

Appendix 5

Assessing the 'usual cost' of care in Torbay

There are two key elements in assessing the 'usual cost':

1. The Cost of Care (including, staff costs, repairs and maintenance and non staff costs)
2. A contribution to Return on Capital

The way in which the Torbay has approached the assessment of these two elements to arrive at a 'usual cost' based on a market fee is described below.

1. Rationale for defining Torbay cost of care 2012

A: STAFF COSTS

The opinions of the Community Nurse Lead Torquay South and Assistant Director of Professional Practice were sought as to the required ratio of staff to residents to provide standard nursing care in a nursing care home.

The ratios for the actual levels of care being delivered were considered to be:-

Standard Nursing

NURSE	Hours between		Staff Ratio
Day / Evening	08:00	22:00	1:22
Night	22:00	08:00	1:22
Weighted Average			1:22
Hours per resident per week			7.64

CARE ASSISTANT	Hours between		Staff Ratio
Day / Evening	08:00	22:00	1:6
Night	22:00	08:00	1:12
Weighted Average			1:8.5
Hours per resident per week			19.76

Standard Plus Nursing

NURSE	Hours between		Staff Ratio
Day / Evening	08:00	22:00	1:18
Night	22:00	08:00	1:22
Weighted Average			1:19.67
Hours per resident per week			8.45

CARE ASSISTANT	Hours between		Staff Ratio
Day / Evening	08:00	22:00	1:5
Night	22:00	08:00	1:10
Weighted Average			1:7.08
Hours per resident per week			23.73

The figures were then compared against the hours per resident per week provided by Laing and Buisson and Bishop Fleming:-

	Laing & Buisson fair-market- price-toolkit 2008	Bishop Fleming September 2011 Appendix 1
Qualified Nurse	7.5	8
Carer (non-nurse) including activities co-ordination	20.5	22
Carer – nursing care with dementia	20.5	19.7

Decisions made:-

1. Nurse staff hours of 7.6 hours per resident per week were comparable to the industry standard set by Laing and Buisson and that this figure would be used for standard nursing care.
2. Nurse staff hours of 8.45 hours per resident per week would be used for standard plus nursing care in the Torbay usual cost of care model.
3. Carer staff hours of 19.8 hours per resident per week for standard nursing care would be used in the Torbay usual cost of care model.
4. Carer staff hours of 23.7 hours per resident per week for standard plus nursing care would be used in the Torbay usual cost of care model.

Reasonable staff ratios for residential care were considered to be:-

Standard Residential

CARE ASSISTANT	Hours between		Staff Ratio
Day / Evening	08:00	22:00	1:8
Night	22:00	08:00	1:12
Weighted Average			1:9.67
Hours per resident per week			17.37

Standard Plus Residential

CARE ASSISTANT	Hours between		Staff Ratio
Day / Evening	08:00	22:00	1:6
Night	22:00	08:00	1:10
Weighted Average			1:7.67
Hours per resident per week			21.9

These figures were then compared against the hours per resident per week provided by Laing and Buisson and Bishop Fleming:-

	Laing & Buisson fair-market- price-toolkit 2008	Bishop Fleming September 2011 Appendix 1
Carer - personal care	18.5	16.7
Carer – personal care with dementia	22	22.6

Decisions made:-

1. Staff hours of 17.4 hours per resident per week for standard residential care would be used in the Torbay usual cost of care model this figures is below the industry standard set by Laing and Buisson but higher than the local figures set by Bishop Fleming.
2. Staff hours of 21.9 hours per resident per week for standard plus residential care would be used in the Torbay usual cost of care model this figures is comparable with the industry standard set by Laing and Buisson but slightly lower than the local figures set by Bishop Fleming.

