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SPECIALISTS IN HEALTH AND SOCIAL CARE LAW

## CARE COST BENCHMARKS TOOLKIT AND EXPLANATORY GUIDE

TWELFTH EDITION

### **Bridging the Gap: Care Cost Benchmarks from LaingBuisson highlights the vital funding gaps between councils and care providers**

The new edition of LaingBuisson's Care Cost Benchmarks provides vital guidance to providers and commissioners of care home services in understanding the real costs behind the provision of care. First developed almost 20 years ago, Care Cost Benchmarks has become the industry standard calculating tool. Fast forward to 2023 and it is more important than ever for sector decision-makers to be equipped with costing insights as we approach the imminent implementation of Section 18(3) of the Care Act 2014 and the constantly-evolving Fair Cost of Care.

This year's study using the Care Cost Benchmarks tool has revealed a concerning financial disparity across many English councils. In conclusion, most local authorities pay less than care home costs, and although the exact amount varies from area to area, we found that in many areas the fee gap is over £150 per week. In Birmingham, for example, the 2023/24 fee shortfall is £177 per week for general nursing care to £208 per week for residential care of older people with dementia.

LaingBuisson's Care Cost Benchmarks toolkit provides valuable, data-driven insights to help successfully navigate difficult negotiations, optimise business operations and secure financial sustainability as the sector approaches this watershed moment.

The Care Cost Benchmarks tried-and-tested model uses the most recent data for 2023/24 and methodologies to provide financial clarity. Using the Department of Health and Social Care's Fair Cost of Care 2022 council reports, non-staff operating costs are then projected forward using relevant ONS price indices. For staffing costs, which constitute the largest portion of care home expenses, LaingBuisson utilises current and uniquely sourced data.

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## What the toolkit delivers

- A fully interactive spreadsheet which empowers users to see a breakdown of the cost of delivering care at a local authority, regional and national level for England and Wales
- The cost of care for 2023/24 and the projected cost of care for 2024/25
- Full cost of care breakdowns across four care modalities
  - ▶▶ Residential care for people aged over 65 years
  - ▶▶ Residential care for people aged over 65 years with dementia
  - ▶▶ Nursing care for people aged over 65 years
  - ▶▶ Nursing care for people aged over 65 years with dementia
- The 'fee gap' between the average local authority paid fee and the median care home cost per resident (including return on capital and operations)
- Detailed breakdown of care home costs including over 25 cost-line items, split into five sections
  - ▶▶ Staff
  - ▶▶ Care home premises
  - ▶▶ Supplies and services
  - ▶▶ Head offices costs
  - ▶▶ Return on capital
- Transparent parameters that clearly set out the inputs and allow purchasers to adapt to reflect their own specific conditions
- A detailed explanatory guide to the Care Cost Benchmarks

## Plus

- 'Single click' selection of any administrative area including:
  - ▶▶ Country (England or Wales)
  - ▶▶ Region
  - ▶▶ Local authority with responsibility for adult social care provision
  - ▶▶ District council

## Who is the toolkit for?

- Council and CCG commissioners and finance staff
- Care home groups
- National and local care associations
- Advocacy groups
- Social policy experts
- Politicians, civil servants and policymakers involved with long-term care funding
- Legal teams working on care funding Judicial Reviews
- Investors and developers

## The toolkit consists of five inter-related spreadsheets

### Parameters & assumptions

- ▶▶ Nursing care (older people) - 2023/24 and projected 2024/25
- ▶▶ Nursing care (dementia) - 2023/24 and projected 2024/25
- ▶▶ Residential care (older people) - 2023/24 and projected 2024/25
- ▶▶ Residential care (dementia) - 2023/24 and projected 2024/25

This format makes transparent each of the costs involved in the provision of care, in particular separating out:

- ▶▶ Cost of providing accommodation (the care home asset)
- ▶▶ Cost of care
- ▶▶ Cost of ancillary services (domestic, catering etc.)
- ▶▶ Profit that the operator reasonably requires for delivering the service

## What is in the Explanatory Guide

- Introduction & Background
- Objective
- Scope
- The evidence base
- Explanatory notes on the component parts of the Care Cost Benchmarks
  - ▶▶ National operating cost parameters
  - ▶▶ Local operating cost parameters
  - ▶▶ Return on capital and operating return

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