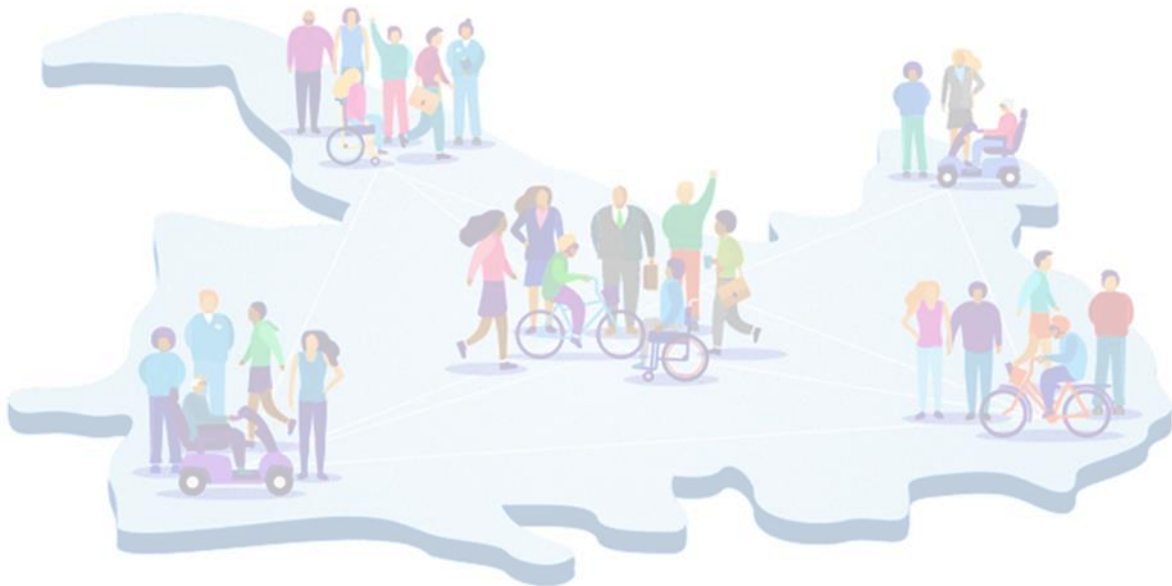


Adult Social Care 18+ Domiciliary Care Cost of Care Report 2022



Introduction

As part of the [People at the Heart of Care: adult social care reform white paper](#), all local authorities are required to complete a [Fair Cost of Care](#) exercise to work with providers to arrive at a shared understanding of the local cost of providing care.

The exercise requires us to identify the lower quartile, median and upper quartile costs in Solihull for the following care categories:

65+ care homes

- (a) Standard residential care
- (b) Residential care for enhanced needs
- (c) Standard nursing care
- (d) Nursing care for enhanced needs

18+ domiciliary care (excluding short term or reablement provision)

For the purposes of this exercise the Department of Health and Social Care (DHSC) have determined that the 'Fair Cost' is the median costs of care across the market. We have calculated the median cost from the median rate for each individual cost line as this provides greater transparency of the costs included in the median calculation.

This report sets out how the cost of care estimates presented were arrived at.

We will give due regard to the outcomes and data obtained from the Fair Cost of Care exercise for future competitive tender processes and fee setting. The outcome of the cost of care exercise is not intended to be a replacement for the fee-setting element of local authority commissioning processes or individual contract negotiation. The Fair Cost of Care guidance states that: 'as many local authorities move towards paying the fair cost of care, it is expected that actual fee rates paid may differ due to such factors as rurality, personalisation of care, quality of provision and wider market circumstances'.

Data

All 27 domiciliary care providers who are registered in Solihull and our two lead providers for domiciliary care, whose registered office is outside Solihull, were invited to submit the cost data using the [Local Government Association Homecare Cost of Care Toolkit](#), an Excel-based toolkit, co-developed with ARCC-HR Ltd specifically for the purposes of this exercise. The majority of local authorities have used this tool which creates a consistent approach for providers.

The toolkit collects cost data under the following headings:

- Care hours and visits breakdowns

- Travel time and mileage expenses
- Branch and volume summary
- Personal protective equipment (PPE)
- Direct pay rate and costs
- Non-contact related pay costs
- Direct staffing costs, employer's NI and pension on-costs
- Back office pay costs (overheads)
- Additional back office pay costs
- Non-pay costs (overheads)
- Operating surplus

The data used for the exercise was received from providers between May and July 2022.

