**Annex B: Cost of care reports: Domiciliary Care**

1. **Background**

As part of the Requirements set out by DHSC in response to the Social Care reforms, Buckinghamshire Council were required to undertake a Fair Cost of Care exercise with their 18+ Domiciliary Care Market. A Fair Cost of Care exercise is a process of engagement, data collection and analysis by means of which local authorities and care providers can arrive at a shared understanding of the local cost of providing care. The Fair Cost of Care exercise is intended to help local authorities identify the lower quartile, median, and upper quartile costs in the local area for a series of care categories, these were defined as Standard Home Care services and a view on cost per visit for each, 15-, 30-, 45- and 60-minute visits.

The purpose of this paper is to set out the approach taken to undertake the Fair Cost of Care exercise in Buckinghamshire for Domiciliary Care.  This paper set out the key observations following the process, limitations to the tools, and an on overview of the methodology to understand local market conditions and principles that underpin the population of Annex A.​

1. **Fair Cost of Care Tools, Engagement Approach and Response Rate**

To ensure consistency of approach to data collection, Buckinghamshire Council utilised the recommended tool for Domiciliary Care, which was an Excel based costing model co-developed by the Care and Health Improvement Programme (CHIP) with ARCC-HR Ltd.

ARCC guidance and webinars were distributed to the provider base detailing data requests across 10 key themes: Care Hours and Visits, Travel Time and Mileage expenses, Branch and Volume Summary, PPE, Direct Pay costs, non-contact pay costs, Direct Staffing On-costs, Back-office Costs, Non-Pay costs, and Return on Operations.

The Domiciliary Care market comprises of 86 providers registered in-county (but not necessarily delivering in county), of which Buckinghamshire Council commissions services from 43. There are 27 providers out of county that Buckinghamshire Council also commission with. All providers were communicated with totalling 113.

Despite extensive engagement, the Council received a low rate of Domiciliary Care returns, with 9 submissions received at a response rate of 5%. As a result, analysis of the submissions must be considered in the context of the low rate of return. The limited statistical significance of the sample size, reduces the reliance of this exercise as representative of local costs .

The engagement process included Social Care Reform webinars, ARCC webinars, and weekly correspondence being sent to the 113 care providers to encourage them to submit information, including FAQs. In addition, Buckinghamshire Council held direct provider engagement, including a provider launch event, drop-in sessions, and direct calls to encourage submissions.​

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| **Engagement Statistics** | **Domiciliary Care** |
| Providers attending the launch event​ | 29​ |
| Providers attending the Drop-in sessions​ | 31​ |

The original timescale for submission was 4 weeks. However, following provider feedback on their limited capacity to return responses within this timeframe, the timeframe was extended by an additional 4 weeks, taking the full process to 8 weeks.

The reasons provided for not returning a response fall broadly into 5 categories: ​

1. Key team members were on leave
2. The team do not have the capacity to complete the submission
3. This exercise is not a priority for them
4. Concerns about FCOC being developed on historic data
5. Reluctance due to data security and sharing commercial information

​

Provider feedback on the submission tools indicated that although the input of the data was reasonably straightforward, the work required to ascertain the values required for their submissions was significant in their already constrained capacity. It is important to note the Fair Cost of Care submissions are voluntary for the provider.​

1. **Key Assumptions applied to the Fair Cost of Care Analysis**

The source data was extracted from the data collection tool provided for Domiciliary Care, using the provided 22/23 data. Given the small sample size there were no outliers identified so all the submissions were included within the analysis.

In developing the local Fair Cost of Care, the analysis has been taken as the median at a sub-total level rather that an individual line item. This is due to some elements of costs only being populated by small numbers of providers, and assuming that this cost is then applicable across the whole provider base potentially inflates or double counts costs.

The return on operations amounts to the profit for operating a home care and support service. The return on operations is the only source of profit in Domiciliary Care, as there is no return on capital from a property. It is therefore important to understand the costs of Domiciliary Care providers and how they are operating to ensure that profit remains at a sustainable level.​

It is important to recognise that a return is part of a healthy and sustainable marketplace. Providers can choose to reinvest part of their return on operations into the business, making the business more desirable to the market in the future, and help the market to develop sustainably, through improving quality, efficiency, capacity, or moving into alternative/new models of care.

