6	77.0
Care workers & nurses combined								
Nursing (MH)	1	23.8						
Nursing (OA)	28	22.2	25.2	27.1	29.9	33.6	47.2	92.4

Data: Anonymous surveys

Notes:

1. The table is calculated from care rotas and include adjustments for unpaid breaks.
2. We are not aware of the staffing assumptions in any MH model with which to make any comparisons. However, compared to older adult care homes, this staffing in the mental health care homes is towards the low-need end of the market.

- Mental health units offering standard rates typically have lower staffing ratios than standard older adult care homes. There are multiple reasons for this including: (i) hands-on support with personal care is relatively rare; (ii) many residents can access the community independently; (iii) significant support from staff is often not needed with many residents unless they experience a crisis.
- The limited amount of data we have collected about the Lincolnshire care home market is consistent with this assumption.
- One mental health unit operates a 1 to 6.5 care worker ratio all daytime and more than 1 to 12 at night, totaling 18.3 hours per resident week.
- Another mental health residential unit for which we have data from a Healthwatch visit (not shown above) stated the home operated at 1 to 7 staffing ratio during both day and night, supplemented by a shared manager with another service. One of the workers at night is sleep-in.
- The nursing unit (above) operates a 1 to 5.5 staffing ratio including the nurse all daytime and 1 to 9 at night. This is a total of 18.6 hours per resident week. The unit shares a nurse at night with another nursing unit, so only has a total of 5.5 hours per resident week in addition to the care worker hours shown above. It is unclear how many residents in these units have nursing needs.

To request information about any of our services,
please email: jason@careanalytics.co.uk or call 07832 215 035

Sustainable pricing advice

Fee uplift advice

High-cost placement reviews

Market intelligence

Business cases

Experts in care markets and the cost of care

www.careanalytics.co.uk