

Cost of Care Exercise Report

18+ domiciliary care

A number of engagement sessions were held via MS teams with Homecare Providers within scope of the exercise from 23rd May 22 through to 9th Sept 22. This included an initial introduction to Fair Cost of Care (FCoC) in May 22, drop in sessions during June and July 22 where Providers could ask any questions on the process/data return queries and a session in Sept 22 on current and future issues in the market to feed into the Market Sustainability Plan. The data collection exercise was launched on 9th June 22 with a letter to 23 Homecare Providers within Stockton, including a number of Providers not on the Local Authority's contract, with a submission deadline of 22nd July 22. Actual data was requested for the financial year 21/22 and the ARCC homecare toolkit spreadsheet was selected as the data collection tool as recommended by the Local Government Association (LGA). Various LGA guidance documents, including FCoC FAQ's, were also shared with Providers and a number of reminder emails were issued to Providers in the run up to the deadline.

Submissions were received from 10 Homecare Providers (43% response rate), with 5 submissions then excluded due to either being received considerably late and incomplete, completed for 22/23 (although used for benchmarking), not relating to domiciliary care or relating to regional area and self-funders only.

A robust verification and clarification process was undertaken on all submissions received (including those excluded, with the exception of those received late) where all individual figures which were outliers, looked significantly high or low, were missing or potentially looked incorrect were queried directly with Providers. A full audit trail was maintained of all questions asked and answers received and where required the submissions were amended and updated with final versions agreed with the Providers.

Once all submissions were verified, the submissions from the 5 Providers not excluded were used in the 21/22 median calculation, a response rate of 22%, however noting these 5 Providers represent 45% of the total Stockton-on-Tees Borough Council contracted domiciliary care hours. Responses were received for every cost line from all 5 Providers and the median was calculated on each individual cost line with the total being the sum of these.

The lower quartile, median and upper quartile 21/22 costs from this exercise as per Annex A, Section 3 is as follows:

Hourly Breakdown	Lower quartile	Median	Upper quartile	Adjusted - median by row
Direct Care	£9.34	£9.71	£9.99	£9.71
Travel Time	£0.41	£0.82	£1.39	£0.82
Mileage	£0.10	£0.40	£0.52	£0.40
PPE	£0.13	£0.54	£0.55	£0.00
Training (staff time)	£0.32	£0.33	£0.77	£0.33
Holiday	£1.27	£1.32	£1.47	£1.32
Additional Non-Contact Pay Costs	£0.00	£0.00	£0.12	£0.00
Sickness/Maternity & Paternity Pay	£0.16	£0.23	£0.29	£0.23
Notice/Suspension Pay	£0.00	£0.00	£0.09	£0.00
NI (direct care hours)	£0.52	£0.74	£0.79	£0.74
Pension (direct care hours)	£0.21	£0.29	£0.39	£0.29
Back Office Staff	£2.11	£3.24	£3.72	£3.24

Hourly Breakdown	Lower quartile	Median	Upper quartile	Adjusted - median by row
Travel Costs (parking/vehicle lease etc.)	£0.00	£0.00	£0.06	£0.00
Rent / Rates / Utilities	£0.06	£0.24	£0.47	£0.24
Recruitment / DBS	£0.04	£0.08	£0.11	£0.08
Training (3rd party)	£0.01	£0.06	£0.17	£0.06
IT (Hardware, Software CRM, ECM)	£0.13	£0.24	£0.37	£0.24
Telephony	£0.08	£0.11	£0.14	£0.11
Stationery / Postage	£0.02	£0.04	£0.08	£0.04
Insurance	£0.01	£0.08	£0.14	£0.08
Legal / Finance / Professional Fees	£0.00	£0.02	£0.25	£0.02
Marketing	£0.00	£0.05	£0.07	£0.05
Audit & Compliance	£0.00	£0.05	£0.06	£0.05
Uniforms & Other Consumables	£0.02	£0.05	£0.08	£0.05
Assistive Technology	£0.00	£0.00	£0.03	£0.00
Central / Head Office Recharges	£0.00	£0.04	£1.55	£0.04
Accountancy	£0.00	£0.00	£0.02	£0.00
Leasing of equipment	£0.00	£0.00	£0.01	£0.00
Depreciation	£0.00	£0.00	£0.00	£0.00
Branch Incentives	£0.00	£0.00	£0.01	£0.00
Social Value/ESG Initiatives	£0.00	£0.00	£0.00	£0.00
Service user leisure	£0.00	£0.00	£0.00	£0.00
Staff Travel (training/supervision)	£0.00	£0.00	£0.00	£0.00
Travel Allowance / Motor & Travel	£0.00	£0.00	£0.23	£0.00
Bonus Payments	£0.00	£0.00	£0.00	£0.00
Repairs & Maintenance	£0.00	£0.00	£0.01	£0.00
Staff Benefits	£0.00	£0.00	£0.00	£0.00
General	£0.00	£0.00	£0.01	£0.04
Office expenses	£0.00	£0.00	£0.00	£0.00
Subscriptions	£0.00	£0.00	£0.02	£0.00
Health, safety & welfare	£0.00	£0.00	£0.06	£0.00
Bank charges	£0.00	£0.00	£0.00	£0.00
CQC Registration Fees(4)	£0.09	£0.13	£0.16	£0.13
Surplus / Profit Contribution	£0.66	£0.90	£1.00	£0.55
Total Cost Per Hour	£15.69	£19.70	£25.19	£18.84

The only adjustments made to the median of the actual 21/22 figures submitted by the 5 Providers were:

- PPE costs were removed as currently funded via the Government Portal until 31st March 23 (now extended to 31st March 24 or when stocks deplete if sooner)
- a median was taken of the total additional overhead cost lines added in to the individual submissions meaning £0.04 was added into the cost as oppose to £0.00 coming from the individual line median calculations
- the median actual profit/surplus percentages were replaced by 3% return on operations as used in the UK Homecare Association minimum price calculation and as advised by LGA.