Reasonable staff ratios for domestic staff and chefs / cooks were considered to be:-

DOMESTIC STAFF	Hours between		Staff Ratio
Mon - Fri	08:00	16:00	1:12
Sat & Sun	08:30	13:00	1:36
Weighted Average			1:10.75
Hours per resident per week			4.56

These figures were then compared against those provided by Laing and Buisson and Bishop Fleming:-

	Laing & Buisson fair-market- price-toolkit 2008	Bishop Fleming September 2011 Appendix 1
Domestic and catering staff	4.5	4.6
Chefs / cooks	1.5	2.1

Decisions made:-

1. Domestic staff hours of 4.6 hours per resident per week for all types of care would be used in the Torbay usual cost of care model, this figures is comparable with the industry standard set by Laing and Buisson and the local figures set by Bishop Fleming.
2. Chef / cook staff hours of 2.1 hours per resident per week for all types of care would be used in the Torbay usual cost of care model this figures is higher than the industry standard set by Laing and Buisson but comparable with the local figures set by Bishop Fleming.

The next area looked at was rates of pay.

The Laing and Buisson Care of Elderly People UK Market Survey 2011 include hourly wages (weighted by shift) of all staff in private care homes, UK 2005-2011 (Table 8.6), the figures for February 2011 are:-

Staff	£ p.h
Nurses	12.17
Care Assistants without NVQ	6.34
NVQ2 and above Care Assistants	6.51
Senior Carers	7.22
Cleaning, Laundry & Catering Staff	6.26
Chefs / Cooks	7.49
	£ p.a
Manager (homes >= 50 beds)	40,170

In their September 2011 report, Bishop Fleming have quoted the following pay rates which 'included a 3% pay rise to avoid artificially depressing the actual cost of care'.

Staff	£ p.h
Nurses	12.36
Carers (nursing care)	6.82
Carers (nursing care with dementia)	6.82
Carers (personal care)	6.77
Carers (personal care with dementia)	6.77
Domestic and catering	6.56
Chefs / Cooks	7.50

Decisions made:-

Taking the following factors into account:-

1. Wages in the Torbay area are recognised as being below the national average. In 2011 (the latest available figures) the average weekly gross pay in Torbay was £412.40 compared with £434.50 for Devon and a national average of £504.00. (Source: Nomis)
2. Both the Laing and Buisson and the Bishop Fleming figures are for 2011, so an inflationary uplift needs to be applied to arrive at 2012 pay rates.

3. The National Minimum Wage for workers aged 21 and over increases from £6.08 per hour to £6.19 per hour from 01 October 2012.

The following pay rates have been used for the Torbay usual cost of care model:-

Staff	£ p.h
Nurses	12.48
Care Assistants	6.52
Domestic Staff	6.18
Chefs / cooks	7.10

Management and administration costs:-

In the September 2008 (3rd Edition) of 'Calculating a fair market price for care – A toolkit for residential and nursing homes' Laing and Buisson clearly state their rationale for the cost of Management, administrative and reception staff as being 'Based on £37,000 per annum spread over 50 residents, a manager's salary cost of £16 prpw before on-costs' plus 'Based on major corporate group norms, a further £15 prpw before on-costs for other management, administrative and reception staff pay'.

Bishop Fleming's September 2011 report includes a Questionnaire Response Summary (Appendix 1) in which the average manager's salary for 19 care homes is £34,557.89 pa and admin salaries per resident per week are £14.92.

Decision made:-

Assuming that for the majority of care homes in the Torbay area, management and administration staff would consist of 2 FTE, one being a manager paid an annual salary of £37,000 and the other being administration / reception being paid an annual salary of £18,500 the cost per resident per week for management and administration should be set at £24.00.

