

# CARE COST BENCHMARKS TOOLKIT SPREADSHEET AND EXPLANATORY GUIDE

ELEVENTH EDITION

## Care home cost benchmarks continue to rise above inflation in 2020/21, in line with NLW – the additional impact of Coronavirus as yet unclear

The new edition of LaingBuisson's Care Cost Benchmark toolkit 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 tool for calculating care costs for anyone interested in this important sector.

Care Cost Benchmarks is based on extensive survey work and is a tried and tested model. The conceptual framework is essentially the same as that adopted by the Competition and Markets Authority in its September 2017 financial analysis working paper as part of its care homes market study.

This year's study shows that residential care homes for older people in England currently need to charge fees of £696 to £849 per week to generate a sustainable return. Nursing care costs between £969 and £1,075 per week. In contrast, English councils paid on average only £596 for residential care and £764 for nursing care, indicating a continued shortfall in care funding and that care homes remain dependent on premium fees from private payers to generate sustainable levels of income.

There are also additional costs now to consider in the light of Coronavirus – namely the costs of PPE. While it is too early to offer a firm estimate of those costs in this tool, the new edition acknowledges this and reminds users to tailor what they enter based on their local knowledge. We anticipate that the impact of PPE on costs will be substantial.



### 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

### What the toolkit delivers...

A fully interactive spreadsheet which empowers users to complete and alter parameters enabling users to see 2019/20 care costs

Projected 2020/21 care costs care home costs split into:

Care  
Accommodation  
Ancillary services  
Operators profit

A comprehensive explanatory guide

Plus...

Projections for next financial year  
'Single click' selection of any administrative area including:

Country (England or Wales)  
Region  
CASSR  
District council

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**£1,160<sup>1</sup>** SINGLE USER

**£3,480<sup>1</sup>** MULTI USER

1 Plus VAT

Digital Toolkit includes a Microsoft Excel spreadsheet and a PDF explanatory guide for use by employees based across one office. For clients looking to use across multiple offices, or geographical locations, a Multiple-office license is required.



Visit [laingbuisson.com](http://laingbuisson.com) to find out more and to download full contents and figures listings

**Office for  
National Statistics**

Chosen provider of independent sector healthcare market data to the UK Government ONS

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# Cost Benchmarks

**Care Cost Benchmarks is populated with data collected by LaingBuisson from the following principal sources**

**Annual LaingBuisson surveys which collect data on:**

- Rostered staff hours per resident, per week
- Hourly paid pay rate for each type of staff
- Home manager basic salaries
- Staff terms and conditions

**Surveys of major care home groups which collect data on:**

- Non-staff current costs
- Capex
- Construction and equipment costs
- Central and regional overheads

**Official sources including:**

- National Living Wage revisions
- Working time and holiday regulations
- Pension legislation
- ONS indexation series

**The toolkit consists of five inter-related spreadsheets:**

- Parameters & assumptions
- Nursing care (older people) - 2019/20 and 2020/21
- Nursing care (dementia) - 2019/20 and 2020/21
- Residential care (older people) - 2019/20 and 2020/21
- Residential care (dementia) - 2019/20 and 2020/21

**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 and Background

#### Objective

#### Scope

#### The evidence base

- Historical market overview
- Gap between 'fair fees' and council paid fees Why calculate fees from a costing model?

#### The component parts

- National benchmarks
- Occupancy rates
- Hourly staff hours, pay rates Management, and administration pay rates Agency staff
- Staff turnover and training backfill Corporate overheads
- Repairs and maintenance
- Other non-staff current costs

#### Operator's profit

- Capital (asset) value of care homes
- Care Cost Benchmark bottom line
- 'Ceiling' and 'Floor' fee summary
- Cost of a fully modernised care home sector
- Future changes in care home costs

#### Exclusive tables

A review of deal values and market commentaries by business transfer agents was carried out in order to gauge recent experience on care home sale prices as a multiple of operating profits and on current yields expected by property investors for leasing turnkey care home assets to operators. This evidence is used to determine the 'whole business' rate of return on capital benchmark within the toolkit as well as the rate of return benchmark for the accommodation element only.

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