

Annex B: Fair Cost of Care Report, Home Care Adults aged 18+.

Home Care Adults aged 18+

1. Executive Summary

- 1.1. The purpose of this report is to present the methodology and outcome of Staffordshire County Council's Cost of Care exercise for the home care market for adults aged 18 and above.
- 1.2. The report outlines the approach the Council took in undertaking the Cost of Care exercise, the outcome of the exercise and further market intelligence to ensure accurate and reasonable Cost of Care figures.
- 1.3. The exercise generated a response from 22% of eligible providers, which accounts for 33% of the weekly hours of care contracted by the Council.
- 1.4. An independent validation was undertaken by People Too, which identified any outliers, and providers were given the opportunity to review their responses and update their responses if required.
- 1.5. The output of the exercise is detailed in section 7, which also includes further analysis, relating to call duration. The analysis concluded that the responses and results do broadly reflect the actual cost born by providers.
- 1.6. In conclusion the Council will consider the output of the cost of care exercise together with other factors which affect the home care market, as part of its annual fee review process. The Council must balance its duty under the Care Act 2014 with its legal duty to set a balanced budget when considering fees for care providers This approach is outlined in section 8.

2. Cost of Care exercise context

- 2.1. In December 2021, the Government published the adult social care reform White Paper, *People at the Heart of Care*. It sets out a 10-year vision for adult social care and provides information on funded proposals that would be implemented in the three years following publication.
- 2.2. Funding proposals includes the Market Sustainability and Fair Cost of Care fund with the requirement for Local Authorities to conduct a Cost of Care exercise by engaging with the local care market. The output figure of the exercise being referred to as the Fair Cost of Care.

3. Cost of Care exercise approach

- 3.1. The Council commenced engagement with contracted home care providers in April 2022 with a deadline of 17 May 2022 for completed toolkits to be returned.
- 3.2. The Council used for data collection the national toolkit co-developed by The Care and Health Improvement Programme (CHIP) and ARCC-HR Ltd. The toolkit is an excel based spreadsheet

which asks providers to list all their operating costs and share the volume of care services they provide.

- 3.3. The following methods of engagement were utilised to support the response of toolkits from contracted providers:
- Direct communications through email and telephone
 - A webinar to set out the approach in Staffordshire
 - Regular update in provider mailouts
 - A dedicated mailbox to support with FCoC queries
 - Promotion of nationally available support to providers
 - Engagement with the Staffordshire Association of Registered Care Providers
 - Calls to providers with the offer of support to complete the toolkit.
- 3.4. Due to the low response rate the Council extended the deadline for submissions and undertook further calls to providers with the offer of support to complete the toolkit.

4. **Cost of Care exercise response**

- 4.1. The Council commissions home care through contract to support 3,200 people. The contract has two set rates for 2022/23: standard (£20 per hour) and enhanced (£20.60 per hour). The county is geographically split into 12 zones where the enhanced rate is used in those harder to serve areas.
- 4.2. There are 91 contracted providers who deliver between 2 and 2,000 hours of care per week each, a total of just under 50,000 hours of care per week collectively. There are 74 non contracted providers who deliver care to 184 people.
- 4.3. 20 (22%) contracted providers returned a toolkit. The contracted providers who returned a toolkit collectively deliver 14,877 (33%) of the contracted weekly hours. They include a range from those with a small to those with a large number of contracted hours. However due to the overall low response rate it is difficult to tell whether they are representative of the market as a whole.
- 4.4. One non-contracted provider also returned a toolkit.

5. **Data analysis and validation**

- 5.1. The Council completed an initial analysis of return toolkits and contacted providers to resolve any queries about data accuracy.
- 5.2. People Too, an external moderator to the Council, were commissioned to analyse the returns to identify outlier figures against an upper and lower quartile range for each individual data cell.
- 5.3. The Council used this analysis for validation. The approach for validation was to only investigate and clarify outliers for those responses where the 'effective unit cost per hour' either exceeded the upper quartile range or was below the lower quartile range. Providers were then contacted and requested to review their toolkit and update if required.

5.4. The Council followed the government guidance and calculated a median value for submissions, using the median of each line responded to across all accepted submissions. Any zero values in the toolkit return have been omitted.