On-costs:-

On-costs for nursing staff:-

	Laing & Buisson 2008	Bishop Fleming 2005/06	
Working Time Directive minimum holiday on-cost	12.0%	8.3%	Based on Working Time Regulations – 24 days holiday at full pay rising to 28 days from April 2009
Employers' National Insurance on-cost	9.0%	9.0%	Because some part-time staff earn below the National Insurance threshold, the average NI on-cost is less than the standard Employer's NI rate.
Statutory Sick	2.0%	2.0%	

	Laing & Buisson 2008	Bishop Fleming 2005/06	
Pay on-cost			
Employers' pension contribution on-cost	0.0%	0.0%	Workplace pension reforms being phased in from October 2012 are not expected to affect care homes until after April 2012 as the majority of care homes will be classed as small employers (less than 250 employees). The employers' minimum contribution will be 1% up to 30/09/2017 when it will rise to 2% until 30/09/2018 and then 3% from 01/10/2018, it was considered that this would not be a material change for 2012/2013 and 2013/2014.
Total nurse on-costs	24.1%	20.1%	

On-costs for carers, domestic & catering staff and chefs / cooks:-

	Laing & Buisson 2008	Bishop Fleming 2005/06	
Working Time Directive minimum holiday on-cost	12.0%	8.3%	Based on Working Time Regulations – 24 days holiday at full pay rising to 28 days from April 2009
Employers' National Insurance on-cost	8.0%	8.0%	Because some part-time staff earn below the National Insurance threshold, the average NI on-cost is less than the standard Employer's NI rate.
Statutory Sick Pay on-cost	2.0%	2.0%	
Employers' pension contribution on-cost	0.0%	0.0%	Workplace pension reforms being phased in from October 2012 are not expected to affect care homes until after April 2012 as the majority of care homes will be classed as small employers (less than 250 employees). The employers' minimum contribution will be 1% up to 30/09/2017 when it will rise to 2% until 30/09/2018 and then 3% from 01/10/2018, it was considered that this

	Laing & Buisson 2008	Bishop Fleming 2005/06	
			would not be a material change for 2012/2013 and 2013/2014.
Total carers, domestic & catering staff and chefs /cooks on-costs	23.0%	19.0%	

On-costs for managers and admin/reception staff:-

	Laing & Buisson 2008	Bishop Fleming 2005/06	
Average management, admin and reception on-costs	30.0%	30.0%	

Decisions made:-

To use the Laing and Buisson on-costs figures for nursing staff (24.1%) and carers, domestic & catering staff and chefs / cooks (23.0%).

The on-cost figures for managers and admin/reception staff used by Laing and Buisson and Bishop Fleming were not broken down into component parts. After discussion, it was decided that holiday and sick pay would be included in annual salary costs and that the on-costs for managers and admin/reception staff would be employer’s national insurance contributions and employers’ pension contributions. The current rates of employers’ national insurance for the salaries decided upon for the Torbay model are:-

Salary	Employers NI – opted in	Employers NI – opted out
£37,000 pa	11.17%	8.0%
£18,500 pa	8.5%	5.9%

Assuming that most employers would have a pension scheme for management and admin/reception staff, it was decided that a weighted average of the opted out rate of employers NI% of 7.3% would be a reasonable on-cost rate to cover employers’ national insurance and employers’ pension contributions for managers and admin/reception staff.

Other staff costs:-

Agency Staff Allowances – Nurses

Agency Staff Allowances – Care Assistants

Training Backfill

The Laing and Buisson and Bishop Fleming figures for other staff costs were considered:-

Laing and Buisson Care of Elderly People UK Market Survey 2011

	Nursing care for older people and people with dementia £ per week	Residential care for older people £ per week	Residential care for people with dementia £ per week
Agency staff allowance - nurses	£3		
Agency staff allowance - carers	£2	£2	£3
Training backfill	£4	£3	£3

Bishop Fleming Torbay Care Homes Market, the Provision, Pressures and Costs Base September 2011

	Nursing care for older people and people with dementia £ per week	Residential care for older people £ per week	Residential care for people with dementia £ per week
2005/06 Baseline inflated to 2010/2011 costs			
Agency staff allowance - nurses	£2		
Agency staff allowance - carers	£2	£2	£2
Training backfill	£4	£2	£2

Decision made:-

To use the figures from the Laing and Buisson Care of Elderly People UK Market Survey 2011 for other staff costs in the Torbay model.

