

Annex B: Bury Council Cost of Care Report – Domiciliary Care

1.Purpose of the Cost of Care Report

The purpose of the Domiciliary Care cost of care report is to demonstrate the process undertaken by Bury Council and that the cost of care identified is evidence based.

2.Introduction/Background

In December 2021 the government announced its white paper; [People at the Heart of Care](#), which outlines an ambitious reform of social care. As part of this, and wider charging reform, the government launched the policy paper; [Market Sustainability and Fair Cost of Care](#).

As part of the policy paper, Local Authorities were to be given access to a Fair Cost of Care Fund to support the implementation of charging reforms. The funding will help support Local Authorities to ensure compliance with Section 5 of the Care Act 2014 which outlines a local authority's duty to "promote the efficient and effective operation of the care and support market".

As a condition of receiving grant funding Bury Council is to produce 3 annexes:

- **Annex A** - A Cost of Care Exercise delivered by surveying Domiciliary Care providers to determine a sustainable fee rate
- **Annex B** - A Cost of Care Report setting out how the Council arrived at the cost of care estimates presented in the Cost of Care Exercise
- **Annex C** -A provisional Market Sustainability Plan (MSP), setting out our local strategy for the next 3 years and demonstrating how we intend to move towards a sustainable fee rate

Annex A, Annex B and a provisional version of Annex C is required to be submitted by 14th October 2022. A final version of Annex C will be submitted to the Department of Health & Social Care (DHSC) in February 2023 (exact date to be confirmed).

3.Bury Council's Fair Cost of Care Exercise

How Domiciliary Providers were Engaged

Bury Council launched its Fair Cost of Care Exercise on 27th May 2022, with Domiciliary Care providers completing their submissions via Domiciliary cost of care calculator tool /spreadsheet developed by [ARCC HR Business Solutions \(arcc-hr.co.uk\)](http://arcc-hr.co.uk) , **Appendix A** details the template used by Domiciliary Care providers.

The deadline for providers to submit their completed toolkits was 1st August 2022.Support and encouragement were given to providers via:

- Regular guidance sent out via Community Commissioning Team
- Care at Home Provider Forums
- Weekly bulletin
- One to one support sessions offered.
- Discussion included in site visits by members of the Community Commissioning Team
- Direct contact to specific providers from the Strategic Lead encouraging uptake.

Provider response rate

Out of 25 in scope Domiciliary Care providers, just 4 (16%) providers submitted returns. Those providers who did submit equated to 34% of Domiciliary care hours commissioned by Bury Council.

The response rate is disappointing given the level of promotion, guidance and support offered by the local authority but in discussion with neighbouring authorities this return rate does not appear to be an outlier.

4.Fair Cost of Care Calculations

The information submitted by providers via the Domiciliary cost of care calculator tool /spreadsheet was the source data for deriving the figures in Annex A.

The results are at 2022/23 prices and are based on the median¹ values for each expenditure line submitted by the providers (i.e., The results **are not** based on the median sub-total values of provider returns). Some providers did not put costs against all lines and consequently zeros were eliminated from the medians and quartiles calculations.

All provider returns were reviewed in detail on a line-by-line basis and where further clarification, or detail was required the provider was contacted directly.

The Cost of Care estimate for Domiciliary Care are summarised in Table 1 below. **Appendix B** provides a detailed analysis of the cost of care estimate for Domiciliary Care and also provides the Lower quartile² and Upper quartile costs of the Domiciliary Care provider submissions.

¹ Medians represent the middle value when a distribution (e.g., Provider submitted expenditure lines) is ordered by size. The advantage of medians compared to averages is that they are less skewed by high outlier values. Data collected through the cost of care exercise are required to be reported as medians to account for outliers in the distributions that are being analysed

² Capturing the lower quartile and upper quartile costs reflects that there are a range of local costs. The median figure enables transparency and assurance that fee rates are moving towards the fair cost of care

Table 1

Cost Type	Domicillary Care
Total Careworker Costs	£16.49
Direct care	£10.18
Travel time	£1.98
Mileage	£0.57
All Other Careworker staffing cost lines	£3.76
Total Business Costs	£5.18
Back office staff	£3.66
IT (hardware, software CRM, ECM)	£0.18
Central/head office recharges	£0.13
All Other Business Costs lines	£1.22
Sub-Total Excluding Return on Operations	£21.66
Return on Operations	£1.07
Total Benchmark Rate	£22.73

Return on Operations

Return on operations is the only source of profit for Domiciliary care providers (there is no return on capital). Return on Operations was calculated at a 5% markup on the providers operations and head office costs.

Future Uplift Rates

It is intended that future inflationary uplifts will recognise the annual uplift of the Real Living Wage (RLW) as per the Living Wage Foundation³ and the Consumer Price Index Including Owner Occupied Housing (CPIH)⁴

5. Concerns and Limitations regarding the cost data received from providers

The following sections articulates the concerns impacting regarding confidence that fair cost of care rates accurately represents the likely actual average cost of providing care in a local area and that may later influence on the weight that is appropriate to place on reported costs in subsequent fee setting.

