

## **COST OF CARE EXERCISE REPORT 18+ DOMICILIARY CARE**

**14 OCTOBER 2022**

### **Summary**

This document aims to summarise how the cost of care estimates presented in Annex A; section 3 was arrived at:

#### **1. Response Rate of The Exercise**

##### **Market Engagement**

Medway Council made care providers aware of the upcoming Fair Cost of Care exercise in March 2022, with providers being asked to engage in this process within our fee uplift communications. Continued engagement took place during May 2022, making providers aware this exercise was due to take place and that they would need to dedicate time to it in June 2022. This engagement took place through provider forums, postings online on The Medway Care Portal and through engagement with representatives from Medway's Registered Mangers Network meeting.

The Fair Cost of Care exercise was formally launched on 26 May 2022. The deadline given was 17 June 2022, however this was subsequently extended. Responses from providers continued to be accepted up to 6 July 2022.

Whilst the Fair Cost of Care exercise was live, care providers were engaged with through a range of methods, these included:

- Weekly reminder emails
- Weekly articles in our provider newsletter produced and circulated by Adults Partnership Commissioning
- A dedicated page on the Medway Care Portal website, this included various articles and the publication of supporting documents
- Discussions with providers a provider forums, events, and other meetings
- Ongoing support provided (via email, telephone calls and virtual meeting) on request to support providers complete the toolkit

Following the submission of returns Medway Council undertook an exercise to sense check the returns received. This included contact with providers to review elements of their returns, where a particular element was significantly above

the median. In addition, providers were asked to review their returns where obvious omissions or errors in the data returned had occurred. For example, providers were asked to review and resubmit their return where a 0% profit margin was reported or where spend on PPE was not reflective of future conditions. During this process three providers amended and resubmitted their returns.

## **2. Response Rate**

Of the care providers registered in Medway by the Care Quality Commission (CQC) to deliver community-based services, a total of 28 care providers were deemed in scope to input into the exercise.

Only one care provider responded to say they would not be providing a response. Where a response was received from a provider about their ability to complete the exercise, or to make their intentions known, all others responded positively to say they intended to make a return within the timeframe.

Medway Council received 16 responses in total. One response was incomplete, and one response has been excluded on the basis the headline figure has been miscalculated. The number of valid responses taken into consideration as part of this exercise is 14. This represents an overall return rate from Medway providers of 50%.

Despite an overall return rate of 50%, the relative high market share (70 / 78% when considered as packages of care or total care hours commissioned) covered by valid returns provides a strong data set to draw conclusions from.

## **3. Response Analysis – Market Share**

As of 6 July 2022, Medway Council were commissioning homecare packages for 745 individuals, with a total of 7321 hours of care and support delivered on a weekly basis.

The 14 responses considered are from care providers who support 579 individuals, this represents 78% of all commissioned homecare packages.

The total weekly hours of support provided by providers who made a valid return equals 5126 hours per week, this represents 70% of all commissioned homecare hours.

## **4. Justification Approach**

The return on operations figure has been based on the median value of all eligible returns.

## 5. Findings

We received responses from providers using the homecare cost of toolkit referred to in section 7. On receiving the responses, we sense checked and queried values we believed to be outliers, where providers provided updated values, we included those in the analysis.

We removed one value from one provider where the NI figure provided was a negative value. We kept the rest of that return from that provider to increase the amount of data for all other expenditure lines.