Total Staff Costs:-

The total staff costs for the Torbay model were compared against the staff costs in the Laing and Buisson Care of Elderly People UK Market Survey 2011 and those in the Bishop Fleming Torbay Care Homes Market The Provision, Pressures and Cost Base report September 2011.

Torbay 2012 Model

	Standard Nursing Care	Standard Plus Nursing Care	Standard Residential Care	Standard Plus Residential Care
	£ per resident per week	£ per resident per week	£ per resident per week	£ per resident per week
STAFF, INCLUDING ON-COSTS				
Qualified nursing staff	118	131		
Care staff	159	190	140	176
Domestic staff	53	53	53	53
Management / Admin staff	26	26	26	26
Agency staff allowance - nurses	3	3		
Agency staff allowance - carers	2	2	2	3
Training backfill	4	4	3	3
TOTAL STAFF COSTS	365	409	224	261

Laing and Buisson Care of Elderly People UK Market Survey 2011

	Nursing care for older people and people with dementia	Residential Care for older people	Residential Care for people with dementia
	£ per resident per week	£ per resident per week	£ per resident per week
Qualified nursing staff	113		
Care staff	164	150	179
Domestic staff	48	48	48
Management / Admin staff	43	43	43
Agency staff allowance - nurses	3		
Agency staff allowance - carers	2	2	3
Training backfill	4	3	3
2011 STAFF COSTS	378	247	276
Inflationary uplift (1.25%)	5	3	4
2012 STAFF COSTS	383	250	280
<i>Figures may not add because of rounding</i>			
Inflation: Average Weekly Earnings by Industry (Updated September 2012) Health and Social Work – Average weekly earnings July 2011 £400 Average weekly earnings July 2012 £405. Increase = £5 = 1.25%			

Bishop Fleming Torbay Care Homes Market, the Provision, Pressures and Costs Base September 2011

	Nursing and Nursing (Dementia)	Personal	Personal (Dementia)
	£ per resident per week	£ per resident per week	£ per resident per week
Qualified nursing staff	96		
Care staff	144	131	157
Domestic staff	30	30	30
Management / Admin staff	40	40	40
Agency staff allowance - nurses	2		
Agency staff allowance - carers	2	2	2
Training backfill	3	2	2
2005/06 STAFF COSTS	318	205	232
Plus Inflation to 2010/11:			
AEIHSW increase to 2009/10	55	35	40
3% increase to 2010/11	11	7	8
Increase in holidays from 20 to 28 days	10	5	6
Nature of service – one extra hour per resident per week	7	8	8
Sub-total	401	260	294
Adjustment for local hours and pay benchmark	(23)	(35)	(22)
2010/2011 STAFF COSTS	378	225	272
Inflationary uplift (2.02%)	8	5	5
2012 STAFF COSTS	386	230	277
<i>Figures may not add because of rounding</i>			
Inflation: Average Weekly Earnings by Industry (Updated September 2012) Health and Social Work – Average weekly earnings July 2010 £396 Average weekly earnings July 2012 £404 (net of bonuses). Increase = £8 = 2.02%			

B: REPAIRS AND MAINTENANCE

As part of a consultation exercise with care home providers carried out in September 2012, the providers were asked to submit a copy of their accounts to the Care Trust. 108 providers were asked to take part in the consultation exercise, 5 out of 16 nursing care homes (31.25%) and 19 out of 57 residential care homes (33.3%) responded to the request for information. Of these 24 care homes, 5 supplied copy accounts. The purpose of requesting accounts was to look at expenditure for repairs and maintenance and other non-staff costs and to calculate a weekly cost per resident. Of the accounts received:-

- A did not state the period that it related to or include the name or the size of the care home

- B was abbreviated accounts and did not have any dates on it or include the name or the size of the care home
- C contained the detail required and was for the year ended 31 May 2011 but the name of the care home had been erased
- D contained the detail required but was for the year ended 31 March 2010
- E also contained the detail required and was for the year ended 31 March 2011

It was decided that because only two of the accounts received would be able to provide the information required it was not a large enough sample to be representative of the care home market in Torbay.

