

Cost of Care Exercise – 2024

Adult Social Care CoC exercise – Supported Living and Younger Adult Care Homes
Adult Social Care Commissioning Team (Regulated Care) – May 2025



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Executive summary



Executive summary: Background and scope

The **Cost of Care 2024** exercise has taken a targeted approach, which has focussed on acquiring cost data from the supported living and younger adult care home sectors of the market.

- Supported living (adults aged 18+) – Data was requested using a modified version of the ARCC home support costing toolkit. The primary focus was to gather data from providers based in Birmingham and the West Midlands. Median average values were then calculated to inform this report.
- Younger care homes (adults aged 18-64) – Data was requested using a toolkit developed by Birmingham City Council and Birmingham and Solihull ICB. The primary focus was to gather data from providers based in Birmingham and the West Midlands. Median average values were then calculated to inform this report.
- Cost data was gathered from the care market during the Summer of 2024 and then analysed.
- This report details:
 - Insights derived from the analysis, including the headline median outputs and additional analyses which supports key conclusions on cost drivers within the care sector.
 - The analytical methodology and assumptions used.
- The raw data and supplementary analysis is available as a separate appendix.



Executive summary: Supported living

- 60 templates were validated and were included in the analysis
- The median total cost per hour (2024/25) for locations in Birmingham was £21.25 per hour
- Of total costs 94.6% were wage based and 5.4% were non-wage based.
- Care worker basic pay was less than 1% above National Living Wage
- On costs and cover costs represent 28% in additional to basic pay



Executive summary: Younger adult care homes

- 90 templates were validated and were included in the analysis
- Median costs per week (2023/24) were £2,045
- Care worker basic pay (2024/25) was 2.7% above National Living Wage
- On costs and cover costs represent 26.5% in additional to basic pay
- Local Authorities are the largest commissioner of beds. The percentage of self-funders is relatively small compared to older adult focussed care homes
- Most homes are seeking to consolidate or expand capacity over the next 1-5 years. The numbers seeking to exit the market are comparatively small.



Raw data and further analysis

- This report is a summary of the headlines from the analysis
- Anonymised supported living submission raw data is available in 'Appendix A – Supported Living CoC 2024 data'
- Anonymised raw data and more detailed analysis of care home costs by service user category, geographical location, care home size, and age of residents is available in 'Appendix B – Care home CoC 2024 analysis and data'.



Supported living insights



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Supported living approved submissions

Following the data validation exercise carried out during the submission window, 60 supported living cost templates were approved and included in the analysis. Of the 60 validated submissions:

- 42 from Birmingham located providers
- 15 from providers located outside of Birmingham but within the West Midlands
- 3 from providers located outside of the West Midlands



Hourly cost outputs – median values

	Birmingham providers (42) £ per hour	West Mids providers (15) £ per hour	All providers (60) £ per hour
Direct Care	11.78	11.75	11.83
Training (staff time)	0.33	0.24	0.33
Holiday	1.54	1.55	1.55
Sickness/Maternity & Paternity Pay	0.30	0.35	0.32
NI (direct care hours)	1.20	1.20	1.20
Pension (direct care hours)	0.40	0.39	0.40
Back Office Staff	3.36	3.51	3.36
Travel Costs (parking/vehicle lease etc.)	0.00	0.00	0.00
Rent / Rates / Utilities	0.44	0.35	0.40
Recruitment / DBS	0.04	0.02	0.04
Training (3rd party)	0.06	0.07	0.06
IT (Hardware, Software CRM, ECM)	0.09	0.08	0.09
Telephony	0.07	0.05	0.06
Stationery / Postage	0.03	0.03	0.03
Insurance	0.13	0.16	0.13
Legal / Finance / Professional Fees	0.09	0.07	0.08
Marketing	0.01	0.01	0.01
Audit & Compliance	0.04	0.02	0.04
Uniforms & Other Consumables	0.02	0.01	0.01
Assistive Technology	0.00	0.00	0.00
Central / Head Office Recharges	0.01	0.00	0.01
PPE	0.05	0.04	0.05
CQC Registration Fees	0.03	0.03	0.03
Surplus / Profit Contribution	1.24	1.74	1.26
Total Cost Per Hour	£21.25	£21.67	£21.29

- The table details the median hourly £ cost outputs for the current year 2024/25.

