

Fair Cost of Care – Home Care

Fair cost of Care Report – Content

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Fair cost of care outcome and process:

Response rate:

Norfolk has 106 registered providers delivering services out of 135 registered offices. Seven of the 106 providers were deemed to be out of scope as they were not primarily delivering domiciliary care. We had responses from 19 providers covering 25 branches, which was an initial response rate of 19.19%. 16 provider responses (covering 22 branches) were used in the review process reducing the response rate to 16.16%

A clear statement of when the results were collected (base year) and how they have been uplifted for inflation.

Providers were told to submit 2022/23 costs as the base year, so inflation impacts were built into the submissions received.

A full description of the questions asked/template used as part of the exercise.

Providers were asked to use the ARCC Consulting/ Local Government Association (LGA) developed template – all submissions were submitted on this basis.

Lower and upper quartiles and median rate

Cost line	lower quartile	median	upper quartile	Number of observations*
Direct Care	£10.59	£10.69	£11.18	22
travel time	£1.32	£1.68	£2.67	22
Mileage	£0.73	£1.28	£1.51	22
PPE	£0.83	£0.76	£0.35	22
Training (staff time)	£0.19	£0.35	£0.53	21
Holiday	£1.52	£1.52	£1.79	22
Additional non-contact pay costs	£0.00	£0.00	£0.68	22
Sickness/Maternity/Paternity pay	£0.25	£0.26	£0.65	22
Notice/suspension	£0.00	£0.00	£0.06	22
NI (direct care hours)	£0.80	£0.94	£1.17	22

Pension (direct care hours)	£0.42	£0.44	£0.50	22
Back office	£2.12	£3.12	£5.31	22
Summary of all other non-pay cost lines	£0.57	£0.88	£2.19	638
CQC Registration	£0.08	£0.07	£0.15	22
Surplus/profit	£0.86	£1.10	£1.53	22
Sub-total	£20.28	£23.09	£30.27	945

*Observations being the number of values used to calculate the median, upper and lower quartile rates

Lower quartile/median/upper quartile of number of appointments per week by visit length (15/30/45/60 mins)

	Number of appointments per week by visit length			
	15 mins	30 mins	45 mins	60 mins
median	0	763	168	115
Lower quartile	0	423	89	66
Upper quartile	12	1,771	360	166

Call length	Hourly cost were all calls..	Actual cost of call times
15 mins	£34.04	£8.51
30 mins	£24.58	£12.29
45 mins	£21.42	£16.06
60 mins	£19.85	£19.85

The way that we have arrived at the above cost figures is by comparing each component of the hourly rate calculated were all calls 15 minutes, 30 minutes etc. and looking at how the cost varies by length of call. The hourly cost rate calculated for calls less than 60 minutes has no substance as we commission on the basis of individual call costs not as a collation of activity per hour. The above rates are not the final version and we will work with providers to better understand the cost differentials for different lengths of calls.

Principles and approach

Principle:

- A median rate has been calculated in line with the Department of Health and Social Care (DHSC) guidance.

Outputs and evidence gathering - the check and balance process undertaken

Evidence gathering – check and balance process

- We have held provider events to go through the median rates coming out from the exercise and the assumptions and approaches taken. We have then sense checked these with providers.
- Providers were asked to review the medians as detailed below, against their current business models and send back any comments/concerns to us. No comments have been received from providers since we presented the review outputs.
- We have compared our rates with other like Local Authorities (LA) areas with a particular focus on LA's that border Norfolk.
- We have reviewed our rate against the UK Home Care Association (UKHCA) minimum average rate for 2022-23 (£23.50). The main area of difference between the Norfolk and UKHCA rate is in relation to staff pay per hour – UKHCA minimum rate includes pay at the National Living Wage (NLW) level £9.50, the median Norfolk basic rate from submissions received is £10.35. A review of home care jobs advertised in Norfolk in July 2022 highlighted a median rate of £10.84. The other difference is in relation to returns, which are 2.93% in the UKHCA minimum price and 4.8% in the Norfolk Fair Cost of Care (FCoC) rate.
- The proportion of spend based on the median of section totals results in the following spend profile: 79% spend on wages and salaries, 16% overheads and 5% surplus/profit.
- We undertook a survey of providers as part of the wider social care reform impact modelling work and as part of this survey we asked providers to share the rates that they charge their private clients. The blended rate calculated from information received from 19 providers was £24.30.
- Costs were submitted based on April 2022, and it is recognised that the current economic situation continues to change. The cost of care exercise has helped shape our understanding of costs within the sector, but has also identified where further work is needed. We will continue to work with providers to address the areas for review agreed with them.

