



Telford & Wrekin
Co-operative Council

Protect, care and invest
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Adult Social Care Reforms Annex B: Cost of Care Report

Home Care

February 2023



Annex B Cost of Care Report

Home Care (Domiciliary Care)

1.0 Introduction

As part of the governments reforms of adult social care, local authorities were required to start building strong foundations and prepare markets for wider charging reform and thereby increase market sustainability. In October 2022 Central Government announced a delay to the introduction of the financial elements of the Social Care Reforms until October 2025.

As a condition of the Market Sustainability and Fair Cost of Care Fund, local authorities were required to evidence the work they are doing to prepare their markets and undertake a cost of care exercise for 18+ domiciliary care.

2.0 Engagement

Due to many providers delivering care across both Shropshire and Telford, in April 2022 we held a joint Shropshire and Telford & Wrekin care provider's event, attended by circa of 70 home care and residential care providers. The aim of the event was to seek the views of all partners on shaping our future care market and encouraging involvement in the cost of care exercise.

Also in April 2022 we started the process of collecting costs from providers using [The Care and Health Improvement Programme \(jointly delivered through ADASS and LGA\)](#) toolkit. Initially four providers agreed to pilot the Fair Cost of Care exercise to provide feedback of using the toolkit to other providers. From this, all providers were given 4 weeks to complete, however in addition a further 4 weeks were given to providers to complete and submit the toolkit, therefore providers had a total of 8 weeks to complete the exercise.

To support providers in completing the exercise, a data sharing agreement, question and answer document was developed and circulated, along with weekly updates.

Within Telford & Wrekin we worked closely with Shropshire Partners in Care, a not for profit organisation representing approximately 240 independent Nursing, Residential, Supported Living and Domiciliary Care providers in Shropshire and Telford & Wrekin, to support completion on the cost of care exercise.

Each provider was contacted by both Shropshire Partners in Care and Telford & Wrekin Council by phone and email encouraging engagement and offering support for completion at least twice during the submission window.

During the period between July and October, finance leads within the Council analysed and validated returns making contact with individual providers for clarification were needed. Clarification was sought from providers for omissions (clarifying a cell was intentionally blank or zero), confirmation of hourly rates and other general data entry errors. Where mistakes had been made, changes were made in agreement with providers.

In two instances where clarification responses were not received, it was deemed necessary to exclude these returns from the exercise due to the extremes of the data provided.

3. Response Rate

Telford & Wrekin achieved a home care return rate of 29% of the total active care market caring for people aged 18+. This relatively low response rate has not provided us with a complete set of data which is representative of the whole market within Telford & Wrekin.

4. Results

All results tables are included in the appendices to this report as follows;

Appendix 1: Annex A, showing, median quartile rates.

Appendix 2: Table - count of observations, lower quartile, median and upper quartile

Appendix 3: Table - lower quartile/median/upper quartile of number of appointments per week by visit length (15/30/45/60 mins)

Appendix 4: Table - cost per visit for each of 15, 30, 45 and 60 minute visits

5. Approach

- 5.1** Median values for the domiciliary care returns have been calculated on a cost line basis, with the sum of each median value being used to calculate an overall cost per contact hour.

This approach enabled data to be analysed and interrogated on a line by line basis and allowed anomalies or outlying figures were easily identified and not disguised by other figures within an overall sub-total value.

- 5.2** Zero values have been included within the median calculations after taking into consideration all of the data submitted and being confident that these values were intentionally zero (some clarification was sought from providers where applicable).
- 5.3** As previously stated, two outlying returns were excluded as the reliability and accuracy of these returns could not be verified. These exclusions are reflected within the reported response rate of 29%.
- 5.4** Two adjustments have been made to the data received when calculating the overall median rate.
- 5.4.1** Return on Operations (profit/surplus contribution). The percentage markup shown across the data returned by providers varied hugely from 3% up to the maximum value 13%.

The Homecare Association calculation for return on operations included in their modelled price for Homecare in 2022/23 is 3% of care worker costs and business costs. Taking into account this is the minimum suggested mark up, the value included within the overall median value calculation within Annex A is 4%.

- 5.4.2** Another area of the returned data where large discrepancies were evident was in the cost line for back office staff. As a percentage of care worker costs, the returns varied from 0% to 48%. Due to these extremes and the impact on the median value when benchmarking this value, the decision was made to follow the Homecare Association assumption for back office staff of 18.2% of total care worker costs. This is reflected within the median figure included in Annex A.
- 5.4.3** While the adjustments made to the median rates have been minimal, they have been made to improve the accuracy and validity of the data and therefore ensure the final Annex A submission reflects actual median costs that are representative of the current market within Telford & Wrekin. All adjustments have been made based on evidence and local market intelligence and are consistent with the DHSC guidance. As the above points have stated the adjustments made are deemed by the Council to be the most appropriate action given the limited and varying data that was submitted.

5.5 The cost of care exercise for domiciliary care asked providers to submit results for the financial year 1st April 2021 to 31st March 2022. However, no inflationary adjustment has been made in the published Annex A figures for the following reasons;

- The median salary cost is in excess of the 2022/23 National Living Wage
- Rent, rates and Utilities median rate is 97% higher than the Homecare Association 2022/23 rate
- The impact of inflationary increases is changing constantly and any increases that were potentially included in the data could already be 'out of date'.

In summary, it is extremely difficult to establish which providers have included inflationary increases and which have not. However, for the reasons stated above it would appear that the median rates resulting from the exercise do include increases when compared to the Homecare Association's 2022/23 rates and the method of calculation. Where the median rates from this exercise have resulted in higher unit costs than the Homecare Association rates, these have not been reduced.

Further reflection and analysis will be conducted over the coming months as part of the overall fee setting exercise to ensure the impact of the constantly changing picture of inflation is fully considered in the rates set for future years.