6. Approach to Return on Operations (ROO)

6.1. The national toolkit used by the Council asked providers to declare their operating profit as a percentage. The toolkit then applied the total annual expenditure before profit to calculate the cost of care total for each provider.

6.2. The operating profit percentages declared in returned toolkits ranged from a loss of -3.5% up to a profit of 14%.

6.3. The tool factors in the volume of care delivered to produce individual cost lines including profit or the return of operations to provide an effective unit cost per commissioned hour rate. The median was then calculated from the responses of the effective unit cost per hour.

7. Cost of Care exercise Output

7.1. The median of the provider data submitted for each data line in Annex A was calculated as shown in Table 1. Each of these median figures was then added together to provide a total. The calculated Fair Cost of Care for home care was £23.32 per hour.

7.2. The following data tables are taken from the Annex A submission.

Table 1: Staffordshire Cost of Care Output Median Values

Cost of care exercise results - all cells should be £ per contact hour, MEDIANS.	18+ home care
Total Careworker Costs	£18.09
Direct care	£10.62
Travel time	£1.80
Mileage	£0.97
PPE	£0.61
Training (staff time)	£0.17
Holiday	£1.48

Additional noncontact pay costs	£0.00
Sickness/maternity and paternity pay	£0.26
Notice/suspension pay	£0.00
NI (direct care hours)	£0.97
Pension (direct care hours)	£0.40
Total Business Costs	£6.33
Back office staff	£3.38
Travel costs (parking/vehicle lease et cetera)	£0.00
Rent/rates/utilities	£0.43
Recruitment/DBS	£0.13
Training (third party)	£0.05
IT (hardware, software CRM, ECM)	£0.25
Telephony	£0.09
Stationery/postage	£0.03
Insurance	£0.11
Legal/finance/professional fees	£0.04
Marketing	£0.02
Audit and compliance	£0.04
Uniforms and other consumables	£0.05
Assistive technology	£0.00
Central/head office recharges	£0.00
Other overheads	£1.32
CQC fees	£0.09
Total Return on Operations	£1.11
TOTAL	£23.32

The lower/quartile/median/upper quartile of number of appointments per week by visit length, in Table 2.

Table 2: Visit length

Visit length	Lower quartile	Median	Upper Quartile

15 mins	0	42	223
30 mins	159	588	1,478
45 mins	56	134	310
60 mins	36	62	150

The calculated cost associated with each of the visit durations which has accounted for the percentage of travel time the providers' returns have associated with each visit.

Table 3: Cost per visit of each 15, 30, 45 and 60 minute visits

Travel Time	Lower Quartile	Median	Upper Quartile
15 mins	£7.27	£8.19	£9.33
30 mins	£13.33	£15.13	£19.30
45 mins	£19.21	£21.90	£27.80
60 mins	£19.66	£23.32	£30.91

7.3. Having reviewed the output from the Cost of Care exercise the Council is of the view that the responses and results do broadly reflect the actual cost born by providers. This output has been correlated against the cost of care for the Council's own wholly owned local authority trading company (LATC) which provides home care within the County. The Council will work towards this rate, however this is not likely to be possible for a number of years, as there is insufficient additional funding from Government in the market Sustainability Fund to allow a 16.6% uplift in 2023/24.

8. Annual Fee Review Process

- 8.1. The Council has a duty under the Care Act 2014 to promote the efficient and effective operation of a market of services to meet care and support needs. To support this, the Council undertakes an annual discretionary fee review of contracted care prices.
- 8.2. The Council must balance its duty under the Care Act 2014 with its legal duty to set a balanced budget when considering fees for care providers.
- 8.3. When undertaking the fee review the Council considers the challenges faced by providers from rising costs and difficulties with recruitment and retention. Employment rates are high, so recruitment and retention are particular challenges, affecting all sectors of the market. Conditions vary across the county with recruitment and retention a greater challenge in rural areas and in some urban areas where there

is a high level of competition for staff between local employers.

- 8.4. The Council awarded an inflationary uplift to home care providers of 12% from 03 April 2022.
- 8.5. The Council will consider and have regard for the Cost of Care output as part of its annual fee review process for 2023/24, and will also take into consideration other factors such, the actual cost of care of the Council's LATC and other market intelligence and the amount of funding available.