We held a webinar, supported by the West Midlands Care Association, to explain the importance of the exercise, discuss any concerns the providers might have and demonstrate the costing tools being used. All the providers who had been asked to participate in the exercise were sent an invite for the webinar. 11 people registered for the session, covering 86.8% of Council contracted home care packages, and 9 attended, with the remainder sent a video recording of the session.

We have used the Council's care provider bulletin repeatedly to draw attention to the exercise and local and national support and webinars. Meetings of the Solihull Care Association and routine contract and quality meetings with the care market have also been used to inform them of the purpose of the exercise and encourage providers to submit returns.

The cost of care exercise was managed using internal resources, with a multi-disciplinary team of officers from commissioning, finance, and communications. This approach ensured consistency of relationship, built on established networks as well as providing for longer term engagement beyond the completion of the technical aspects of the exercise. We considered using an external agency to manage the exercise, but the quotes received for the work exceed the 25% of the allocated funding in the 2022 to 2023 fund available for implementation activities. The internal cost for implementation activities is 4.26% of the fund, maximising the amount available to support the movement towards the median cost of care.

Response Rate

There are 27 providers registered in Solihull for 18+ domiciliary care who were all invited to take part in the Fair Cost of Care exercise. Additionally, we also invited our two lead providers for domiciliary care, whose registered office is outside of Solihull, to take part in the exercise. 14 of the providers invited to take part are Solihull Council contracted providers.

We received 9 completed cost of care submissions which have all been used for the purpose of calculating the ‘median cost of care’ for home care in Solihull, accounting for 57.7% of Council contracted providers and 31% of providers registered to deliver domiciliary care for 18+ in Solihull.

The 9 providers who submitted a return account for 90.7% of service users receiving home care through a Council contracted service and 40.9% of all services users in receipt of home care in Solihull.

Visit Lengths

The cost of care toolkit captured the number of home care visits a provider delivers per week broken down by call lengths. Table 1 below shows the lower quartile, median and upper quartile number of appointments per week by visit length for 15/30/45 and 60-minute calls.

Call Length (mins)	Lower Quartile	Median	Upper Quartile
15	69	88	138
30	470	1,153	2,368
45	112	174	443
60	97	187	691

Table 1: lower quartile, median and upper quartile number of appointments per week by visit length (15/30/45/60 mins).

Return on Operations

The Fair Cost of Care data submitted showed a range from 3% to 15.8% for return on operations. The UK Home Care Association in their calculations for a [Minimum Price for Homecare 2022-2023](#) use 3% as a minimum return on operations which equates to £0.68 per hour in their calculated price. Research and data provided by both Laing Buisson and iESE (independent organisations who have conducted extensive sector research) propose that a 5% return on operations is appropriate for the care sector.

When calculating the median cost of care for Solihull we have applied a 5% return on operations which provides a median rate of £1.05 per hour.

Fair Cost of Care Exercise - Median Values

Our guiding principle for the cost of care exercise has been to include all cost data when calculating the median cost and only exclude outliers that make a material difference to the calculation.

Guidance from the DHSC states ‘Local authorities should scrutinise cost outliers, in collaboration with the provider, and consider where they should be removed’. For the

purposes of the cost of care exercise we have determined outliers to be cost that are:

- Significantly higher than those submitted by other providers
- Incurred due to unique circumstances of individual care providers
- As a result of individual business models that are not representative of the local care market.

Discussions with providers following their data submissions enabled us to understand individual cost lines and limit the requirement to exclude outliers from the median cost of care calculations. The following individual cost line outliers have been excluded from the median cost of care calculation.

Cost Line Description	Rationale for Exclusion	Count of Observations Removed
PPE	PPE is currently provided to providers free of charge through the Government portal.	6
Back office staff costs	Provider's back office cost were 70% higher than the next highest cost submitted and 200% higher than the lowest cost.	1
Insurance costs	Provider's costs were almost 300% higher than the next highest cost submitted and were a cost incurred due to their unique business model and not representative of the local care market.	1
Vehicle costs	Costs are unique to the provider's business model and not representative of the local care market.	2
Travel time	The average travel distance and travel time declared did not correlate, with the provider's costs being 72% higher than the next highest cost submitted.	1

The table provides a breakdown of the median cost line values for domiciliary care in Solihull. All costs are rounded to two decimal places and are calculated using National Insurance (NI) and tax rates in place at the time of the exercise.