In Birmingham:

- The median hourly cost submitted was £21.25 – this represents the sum of the median individual costs
- Direct care costs (carers pay plus on-costs and cover costs) total £15.56
- Back-office costs (inc. staff and business costs) total £4.45
- Surplus / profit total £1.24



Wage costs vs Non-wage costs

Birmingham located providers:

- Wage costs (care worker pay costs plus back-office staff costs) total £18.93 per hour or 94.6%
- Non-wage costs total £1.08 per hour or 5.4%

There is minimal variation when comparing the figures against those of providers in the West Midlands or all providers in total.



Pay rates and costs

Median basic pay rates £ per hour:

Provider location	Carer	Senior Carer	Registered Nurse	Registered Manager	Team leader / deputy	Care coordinator	Admin
Birmingham	11.55	12.44	15.48	20.52	13.85	12.50	12.00
West Mids	11.63	12.25		20.64	13.91	12.38	12.93
Other	12.00	12.41		20.00	12.96		12.60
All	11.60	12.40	15.48	20.52	13.88	12.50	12.35

- Carers deliver on average 93% of direct care hours
- The 2024/25 National Living Wage is £11.44
- Carer basic pay less is than 1% above NLW rates

On-costs and cover costs per hour:

Provider location	Holiday pay	Sick pay	Suspension pay	Maternity /Paternity pay	Training	Employer NI	Pension	Total On-costs & cover costs
Birmingham	12.07%	1.65%	0.01%	0.45%	2.59%	8.33%	3.00%	28.10%
West Mids	12.07%	2.00%	0.00%	0.20%	2.16%	8.41%	3.00%	27.83%
Other	12.07%	2.00%	0.00%	0.00%	3.45%	9.39%	3.00%	29.91%
All	12.07%	2.00%	0.00%	0.28%	2.59%	8.41%	3.00%	28.34%



Younger adult care home insights



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Care homes approved submissions

Following the data validation exercise carried out during the submission window 90 care home cost templates were approved and included in the analysis. Of the 90 validated submissions:

- 63 from Birmingham located providers
- 11 from providers located outside of Birmingham but within the West Midlands
- 16 from providers located outside of the West Midlands
- Most submissions came from small sized care homes. 61 submissions came from homes with up to 10 beds and an additional 17 came from homes with between 11 and 20 beds.



Costs per bed week

Median average costs per bed week for all submissions:

Cost category summary	All providers (£ per bed week)
Fixed Staffing Costs	£213
Variable Staffing Costs	£1,102
Premises Costs	£209
Supplies and Services Costs	£216
Central / head office costs	£164
Return on Operations	£146
Total costs	£2,045

- Costs are based on an assumed occupancy rate of 95%. High occupancy rates were reported (99% across all providers and this coincides with information reported in the Capacity Tracker).
- Costs are based on expenditure for the year 2023/24.
- Variable staffing costs differ significantly between care homes depending on the support needs of residents so should be viewed in this context.
- Return on operations is normally calculated as a percentage of costs and so the actual amount of profit will be dependent to an extent on the size of the variable staffing cost element and other costs in each home.



Fixed staffing costs

Median average costs per bed week for all submissions:

Cost element	Cost (£ per bed week)
Registered Manager	£96
Deputy Manager	£77
Administration	£27
MDT and Therapy	£31
Catering	£47
Cleaning	£30
Maintenance and gardening	£23
Other staff	£59
Total	£213

- Not all homes employ staff teams covering all of the cost elements. The figures represent the median averages of those that do.
- Costs are based on expenditure for the year 2023/24.
- To allow for this the Total cost represents the median average of the category sub-total taken from submissions – it does not therefore represent a total of the individual cost element medians.