The costs for Repairs and Maintenance in the Laing and Buisson Care of Elderly People UK Market Survey 2011 and in the Bishop Fleming Torbay Care Homes Market The Provision, Pressures and Cost Base report September 2011 were compared:-

Laing and Buisson Care of Elderly People UK Market Survey 2011

	Nursing care for older people and people with dementia £ per week	Residential care for older people £ per week	Residential care for people with dementia £ per week
Maintenance capital expenditure	17	17	17
Repairs and maintenance (revenue)	12	12	12
Contract maintenance of equipment	3	3	3
Total repairs and maintenance	33	33	33
Inflationary uplift (2.3%)	1	1	1
2012 repairs and maintenance costs	34	34	34
<i>Figures may not add because of rounding</i>			
Inflation: CPI detailed figures by division – Furniture, household equipment & routine maintenance			
Percentage change on a year earlier – August 2012			

Bishop Fleming Torbay Care Homes Market, the Provision, Pressures and Costs Base September 2011

	Nursing care for older people and people with dementia £ per week	Residential care for older people £ per week	Residential care for people with dementia £ per week
Repairs and maintenance – 2005/06 baseline	28	28	28
Plus Inflation to 2010/11	6	6	6
Total repairs and maintenance	34	34	34
Inflationary uplift (8.3%)	3	3	3
2012 repairs and maintenance costs	37	37	37
<i>Figures may not add up because of rounding</i>			
Inflation: CPI detailed figures by division – Furniture, household equipment & routine maintenance			
Monthly indices August 2010 109.5 August 2012 118.6 increase 9.1 = 8.3%			

Decision made:-

To use the following figures for repairs and maintenance in the Torbay 2012 model:-

- Maintenance capital expenditure £19
 - Repairs and maintenance (revenue costs) £12
 - Contract maintenance of equipment £ 3
- £34

C: NON-STAFF CURRENT COSTS

For the reasons stated for B: Repairs and Maintenance the accounts supplied by providers were not used for the purposes of defining non-staff current costs for the Torbay 2012 model.

There are three main headings under non-staff current costs – food, utilities (gas, oil, electricity, water and telephone) and other non staff costs.

Each area was considered in turn.

Food

In their Care of Elderly People UK Market Survey 2011, Laing and Buisson include a figure of £26 for food. The CPI detailed figures by division for food and non-alcoholic beverages percentage change for the year to August 2012 is 2.2%, applying this to the L&B 2011 figure the 2012 cost per resident per week for food would be £27.

Bishop Fleming 's Torbay Care Home Market, the Provision, Pressures and Costs Base September 2011 report does not give a detailed breakdown of other non-staff current costs, the costs are stated as 2005/06 baseline £68 plus inflation to 2010/2011 £15 making a total of £83. The inflation figure of £15 is 22.06% of the baseline figure, applying this to the 2005/06 figure of £20 for food the 2010/2011 figure for food is £24. The CPI detailed figures by division for food and non-alcoholic beverages monthly indices are 127.6 for August 2010 and 138.5 for August 2012 an increase of 10.9 which is equal to 8.54%, applying this to the Bishop Fleming 2010/11 figure the 2012 cost per resident per week for food would be £26.

Decision made:-

To use a figure of £26 per resident per week for food in the Torbay 2012 model.

Utilities

In their Care of Elderly People UK Market Survey 2011, Laing and Buisson include a figure of £25 for utilities. The CPI detailed figures by division for housing, water, electricity, gas and other fuels percentage change for the year to August 2012 is 5.6%, applying this to the L&B 2011 figure the 2012 cost per resident per week for utilities would be £26.