The results from the exercise are shown in the table below

<b>£ Resident Per Week</b>	<b>Lower Quartile</b>	<b>Median</b>	<b>Upper Quartile</b>
Direct Care	£ 10.01	£ 10.14	£ 10.50
Travel Time	£ 1.17	£ 1.51	£ 2.13
Mileage	£ 0.33	£ 0.65	£ 0.93
PPE	£ 0.41	£ 0.67	£ 1.18
Training (staff time)	£ 0.03	£ 0.18	£ 0.40
Holiday	£ 1.42	£ 1.50	£ 1.63
Additional Non-Contact Pay Costs	£ 0.00	£ 0.00	£ 0.27
Sickness/Maternity & Paternity Pay	£ 0.14	£ 0.27	£ 0.43
Notice/Suspension Pay	£ 0.00	£ 0.04	£ 0.11
NI (direct care hours)	£ 0.51	£ 0.98	£ 1.17
Pension (direct care hours)	£ 0.34	£ 0.39	£ 0.44
Back Office Staff	£ 3.03	£ 4.08	£ 5.27
Travel Costs (parking/vehicle lease etc.)	£ 0.00	£ 0.01	£ 0.13
Rent / Rates / Utilities	£ 0.45	£ 0.55	£ 0.58
Recruitment / DBS	£ 0.18	£ 0.36	£ 0.58
Training (3rd party)	£ 0.05	£ 0.08	£ 0.18
IT (Hardware, Software CRM, ECM)	£ 0.27	£ 0.32	£ 0.54
Telephony	£ 0.09	£ 0.14	£ 0.22
Stationery / Postage	£ 0.02	£ 0.06	£ 0.14
Insurance	£ 0.10	£ 0.14	£ 0.21
Legal / Finance / Professional Fees	£ 0.06	£ 0.11	£ 0.29
Marketing	£ 0.01	£ 0.06	£ 0.14
Audit & Compliance	£ 0.01	£ 0.06	£ 0.14
Uniforms & Other Consumables	£ 0.03	£ 0.05	£ 0.11

Assistive Technology	£ 0.00	£ 0.00	£ 0.03
Central / Head Office Recharges	£ 0.00	£ 0.25	£ 1.26
Vehicle Costs	£ 0.00	£ 0.00	£ 0.01
Overhead #1 Example	£ 0.01	£ 0.05	£ 0.20
CQC Registration Fees	£ 0.10	£ 0.12	£ 0.17
<b>Surplus / Profit Contribution</b>	£ 0.34	£ 1.12	£ 1.57
<b>Total Cost Per Hour</b>	£ 19.11	£ 23.89	£ 30.96

The table included in Annex A is shown below.

<b>Cost of care exercise results - all cells should be £ per contact hour, MEDIANS.</b>	<b>18+ domiciliary care</b>
<b>Total Care worker Costs</b>	<b>£16.33</b>
Direct care	£10.14
Travel time	£1.51
Mileage	£0.65
PPE	£0.67
Training (staff time)	£0.18
Holiday	£1.50
Additional non-contact pay costs	£0.00
Sickness/maternity and paternity pay	£0.27
Notice/suspension pay	£0.04
NI (direct care hours)	£0.98
Pension (direct care hours)	£0.39
<b>Total Business Costs</b>	<b>£6.44</b>
Back-office staff	£4.08
Travel costs (parking/vehicle lease et cetera)	£0.01
Rent/rates/utilities	£0.55
Recruitment/DBS	£0.36
Training (third party)	£0.08
IT (hardware, software CRM, ECM)	£0.32
Telephony	£0.14
Stationery/postage	£0.06
Insurance	£0.14
Legal/finance/professional fees	£0.11
Marketing	£0.06
Audit and compliance	£0.06
Uniforms and other consumables	£0.05
Assistive technology	£0.00
Central/head office recharges	£0.25
Other overheads	£0.05
CQC fees	£0.12
<b>Total Return on Operations</b>	<b>£1.12</b>
<b>TOTAL</b>	<b>£23.89</b>

All rates are per hour, we do not commission 15 min calls and we have not included an analysis of 30/45/60 min rates as our commissioning model is based on a basket of hours approach.

## **6. Result Collection**

The results were collected with 2022/23 as the base price year. We will aim to uplift during future years by considering the impact of the National Living Wage and CPI. We will also need to consider the level of funding available to enable us to meet these aims as far as we able to.

## **7. Template**

Medway Council used the fair cost of care template/toolkit co-developed by The Care and Health Improvement Programme (CHIP) and ARCC-HR Ltd titled 'Homecare Cost of Care Toolkit.'

This toolkit was published by the Local Government Association and shared with Councils for use as part of this Fair Cost of Care exercise.

This toolkit considered various variable costs and fixed costs to arrive at an effective hourly rate. The toolkit / spread sheet allowed providers to input various cost data and automatically perform calculations to arrive at this effective hourly rate.

The toolkit sent to providers was unaltered. A copy of it can be found here: <https://www.local.gov.uk/our-support/sector-support-offer/care-and-health-improvement/commissioning-and-market-shaping/cost-of-care-toolkit>