The adjusted figures can be seen in the final column of the table above.

The lower quartile, median and upper quartile number of appointments per week by visit length in the 5 Provider submissions used within the FCoC exercise within Stockton-on-Tees is as follows:

Visit length (mins)	Lower quartile	Median	Upper quartile
15	76	360	582
30	595	1,434	2,039
45	40	98	224
60	61	198	294
60+	48	52	99

The 21/22 cost (adjusted) per visit for each of 15 min, 30 min, 45 min and 60 min visits is as follows (based on median miles and time per visit from the 5 Providers submissions included in the exercise):

15 min call	30 min call	45 min call	60 min call
£5.32	£9.76	£14.20	£18.63

As the data collection exercise was undertaken on 21/22 financial data the adjusted median 21/22 costs have been uplifted for 22/23 prices using predominately the ONS indices from Nov 21 (used for the actual current April 22 price increase) to August 22, the most recent available at Oct 22 as follows:

Costs	Inflationary Uplifts
Direct Care	% increase in the NLW + NI Levy
Travel Time	% increase in the NLW + NI Levy
Mileage	ONS index - average of diesel and petrol
PPE	ONS index - Other medical products n.e.c
Training (staff time)	% increase in the NLW + NI Levy
Holiday	% increase in the NLW + NI Levy
Additional Non-Contact Pay Costs	% increase in the NLW + NI Levy
Sickness/Maternity & Paternity Pay	% increase in the NLW + NI Levy
Notice/Suspension Pay	% increase in the NLW + NI Levy
NI (direct care hours)	% increase in the NLW + NI Levy
Pension (direct care hours)	% increase in the NLW + NI Levy
Back Office Staff	% increase in the AEI + NI Levy
Travel Costs (parking/vehicle lease etc.)	ONS index – average of hire & parking spaces
Rent / Rates / Utilities	ONS index - average of rent, rates and utilities
Recruitment / DBS	ONS index - Miscellaneous goods & services
Training (3rd party)	ONS index - Miscellaneous goods & services
IT (Hardware, Software CRM, ECM)	ONS index - Software
Telephony	ONS index - telephone & telefax equipment & services
Stationery / Postage	ONS index - average of stationery and postal
Insurance	ONS index - Health insurance & other insurance
Legal / Finance / Professional Fees	ONS index - legal services and accountancy
Marketing	ONS index - other fees and services

Audit & Compliance	ONS index - other fees and services
Uniforms & Other Consumables	ONS index - clothing
Assistive Technology	ONS index - services to maintain people in their private homes
Central / Head Office Recharges	% increase in the AEI + NI Levy
Other overheads	ONS index - Miscellaneous goods & services
CQC Registration Fees(4)	ONS index - other fees and services

Output from the exercise

The adjustments made to the 21/22 figures were still relevant, PPE still covered by the Government portal to 31st March 23 (now extended to 31st March 24 or when stocks deplete if sooner), other overheads included and return on operations remaining at 3% on top of all 22/23 costs.

The inflated 22/23 costs are as follows:

Hourly Breakdown	22/23 Cost £
Direct Care	£10.47
Travel Time	£0.89
Mileage	£0.49
PPE	£0.00
Training (staff time)	£0.36
Holiday	£1.43
Additional Non-Contact Pay Costs	£0.00
Sickness/Maternity & Paternity Pay	£0.25
Notice/Suspension Pay	£0.00
NI (direct care hours)	£0.80
Pension (direct care hours)	£0.32
Back Office Staff	£3.41
Travel Costs (parking/vehicle lease etc.)	£0.00
Rent / Rates / Utilities	£0.28
Recruitment / DBS	£0.08
Training (3rd party)	£0.06
IT (Hardware, Software CRM, ECM)	£0.23
Telephony	£0.11
Stationery / Postage	£0.04
Insurance	£0.08
Legal / Finance / Professional Fees	£0.02
Marketing	£0.05
Audit & Compliance	£0.05
Uniforms & Other Consumables	£0.05
Assistive Technology	£0.00
Central / Head Office Recharges	£0.04
General	£0.04
CQC Registration Fees(4)	£0.12
Surplus / Profit Contribution	£0.59
Total Cost Per Hour	£20.25

In summary, the FCoC exercise for homecare providers within Stockton-on-Tees has shown a median cost for 21/22 of £18.84 and a median cost for 22/23 of £20.25.

Notes:

- the current Stockton-on-Tees Borough Council homecare service contract is due to be renewed in Sept 24.
- the rates above are the median costs from the FCoC exercise and therefore do not represent the true 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. The output from the exercise will therefore be considered alongside the existing contractual framework which includes an annual fee uplift mechanism, however not in isolation of other local factors and intelligence.