Cost of care exercise results - all cells should be £ per contact hour, MEDIANS.	18+ domiciliary care
Total Care Worker Costs	£17.37
Direct care	£10.33
Travel time	£1.39
Mileage	£0.86
PPE	£0.00
Training (staff time)	£0.35
Holiday	£1.47
Additional non-contact pay costs	£0.88

Sickness/maternity and paternity pay	£0.71
Notice/suspension pay	£0.00
NI (direct care hours)	£1.06
Pension (direct care hours)	£0.32
Total Business Costs	£3.78
Back-office staff	£2.05
Travel costs (parking/vehicle lease etc.)	£0.17
Rent/rates/utilities	£0.37
Recruitment/DBS	£0.13
Training (third party)	£0.03
IT (hardware, software CRM, ECM)	£0.21
Telephony	£0.08
Stationery/postage	£0.06
Insurance	£0.08
Legal/finance/professional fees	£0.16
Marketing	£0.04
Audit and compliance	£0.08
Uniforms and other consumables	£0.06
Assistive technology	£0.00
Central/head office recharges	£0.13
Other overheads	£0.05
CQC fees	£0.08
Total Return on Operations	£1.05
TOTAL	£22.20

Table 3: Median cost of care values for home care.

Count of Observations

Data submitted by providers for the Fair Cost of Care exercise has been used to calculate the lower quartile, median and upper quartile costs for each cost line. The table below shows the calculated figures and count of observations (the number of values) used in the calculation of the median cost.

Cost of care exercise results - all cells should be £ per contact hour, MEDIANS.	Lower Quartile	Median	Upper Quartile	Count of Observations for Median Costs
	Cost £ (Per hour)	Cost £ (Per hour)	Cost £ (Per hour)	
Direct Care	£10.09	£10.33	£10.86	9
Travel Time	£0.87	£1.39	£1.84	7
Mileage	£0.75	£0.86	£0.97	8
PPE	£0.00	£0.00	£0.00	0
Training (staff time)	£0.15	£0.35	£0.58	9
Holiday	£1.40	£1.47	£1.57	9
Additional Non-Contact Pay Costs	£0.25	£0.88	£1.52	2
Sickness/Maternity & Paternity Pay	£0.30	£0.71	£0.79	8
Notice/Suspension Pay	£0.00	£0.00	£0.00	0
NI (direct care hours)	£0.99	£1.06	£1.19	9
Pension (direct care hours)	£0.05	£0.32	£0.42	9
Back Office Staff	£1.07	£2.05	£2.88	8
Travel Costs (parking/vehicle lease etc.)	£0.07	£0.17	£0.27	5
Rent / Rates / Utilities	£0.23	£0.37	£0.48	9
Recruitment / DBS	£0.03	£0.13	£0.32	8
Training (3rd party)	£0.01	£0.03	£0.18	7
IT (Hardware, Software CRM, ECM)	£0.12	£0.21	£0.38	9
Telephony	£0.05	£0.08	£0.14	9
Stationery / Postage	£0.03	£0.06	£0.10	8
Insurance	£0.05	£0.08	£0.12	8
Legal / Finance / Professional Fees	£0.05	£0.16	£0.25	9
Marketing	£0.02	£0.04	£0.05	6
Audit & Compliance	£0.01	£0.08	£0.21	6
Uniforms & Other Consumables	£0.02	£0.06	£0.14	7
Assistive Technology	£0.00	£0.00	£0.00	0

Central / Head Office Recharges	£0.01	£0.13	£0.21	3
Other	£0.03	£0.05	£0.26	7
CQC Registration	£0.07	£0.08	£0.10	9
Surplus / Profit Contribution	£0.87	£1.05	£1.10	9
Total	£17.60	£22.20	£26.92	

Table 2: Calculated lower quartile, median, upper quartile costs and count of observations used to calculate the median cost.

Calculated Median Costs for Shorter Visits

When calculating the median cost per hour, the calculation toolkit has included the travel time for each visit length. Shorter visit times have a larger relative travel time, Table 4 shows the calculated costs for 15, 20, 45 and 60-minute visits.

The median cost includes the total average travel time for a care hour, on a weighted average of call lengths. This means that the median cost of care includes the fact that the majority of visits are 30 minutes, and with an average of more than one visit per hour. This means that the calculated cost for shorter calls varies from the calculated cost from the Fair Cost of Care exercise as it only includes the travel time for each visit. This means a higher overall hourly median cost for shorter calls, and a lower cost at 60 minutes.

Call Length (mins)	Cost Per Visit
15	£6.54
30	£11.53
45	£16.52
60	£21.51

Table 4: Calculated costs by visit length (15/30/45/60 mins).

Price Base

Results were collected between June and August 2022. The returns were submitted at 2022 prices, including the providers' assumptions for the full year for costs such as utility bills and covered the current earnings.