5.6 Benchmarking of returned data has taken place using data from;

- Homecare Association
- West Midlands Association of Directors of Adult Social Services
- Shropshire Partners in Care
- Local knowledge of providers
- Current fee rates

6. Limitations

The cost of care exercise is only a small part of the overall fee setting process and the result of the exercise (as published in Annex A - appendix 1) will be used as part of the fee setting process but not in isolation due to the limitations of the exercise as identified below;

- The data collected from providers is at a set point in time and may have varied from provider to provider. The period of data collection could also have included 'unusual' periods where expenditure may have been unusually high or low (impact of COVID-19 grants for example)
- Low response rate which is not representative of the whole market
- Level of detail received from providers due to limiting factors such as expertise, time and resource available to complete exercise
- Provider interpretation – while engagement and support was available, some questions may have been interpreted in different ways from one provider to the next
- Differences in provider models and businesses
- Reliability of inflated figures (what has and hasn't been included in figures provided)
- Constantly changing situation with regards to inflationary increases

7. Conclusion

The Council has responded to the FCoC exercise as set out in the Department of Health & Social Care (DHSC) Market Sustainability and Fair Cost of Care Fund guidance for 2022/23.

Shropshire Partners in Care carried out a survey in November 2022 asking those members that had not completed the FCoC exercise reasons why? Lack of time and capacity were the main reasons cited. Whilst we thank our providers for their support in completing the Fair Cost of Care exercise, we have identified that there are limitations on the data submitted due to low return rate and therefore the under-representation of the market. This gives the Council a low confidence in our outturn rate of the home care Fair Cost of Care median rate.

The Council is currently able to satisfy the demand for home care packages with the providers in borough at rates agreed within the Dynamic Purchasing System and has not seen any market failure due to financial burden. We do recognise that future rates will be impacted by annual inflation and cost of living factors. The outcome of this exercise will form part of other work ongoing with regards fee setting for the coming years.

Appendix 1

Cost of care exercise results – Annex A	£ per contact hour, median rate
Total Care worker Costs	£15.51
Direct care	£10.29
Travel time	£0.94
Mileage	£1.11
PPE	£0.11
Training (staff time)	£0.26
Holiday	£1.39
Additional noncontact pay costs	£0.00
Sickness/maternity and paternity pay	£0.30
Notice/suspension pay	£0.00
NI (direct care hours)	£0.71
Pension (direct care hours)	£0.39
Total Business Costs	£4.39
Back office staff	£2.81
Travel costs (parking/vehicle lease et cetera)	£0.04
Rent/rates/utilities	£0.59
Recruitment/DBS	£0.11
Training (third party)	£0.08
IT (hardware, software CRM, ECM)	£0.20
Telephony	£0.08
Stationery/postage	£0.07
Insurance	£0.11
Legal/finance/professional fees	£0.11
Marketing	£0.03
Audit and compliance	£0.03
Uniforms and other consumables	£0.04
Assistive technology	£0.00
Central/head office recharges	£0.00
Other overheads	£0.00
CQC fees	£0.09
Total Return on Operations	£0.80
TOTAL	£20.70

Supporting information on important cost drivers used in the calculations:	18+ domiciliary care
Number of location level survey responses received	9
Number of locations eligible to fill in the survey (excluding those found to be ineligible)	58
Carer basic pay per hour	£10.29
Minutes of travel per contact hour	9
Mileage payment per mile	£0.30
Total direct care hours per annum	309,404

Appendix 2

Cost of care exercise results	Count of Observations	Median (£)	Lower Quartile (£)	Upper Quartile (£)
Total Care worker Costs		15.51	14.08	17.54
Direct care	9	10.29	9.97	10.42
Travel time	7	0.94	0.73	1.74
Mileage	7	1.11	0.78	1.24
PPE	5	0.11	-	0.56
Training (staff time)	8	0.26	0.19	0.46
Holiday	9	1.39	1.37	1.48
Additional noncontact pay costs	1	-	-	-
Sickness/maternity and paternity pay	9	0.30	0.22	0.38
Notice/suspension pay	4	-	-	0.01
NI (direct care hours)	8	0.71	0.44	0.84
Pension (direct care hours)	9	0.39	0.37	0.39
Total Business Costs		4.39	4.36	8.63
Back office staff	5	2.81	3.39	5.27
Travel costs (parking/vehicle lease et cetera)	9	0.04	-	0.08
Rent/rates/utilities	8	0.59	0.51	0.97
Recruitment/DBS	6	0.11	0.08	0.16
Training (third party)	7	0.08	-	0.20
IT (hardware, software CRM, ECM)	8	0.20	0.12	0.34
Telephony	8	0.08	0.06	0.12
Stationery/postage	8	0.07	0.02	0.18
Insurance	7	0.11	0.06	0.12
Legal/finance/professional fees	6	0.11	0.03	0.12
Marketing	5	0.03	-	0.04
Audit and compliance	7	0.03	-	0.10
Uniforms and other consumables	4	0.04	0.02	0.05
Assistive technology	4	0.00	-	0.03
Central/head office recharges	3	-	-	0.70
Other overheads	3	-	-	0.04
CQC fees	2	0.09	0.07	0.12
Total Return on Operations	8	0.80	0.71	2.62
TOTAL		20.70	19.15	28.79

Appendix 3

Number of appointments per week by visit length	Median	Lower Quartile	Upper Quartile
15 minute	290	197	464
30 minute	410	229	1,265
45 minute	252	150	334
60 minute	212	200	1,357

Appendix 4

Number of visits per week by visit length	Cost per visit
15 minute	£ 5.26
30 minute	£ 10.42
45 minute	£ 15.58
60 minute	£ 20.70