Bishop Fleming 's Torbay Care Home Market, the Provision, Pressures and Costs Base September 2011 report does not give a detailed breakdown of other non-staff current costs, the costs are stated as 2005/06 baseline £68 plus inflation to 2010/2011 £15 making a total of £83. The inflation figure of £15 is 22.06% of the baseline figure, applying this to the 2005/06 figure of £18 for utilities the 2010/2011 figure for utilities is £22. The CPI detailed figures by division for housing, water, electricity, gas and other fuels monthly indices are 130.0 for August 2010 and 144.4 for August 2012 an increase of 14.4 which is equal to 11.08%, applying this to the Bishop Fleming 2010/11 figure the 2012 cost per resident per week for utilities would be £24.

Decision made:-

To use a figure of £25 per resident per week for utilities in the Torbay 2012 model.

Other non-staff current expenses

In their Care of Elderly People UK Market Survey 2011, Laing and Buisson include the following other non-staff current expenses:-

	£ per week
Handyman / gardening (on contract)	8
Insurance	6
Medical supplies (inc. equipment rental)	3
Domestic and cleaning supplies	3
Trade and clinical waste	3
Registration fees (inc CRB checks)	3
Recruitment	2
Direct training expenses (fees, facilities, travel and materials) net of grants and subsidies	2
Incontinence products (supplied by NHS)	0
Other non-staff current expenses (Waste disposal, uniforms, linen & crockery, stationery, motor & travel, subscriptions, marketing, and sundry)	7
Total non-staff current expenses	37

The percentage change for the overall CPI detailed figures by division for the year to August 2012 is 2.5%, applying this to the L&B 2011 figure the 2012 cost per resident per week for other non-staff current expenses would be £38.

Bishop Fleming 's Torbay Care Home Market, the Provision, Pressures and Costs Base September 2011 report does not give a detailed breakdown of other non-staff current costs, the costs are stated as 2005/06 baseline £68 plus inflation to 2010/2011 £15 making a total of £83. The inflation figure of £15 is 22.06% of the baseline figure, applying this to the 2005/06 figure of £30 for other non-staff current expenses the 2010/2011 figure for other non-staff current expenses is £37. The monthly indices for the overall CPI detailed figures by division are 114.9 for August 2010 and 123.1 for August 2012 an increase of 8.2 which is equal to 7.1%, applying this to the Bishop Fleming 2010/11 figure the 2012 cost per resident per week for other non-staff current expenses would be £39.

Decision made:-

Taking the following factors into account:-

- The current economic situation has made it easier to recruit staff as a result of redundancies across other sectors, while concurrently aiding staff retention resulting in lower recruitment, staff training and associated costs.
- Unemployment figures show that 3,412 people in Torbay were out of work and claiming jobseeker's allowance in August 2012. This represents 4.3% of the working population compared with an average for Devon of 2.01% and a national average of 3.8%. (Source: Nomis)
- Handyman / gardening services are frequently carried out by staff employed by care homes rather than being on contract, this would reduce costs.
- Gardens are being developed to encourage residents to take an active interest in the upkeep.

It was decided to use a figure of £32 per resident per week for non-staff current expenses in the Torbay 2012 model.

2. Assessing contribution to return on capital

The usual cost was set using a market based approach such that:

- It reflected the proportion of the market that we purchase or is purchased at rates linked to Torbay's;
- It covers the cost of care and accommodation (including a provision for capital maintenance which reflects an allowance on capital costs over a long period)
- Is no lower than the average fee rate set currently;
- It provides for a reasonable and sustainable return for a home given average fee rates secured in the market.

The table below shows the above in numbers.

	NURSING CARE STANDARD	NURSING CARE STANDARD PLUS	RESIDENTIAL CARE STANDARD	RESIDENTIAL CARE STANDARD PLUS
	£/bed week	£/bed week	£/bed week	£/bed week
Torbay Market Rate	448	511	332	370
Cost of Care	482	526	341	378
Existing	529	555	341	392
Selected Torbay Banded Rates	529	555	341	392
TP Payments	10	3	10	8

The Torbay Market rate is based on a market penetration of 55%.