Median outputs from the review:

- Median volume of hours per annum calculated as per submissions received 56,888, which gives a weekly median volume of hours per provider of 1,091.
- Median of average number of service users per branch – **70 clients**.
- Call times from submissions received:
 - 1.72% of calls were 15 mins (15 min calls have been removed from the calculation of costs)
 - 58.00% of calls were 30 mins
 - 18.97% of calls were 45 mins

- 14.69% of calls were 60 mins
 - 6.62% of calls were between 60 and 120 mins
- Price base 2022/23 – expectation that rates agreed will be uplifted for 2023/24. Pay costs will be informed by the NLW % increase, National Insurance (NI), pension and other costs by the prevailing inflation rate informed by the Office for Budget Responsibility (OBR) Consumer Price Inflation (CPI) projections in November 2022.
- Average of **15.59 hours** per client per week - a review of the average hours per client per week for council commissioned provision found the average package size to be 10.47 hours and highlights that the Council commissions a higher proportion of 30-minute calls. Discussions with providers suggest that call times for private clients tend to be longer, some providers do not deliver anything less than 60-minute calls.
- Median travel distance calculated from the submissions – average travel distance 2.54 miles per visit and 5.58 mins average travel time.
- Mileage/travel expenses per mile – median rate from submissions **£0.30**. As this is currently below the HMRC rate we will encourage providers to support their staff to claim the additional element from HMRC.
- Median of average care staff per annum – 50
- Carer hourly median rate from submissions received **£10.35**, which gives a weighted contact £/hr (incorporating enhancements for weekend and bank holiday working) of **£10.69**
- Senior carer hourly median rate calculated from submissions **£10.53**
- Median % call allocations – carers 95%, seniors 5%
- Median enhancements: 7.4% weekend and 50% bank holidays.
- Non-contact pay costs:
 - Holiday 12.07%
 - Sick pay 1.2%
 - Suspension pay 0%
 - Maternity/Paternity pay 1%
 - Shift apportionment (paid breaks) 0%
 - Additional non-contact pay 0%
- Training and supervision days Full time equivalent (FTE) days per staff member) five days
- PPE median rates and number of items per visit
 - Face mask £0.11 per unit - one item per visit
 - Gloves £0.06 per pair – three pairs per visit
 - Visor £0.99 – used approx. 10% of visits
 - Apron £0.02 – three aprons per visit
- Median Employers NI threshold £9,100 and Economic Net Income (ENI) liability of 15.05%
- Pensions 3% and 0% staff opt out
- Back-office staff – Whole Time Equivalent (WTE) and hourly rate based upon the median volume of hours per annum of 56,888 hours (1,091 hours per week):
 - Registered Manager 1WTE £17.95

- Team Leader/Supervisor/Deputy Manager – 1WTE £10.77
- Care co-ordinators scheduling – 1.5 WTE - £11.40
- Administration (Finance/operations) – 1 WTE £11.15
- Various other roles (medication, quality etc) – 1.5 WTE £11.40
- On call – annual cost £10,080
- Annual overheads/fixed/back-office costs
 - Rent/rates/utilities: £14,400
 - Recruitment/DBS £ 6,180
 - Training internal and 3rd party £ 1,000
 - IT (hardware, software, CRM, ECM) £ 5,760
 - Telephony £ 3,745
 - Stationery/postage £ 3,295
 - Insurance £ 5,077
 - Legal/finance/professional fees £ 1,500
 - Marketing £ 2,568
 - Audit and compliance £ 2,500
 - Uniforms and other consumables £ 2,484
 - Care Quality Commission (CQC) Registration fees £ 4,040
- Operating profit/surplus 4.8%

Engagement

- There are 106 registered providers of home care in Norfolk, operating out of 135 registered offices. 86 are on the Council's framework.
- Seven of the framework providers were identified as being out of scope due to delivering live-in services, day and night sitting services, or enhanced support.
- 33% of providers on the framework deliver less than 100 hours per week for Council funded clients (average of 44 hours per week).
- Providers were asked to use the ARC/LGA tool to ensure a consistent approach – providers on the project group trialled the tool and were able to communicate to other providers its ease of use and how this can be an effective tool for their normal business planning and practice outside of this process.
- We eventually received submissions from 19 providers delivering services out of 25 locations (branches). Information from 16 providers delivering care out of 22 branches were included in the exercise.
- Three providers were then excluded from the analysis – one was delivering extra care housing support; one provider submitted a single return for all their branches nationally and another was unable to get the tool to work as they have staff paid on shifts rather than by packages supported.
- The providers who did submit a response to the cost of care deliver high volumes of activity for the Council. Therefore, although we had a low response rate, the providers who did submit deliver 61.4% of council commissioned activity.

- Unfortunately, no providers who solely deliver support to self-funders submitted their costs.
- As part of the wider Social Care Reform (SCR) work we have sent out a survey to providers asking them to provide their self-funder rates, the number of clients who they support and the number of clients who pay them directly (not through a direct payment) to help us model the potential impact of S18(3).

Process undertaken to maximise engagement with the FCoC process (see engagement audit document attached):

- All providers were emailed about the FCoC and Market Sustainability process and a set of frequently asked questions (FAQs), informed by the home care provider project group supporting the exercise, was sent out with the email.
- The email was followed up by phone calls to providers and offers of individual meetings to go through the tool were made and taken up by several providers.
- We included regular articles about the FCoC and Market Sustainability Plan (MSP) in provider bulletins and in the Norfolk Care Association newsletters.
- We attended Norfolk Care Association (NorCA) Forums at the start of the process to stress the importance of this exercise and encouraged engagement. We then attended subsequent forum meetings to give updates on progress such as the number of submissions received and some of the key themes emerging. We extended the original six-week submission deadline several times to give providers every opportunity to engage.
- We have reported back to providers the principles underpinning the approach, the key assumptions emerging from the exercise and have discussed with providers an approach to implement tiered rates and the assumptions included re travel time and distance for the tiers scoped. This information will inform the strategic review of the home care model currently being developed in co-production with providers. We have asked providers for comments on the principles and assumptions, but providers really want to know the proposed rates that have been calculated through this process.