Variable staffing costs

Median average costs per bed week for all submissions:

Cost element	Cost (£ per bed week)
Care staff	£958
Care Agency staff	£72
Nursing staff	£196
Nursing agency staff	£22
Total	£1,102

- There is significant variation in care and support provided across different homes depending on the support needs of the residents.
- Not all homes utilise nurses or agency staff. The figures represent the median averages of those that do.
- To allow for this the Total cost represents the median average of the category sub-total taken from submissions – it does not therefore represent a total of the individual cost element medians.
- Costs are based on expenditure for the year 2023/24.



Care home premises costs

Median average costs per bed week for all submissions:

Cost element	Cost (£ per bed week)
Rent	£104
Mortgage	£77
Return on Capital	£72
Fixtures and fittings	£15
Repairs and maintenance	£39
Furniture and equipment	£14
Other costs	£14
Total	£209

- Not all homes have costs against all elements. The figures represent the median averages of those that do.
- Homes generally lease their premises and pay rent, or purchase the premises using capital, mortgage or a combination of the two.
- 'Other costs', while relatively small in value were not identified by all homes.
- To allow for this the Total cost represents the median average of the category sub-total taken from submissions – it does not therefore represent a total of the individual cost element medians.
- Costs are based on expenditure for the year 2023/24.



Supplies and services

Cost element	Cost (£ per bed week)
Food	£44
Domestic and cleaning supplies	£13
Medical supplies	£2
PPE	£4
Office supplies	£6
Insurance	£13
Registration fees	£3
Telephone & internet	£5
Digital social care recording	£4
Assistive tech	£3
Council tax/rates	£6
Elec, gas, water	£46
Trade and clinical waste	£8
Transport	£12
Social activities	£7
Other	£14
Total	£216

Median average costs per bed week for all submissions:

- Not all homes have costs against all elements. The figures represent the median averages of those that do.
- Other costs, were not identified by all homes.
- To allow for this the Total cost represents the median average of the category sub-total taken from submissions – it does not therefore represent a total of the individual cost element medians.
- Costs are based on expenditure for the year 2023/24.



Central / Head Office costs

Median average costs per bed week for all submissions:

Cost element	Cost (£ per bed week)
Central / regional management	£79
Support services (Finance, HR, legal, etc.)	£63
Recruitment and vetting	£7
Training	£13
Other	£51
Total	£164

- Not all homes have costs against all elements. The figures represent the median averages of those that do.
- 'Other costs', were not identified by all homes.
- To allow for this the Total cost represents the median average of the category sub-total taken from submissions – it does not therefore represent a total of the individual cost element medians.
- Costs are based on expenditure for the year 2023/24.



Employee pay rates

Median minimum, maximum and average hourly pay rates:

	Registered Manager	Deputy Manager	Admin	Multi-Disciplinary Team and Therapy	Cooking staff	Cleaning	Maintenance & gardening	Care & support worker (Standard)	Care & support worker (Senior)	Nurse (Junior - NHS Band 5 equivalent)	Nurse (Senior - NHS Band 6 equivalent)	Other staff
Minimum	£19.34	£14.46	£12.26	£18.14	£12.05	£11.50	£12.99	£11.75	£12.73	£17.94	£19.95	£15.00
Maximum	£19.34	£14.60	£13.00	£20.79	£13.03	£12.00	£14.01	£12.00	£12.90	£19.00	£20.50	£15.00
Average	£19.34	£14.50	£12.93	£19.47	£12.47	£11.77	£13.30	£11.75	£12.73	£18.66	£19.95	£15.00