The Fair Cost of Care returns, albeit based on a small sample, indicated a range of 5-7%. It has therefore been assumed that the ROO is the midpoint at 6%, based on local data returns.

1. **Visit Data Analysis**

Despite the small sample, analysis on distribution of the visit length is set out below. The highest proportion of visit length is 30 minutes within the Buckinghamshire provider cohort who participated in the Fair Cost of Care exercise.

It also demonstrates that this assessment is quite volatile, due to the large differentials in numbers of visits. This does, however, reflect the diverse nature of the provider base, whereby there are small- medium sized providers (with lower levels of capacity) and larger national providers (with higher levels of capacity) within the cohort and more generally the market.

|  |  |  |  |
| --- | --- | --- | --- |
| **Visit Length** | **Median** | **Lower Quartile** | **Upper Quartile** |
| 15 minutes | 0 | 0 | 80 |
| 30 minutes | 819 | 320 | 1662 |
| 45 Minutes | 229 | 105 | 472 |
| 60+ Minutes | 167 | 117 | 325 |

Consistent with the identified cost per contact hour, the direct cost per visit for each of 15-, 30-, 45- and 60-minute visits is set out below.

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **Visit Length** | **Cost per contact hour** | **Journey cost** | **PPE Cost** | **Fuel cost** | **Direct of per visit** | **1 hour equivalent** | **Inferred hourly rate** |
| 15 minutes | 2.82 | 1.72 | 0.37 | 1.02 | 5.93 | 23.71 | 35.52 |
| 30 minutes | 5.64 | 1.72 | 0.37 | 1.02 | 8.75 | 17.49 | 29.30 |
| 45 Minutes | 8.46 | 1.72 | 0.37 | 1.02 | 11.57 | 15.42 | 27.23 |
| 60+ Minutes | 11.28 | 1.72 | 0.37 | 1.02 | 14.39 | 14.39 | 26.20 |

1. **Limitations of the Fair Cost of Care Process**

There were some limitations to the tools and process. These include: the tools are a retrospective look at the cost bases, and the exercise does not answer the question of price, particularly as the process doesn’t differentiate between social care and health provision. In addition, the tool did not specifically identify the cost of provision of eligible care needs and specification, potentially impacting the overall unit costs, as the delivery model, commercial decisions, and services delivered vary on a home-by-home basis.

Opportunities to explore market efficiencies, purchasing power and other value-adding components delivered by Local Authorities, including training and development, (from both an operational and commercial lens), quality and safeguarding support is also not considered within the derivation of Fair Cost of Care process. ​

The relationship between Fair Cost of Care and Fee Setting is that the Fair Cost of Care informs but does not set the fee rate. The outcome of the Fair Cost of Care exercise is not, therefore, intended to be a replacement for Fee Setting or individual contract negotiation. In practice, it is expected that actual fees will be informed by the Fair Cost of Care exercise, but Fee rates will also continue to be based on sound judgement, evidence, and through a negotiation process, as is the case currently.

1. **Summary of returns by Service Type**

The following tables set out a summary of the returns by service type.