Low Provider Response Rate

The low provider response rate increases the risk on the reliability of the data with regards to potentially skewed costing results and invalid inferences, therefore raising the question of the validity of the Cost of Care estimate for Domiciliary Care

³ www.livingwage.org.uk

⁴ [Consumer Price Index including owner occupied housing \(CPIH\)](#). This owner-occupied housing CPI variant is relevant because some care home costs are similar to housing costs.

Provider Representation

The low provider response rate has by definition not allowed for a representative response from the local domiciliary provider market and therefore until a broader provider response is obtained the Cost of Care estimate for Domiciliary Care cannot be considered representative of the actual average.

Affordability Risk

The total cost impact figures coming out of the fair cost of care exercise will lead to increased Domiciliary Care fees and consequently without an equivalent increase in financial support for Councils' this will lead to a significant funding gap between current rates and the fair cost of care rates and therefore add pressure to already strained financial resources.

Failure to account for the benefit of recent Government announcements

The benefit of recent Government announcements such as the National Insurance increase reversal and the Business Energy Bill relief scheme will not be reflected in the costings submitted by providers.

Impact of extraordinary costs in 2021/22 during the COVID pandemic

There is a risk that providers have been unable to distinguish between 'one off/extraordinary' Covid related activity and 'business as usual' activity in their provider submissions and therefore data used to derive Fair Cost of Care estimates may be overstated.

Regional Variation

During the undertaking of the fair cost of care exercise, localities across Greater Manchester and the North-West have engaged in collaborative discussion to inform our approaches to the treatment of cost items and interpretation of fair cost of care guidance.

This work has highlighted a variation in costs above what would be expected or that can be explained through local differences. This adds to concerns regarding the overall quality and representativeness of the cost information received through the exercise.

Ends

Appendix A – Home Care Costing Tool

See attached spreadsheet

Appendix B- Result of Domiciliary Care Fair Cost of Care Exercise

Domicillary Cost of Care Exercise Results	Median Costs	Lower Quartile	Upper Quartile	Count of responses
Total Careworker Costs	£16.49	£15.37	£17.40	
Direct care	£10.18	£10.15	£10.31	4
Travel time	£1.98	£1.71	£2.00	4
Mileage	£0.57	£0.37	£0.77	4
PPE	£0.28	£0.21	£0.36	4
Training (staff time)	£0.21	£0.21	£0.26	3
Holiday	£1.47	£1.39	£1.52	4
Additional noncontact pay costs	£0.29	£0.16	£0.42	2
Sickness/maternity and paternity pay	£0.34	£0.26	£0.36	4
Notice/suspension pay	£0.04	£0.02	£0.04	3
NI (direct care hours)	£0.73	£0.52	£0.91	4
Pension (direct care hours)	£0.41	£0.36	£0.43	4
Total Business Costs	£5.17	£4.11	£7.18	
Back office staff	£3.66	£2.85	£4.41	4
Travel costs (parking/vehicle lease etc)	£0.20	£0.20	£0.20	1
Rent/rates/utilities	£0.25	£0.24	£0.30	4
Recruitment/DBS	£0.16	£0.11	£0.17	4
Training (third party)	£0.13	£0.07	£0.16	4
IT (hardware, software CRM, ECM)	£0.18	£0.08	£0.27	4
Telephony	£0.06	£0.05	£0.07	3
Stationery/postage	£0.03	£0.02	£0.03	4
Insurance	£0.05	£0.05	£0.07	3
Legal/finance/professional fees	£0.03	£0.03	£0.04	3
Marketing	£0.10	£0.10	£0.24	3
Audit and compliance	£0.00	£0.00	£0.00	0
Uniforms and other consumables	£0.07	£0.06	£0.08	3
Assistive technology	£0.00	£0.00	£0.00	0
Central/head office recharges	£0.13	£0.12	£1.01	4
Other overheads	£0.04	£0.04	£0.04	1
CQC fees	£0.08	£0.08	£0.08	1
Total Return on Operations	£1.07	£0.97	£1.16	
TOTAL	£22.73	£20.45	£25.75	

Supporting Information	Median	Lower Quartile	Upper Quartile
Carer basic pay per hour	£9.95	£9.88	£10.00
Minutes of travel per contact hour	£5.00	£5.00	£5.33
Mileage payment per mile	£0.43	£0.39	£0.45
Total direct care hours per annum	46,584	44,831	48,368

Visit Type	Median	Lower Quartile	Upper Quartile
No of Visits Per Week (15 Mins)	623	331.5	704.5
No of Visits Per Week (30 Mins)	800	425	819.5
No of Visits Per Week (45 Mins)	155	146	199.5
No of Visits Per Week (60 Mins)	140	96.5	445

Visit Type	Cost per visit for each of 15, 30, 45 and 60 minute visits (Consistent with the identified Fair cost of Care per contact hour of £22.73)	For Info Only: Average Actual Minutes of Care Delivered (i.e Bury Council pays on actual)
15 Mins	£5.68	15
30 Mins	£7.01	18.5
45 Mins	£14.57	38.45
60 Mins	£20.08	53