- Pay rates are based on current year 2024/25 data
- Care and support staff are among the lowest paid – just 2.7% above NLW
- Pay scales are narrow – difference between max and min rates is minimal
- Pay progression for a significant proportion of staff is dependent upon increases to the NLW



On costs and cover costs

Median On-cost and cover costs as a % of basic pay

	National Insurance	Pension	Apprenticeship levy	Holiday	Training	Sick	Maternity / paternity	Total
% of basic pay	7.30%	2.34%	0.10%	12.08%	2.77%	1.96%	0.39%	26.94%

- On-costs and cover costs are additional employer payments on top of basic pay such as National Insurance or costs associated with providing staff cover for elements such as holiday.
- Employer NI is payable at the rate of 13.8% above individual employee annual earnings of £9,100. The % in the table represents the actual amount paid as a % of basic pay.
- Employer National Insurance is scheduled to increase significantly from 1 April 2025.
- The pension contribution rate for auto-enrolment pensions is 3%. The 2.34% average is reflective of the fact that some workers opt out of the pension scheme.
- There was no significant difference between nursing and care worker pension contribution percentages.
- The median total on-cost and cover costs in addition to basic pay is 26.94%. For a care and support worker on the median average wage the combined cost of pay and on-costs at this rate is £14.91 per hour.



Occupancy and funding

% of beds by funding body

	B'ham City Council	Other Local Authority	BSol ICS S117 joint funded	Other ICS S117 joint funded	BSol ICB CHC funded	Other ICB CHC funded	NHS D2A/EA funded	Self-funded
Care home without nursing	47.10%	24.58%	8.70%	3.51%	8.85%	3.36%	0.15%	3.74%
Care home with nursing	33.24%	32.40%	0.00%	0.84%	13.97%	10.06%	1.40%	8.10%

- Local authorities fund the largest proportion of beds – particularly beds in non-nursing homes
- The proportion of NHS funded beds increases in nursing homes
- The proportion of self-funded beds is small and the majority of those that are included in the data are likely to be older adults within homes supporting younger and older adults.



Business intentions

Business intentions over the next 1, 3 and 5 years

Intention	Next 1 year	3 years	5 years
Consolidate	73	69	75
Exit the market	3	5	5
Expand capacity	13	3	3
Reduce capacity	1	11	6
Did not answer		2	1

- Most homes are seeking to consolidate or increase capacity over the next 5 years
- The 3 homes exiting the market have already terminated contracts and decommissioning is underway
- Of the 5 homes intending to exit the market over the next 3 to 5 years, 4 are outside of the West Midlands and so present minimal risk to market sustainability



Appendix A: Analytical notes



Supported living – analytical notes

Data is taken from the 2024 Cost of Care exercise which gathered data from Supported living Locations from the 8th July to the 18th August 2024.

The total cost per hour is the sum of the median individual cost elements.



Care Homes – analytical notes

- Data is taken from the 2024 Cost of Care exercise which gathered data from Younger Adult Care Homes from the 8th July to the 18th August 2024.
- Providers which support both younger and older adults in the same home were included in the data.
- Where the analysis states that median values are used, submissions with blank or zero fields have been excluded. For example, the median cost for "Multi-Disciplinary Team and Therapy staff" only includes providers who declared a non-zero cost for this category. Providers who do not employ this type of staff are not included in the median calculation, as to do so would have resulted in the median for many spending categories being shown as zero.
- The exclusion of zero figures from median calculations means that the median costs for "Rent" and "Mortgage" should not be added together to give an idea of total premises costs. Typically, providers either rent or hold mortgages for their properties, with the result that one of these two figures will be zero for almost all the submissions.
- No care homes with capacity between 51-60 returned submissions, which explains the lack of data in these rows.
- Provider cost data is based on 2023/24 expenditure. To rebase this for 2024/25 an element of inflation should be added to these costs.
- Provider data supplied in relation to pay, on-costs and occupancy is based on current 2024/25 values and so does not need to be adjusted.