**Summary of returns by Service Type – 18+ Domiciliary Care\***

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Cost of care exercise results - all cells should be £ per contact hour, 18+ Domiciliary Care** | **Count of responses** | **Median** | **Lower Quartile** | **Upper Quartile** | **Sub-Total Median, Buckinghamshire Assumed FCOC** |
| **Total Care worker Costs** |  |  |  |  | **£20.50** |
| Direct care | 9 | £11.37 | £11.19 | £11.44 |  |
| Travel time | 9 | £1.91 | £1.91 | £2.36 |  |
| Mileage | 9 | £1.51 | £0.95 | £1.82 |  |
| PPE | 9 | £0.39 | £0.06 | £0.59 |  |
| Training (staff time) | 8 | £0.25 | £0.23 | £0.31 |  |
| Holiday | 9 | £1.51 | £1.48 | £1.62 |  |
| Additional noncontact pay costs | 5 | £0.26 | £0.26 | £0.26 |  |
| Sickness/maternity and paternity pay | 9 | £0.33 | £0.26 | £0.40 |  |
| Notice/suspension pay | 4 | £0.07 | £0.07 | £0.08 |  |
| NI (direct care hours) | 9 | £1.41 | £0.83 | £1.41 |  |
| Pension (direct care hours) | 9 | £0.40 | £0.40 | £0.47 |  |
| **Total Business Costs** |  |  |  |  | **£4.88** |
| Back office staff | 7 | £3.56 | £3.27 | £6.44 |  |
| Travel costs (parking/vehicle lease et cetera) | 3 | £0.04 | £0.03 | £0.09 |  |
| Rent/rates/utilities | 9 | £0.39 | £0.39 | £0.55 |  |
| Recruitment/DBS | 9 | £0.06 | £0.03 | £0.11 |  |
| Training (third party) | 9 | £0.02 | £0.02 | £0.10 |  |
| IT (hardware, software CRM, ECM) | 9 | £0.16 | £0.13 | £0.47 |  |
| Telephony | 9 | £0.14 | £0.13 | £0.46 |  |
| Stationery/postage | 9 | £0.05 | £0.04 | £0.07 |  |
| Insurance | 9 | £0.10 | £0.09 | £0.14 |  |
| Legal/finance/professional fees | 5 | £0.09 | £0.09 | £0.10 |  |
| Marketing | 5 | £0.03 | £0.03 | £0.18 |  |
| Audit and compliance | 5 | £0.03 | £0.03 | £0.05 |  |
| Uniforms and other consumables | 5 | £0.04 | £0.03 | £0.05 |  |
| Assistive technology | 2 | £0.13 | £0.11 | £0.16 |  |
| Central/head office recharges | 2 | £1.82 | £1.26 | £2.37 |  |
| Other overheads | 4 | £0.59 | £0.27 | £0.95 |  |
| CQC fees | 9 | £0.08 | £0.08 | £0.09 |  |
| **Total Return on Operations** |  | **£1.60** | **£1.42** | **£1.99** | **£1.52** |
| **TOTAL** |  | **£28.32** | **£25.09** | **£35.11** | **£26.90** |

*\* Note: The sample size for this exercise has been very small, therefore statistical confidence that this represents a true picture of the fair cost of care in Buckinghamshire is low.*

**Summary of returns by Service Type as submitted in Annex A 18+ Domiciliary Care\***

|  |  |
| --- | --- |
| **Cost of care exercise results - all cells should be £ per contact hour, 18+ Domiciliary Care** | **Median** |
| **Total Care worker Costs\*\*** | **£20.50** |
| Direct care | £11.37 |
| Travel time | £1.91 |
| Mileage | £1.51 |
| PPE | £0.39 |
| Training (staff time) | £0.25 |
| Holiday | £1.51 |
| Additional noncontact pay costs | £0.26 |
| Sickness/maternity and paternity pay | £0.33 |
| Notice/suspension pay | £0.07 |
| NI (direct care hours) | £1.41 |
| Pension (direct care hours) | £0.40 |
| **Total Business Costs\*\*** | **£4.88** |
| Back office staff | £3.56 |
| Travel costs (parking/vehicle lease et cetera) | £0.04 |
| Rent/rates/utilities | £0.39 |
| Recruitment/DBS | £0.06 |
| Training (third party) | £0.02 |
| IT (hardware, software CRM, ECM) | £0.16 |
| Telephony | £0.14 |
| Stationery/postage | £0.05 |
| Insurance | £0.10 |
| Legal/finance/professional fees | £0.09 |
| Marketing | £0.03 |
| Audit and compliance | £0.03 |
| Uniforms and other consumables | £0.04 |
| Assistive technology | £0.13 |
| Central/head office recharges | £1.82 |
| Other overheads | £0.59 |
| CQC fees | £0.08 |
| **Total Return on Operations** | **£1.52** |
| **TOTAL** | **£26.90** |

*\* Note: The sample size for this exercise has been very small, therefore statistical confidence that this represents a true picture of the fair cost of care in Buckinghamshire is low.*

*\*\*Note: Values in the sub-total cells represent the median at a sub-total level rather that a sum of the individual line items, as it is these totals that represent the component parts of the Buckinghamshire Fair Cost of Care.*