These rates were cross referenced against the estimated income and other capital costs for the model home. We intend that the information obtained during the consultation will help us improve these estimates. The results of these calculations are set out below. It shows that the selected rate in combination with estimates of income from other sources (private and individually negotiated other public sector [PS]) more than cover the estimated costs of operation including profit.

	NURSING CARE STANDARD	NURSING CARE STANDARD PLUS	RESIDENTIAL CARE STANDARD	RESIDENTIAL CARE STANDARD PLUS
Total number of beds	50	50	50	50
Total beds @95% capacity	47.5	47.5	47.5	47.5
% beds sold at banded rates	25%	25%	40%	40%
No. of beds sold at banded rates	12.5	12.5	20	20
% other PS beds sold	22%	22%	6%	6%
No Other PS beds sold	11.0	11.0	3.0	3.0

	NURSING CARE STANDARD	NURSING CARE STANDARD PLUS	RESIDENTIAL CARE STANDARD	RESIDENTIAL CARE STANDARD PLUS
No. of private market beds sold	24.0	24.0	24.5	24.5
	£/bed week	£/bed week	£/bed week	£/bed week
Private Market Rate (memo)	760	821	501	546
Other PS Rate (memo)	601	601	454	454
Selected Torbay Banded Rates	539	558	351	400
Total Home Costs pw	26,053	28,135	19,295	21,038
Private Income	18,240	19,704	12,275	13,377
Other PS Income	6,611	6,611	1,362	1,362
Income from Banded Fees	6,742	6,976	7,028	8,000
Total Income	31,593	33,291	20,664	22,739

The figures for private market income are based on Laing and Buisson figures weighted for the proportions of standard to standard plus residents. The other public sector rates are taken from our own data.

The estimates for the home costs are set out in the table below.

Torbay Usual Costs Model 2012-13 Current Assumptions	NURSING CARE STANDARD	NURSING CARE STANDARD PLUS	RESIDENTIAL CARE STANDARD	RESIDENTIAL CARE STANDARD PLUS
	£ per resident per week	£ per resident per week	£ per resident per week	£ per resident per week
D) CAPITAL COSTS				
Land	£15	£15	£15	£15
Buildings and equipment	£54	£54	£53	£53
Total capital costs	£69	£69	£68	£68
Fully Absorbed Costs at 85% occupancy	£613	£662	£454	£495
Total Weekly Costs for home	£26,053	£28,135	£19,295	£21,038
Land Value	£10,121	£10,121	£10,121	£10,121
Buildings and equipment	£36,013	£36,013	£35,105	£35,105
Average Rate of Return	7.8%	7.8%	7.8%	7.8%

The build up of the land and building costs is set out in the following table. The Average rate of return was determined from a report by ADASS which reviewed the actual capital employed by care homes and the actual capital costs paid.

Further detail on the calculation of the capital values (land and buildings) are set out in the following table.

Land	NURSING CARE STANDARD	NURSING CARE STANDARD PLUS	RESIDENTIAL CARE STANDARD	RESIDENTIAL CARE STANDARD PLUS
Source Data £ / Ha	1,500,000		1,500,000	
Acres per Hectare	2.47		2.47	
£ / acre	607,287		607,287	
Minimum land requirement for a 50 bed home (in acres)	0.75		0.75	
Land allowance in provinces, £ PER ACRE	455,466		455,466	
Land allowance in provinces, £ PER BED	9,109		9,109	
Land allowance in provinces, £ PER RESIDENT	10,121		10,121	
Building / Property Values				
Sales Value £ per Bed	68,609		67,109	
Land Value £ per bed	9,109		9,109	
Building Value £ per bed	59,500		58,000	
Occupancy %	95%		95%	
Building Value per Occupied Bed	62,632		61,053	
Years Building Value Abated	17		17	
Abated Building Value	36,013		35,105	

Sales values per bed are consistent with a report by Savills (Care Home Market Snapshot Summer/Autumn 2010) and with the figures used in Laing and Buisson but greater than local market data that we have received.

Years building value abated based on Torbay Care Trust data on care home registration dates.