

Redcar and Cleveland borough Council

Home Care Cost of Care Exercise

Annex B: Cost of Care Report



1. Redcar and Cleveland - Geography and Demography



Redcar and Cleveland Borough Council is a small unitary authority in the northeast of England. It is bounded to the northwest by the River Tees and surrounding industry, to the northeast by the North Sea, to the east and south by the rural areas of the North York Moors. The western boundary is the only urban link, approximately 5km long dividing the residential areas adjoining Middlesbrough Council. In many respects the human geography of the borough is similar to that of a peninsula.

The borough is diverse with large urban and industrial areas connected to Middlesbrough in the west, towns that are becoming interconnected by housing developments, market towns and villages within more rural areas to the east. People often have a strong sense of belonging to their community within the borough and this is important in the provision of locality-based services.

Adult social care support services are designed around the national assumptions that people wish to remain as independent as possible in their own homes for as long as possible. Home Care services play a major role in the pathway of services that support people in the community and delay or prevent access to more restrictive models of service.

There is work underway to continually develop locality-based pathways of services from in home technology to care and support in/from the home to graduated models of supported housing and registered care homes. Within home care there are pilots underway to address short-term gaps in capacity and increase the availability of overnight care and support.

2. Home Care Supply and Demand

From 2016 the majority of home care services in Redcar and Cleveland have been delivered through a Community Care and Support Framework which provided sufficiency and consistency of supply up until the start of the Covid-19 pandemic in 2020. The most recent procurement was impacted by the pandemic and prevented new providers from developing as expected, therefore reducing the anticipated growth capacity of the framework. The pandemic then disrupted the processes in place to provide a stable environment for the sector such as allocation of packages in line with the order of procurement selection process. This resulted in greater use of 'off-framework' provision and compromised the efficient and effective allocation of care packages which will take some time to resolve.

Working relationships with providers have been generally very positive and collaborative, both individually and collectively, this is based on a culture of shared understanding of the issues and mutual support to face the challenges. Most providers are locally based or local branches of larger organisations with stable management.

The table below shows a summary of comparative home care provision from 2018/19 to 2021/22.

Year	Home Care Spend	Home Care Hours
2018-19	£12,313,060.95	776,931.05
2019-20	£13,341,340.98	788,521.15
2020-21	£13,996,806.47	812,585.97
2021-22	£14,440,314.74	742,616.03

From July 2021 there were increasing issues with recruitment and retention in home care that started to impact on delivery and allocation of packages. Prior to October 2021 there was no formalised waiting list for home care packages, though there were anticipated delays in allocations to rota's and some individually difficult to source packages.

The package allocation issues that accumulated throughout the pandemic were compounded through August and September 2022 due to the disruption caused by the systems outages affecting Advanced and specifically the StaffPlan rostering software. Three providers operating within Redcar and Cleveland and who collectively deliver approximately 50% of capacity, were severely affected and prevented from taking new packages for a number of weeks.

The RCBC Market Capacity Tracker for Care at Home from 05.10.2022 identifies 100 adults awaiting an allocation of a package of care requiring a total of 1056.5 hours per week, 76 of these adults have been waiting more than 7 days.

The tables below provide details of the packages awaiting allocation at 05.10.2022.

Referral Settings	At Home without support	At home with some support	At home with interim support	Short stay	Short stay Discharge to assess	Meadowgate Intermediate care	Hospital
	48	20	6	5	1	3	17

POC Type	Home Care service	Sitting service	Community only	Domestic/Shopping only	PBS
	78	6	8	4	4

Area	Locality	Cases	Average Days Waiting	Maximum Days Waiting
	Redcar	16	12	72
	Eston	14	24	98
	Guisborough and East Cleveland	69	55	288
	Out of Area	1	-	-

The individual details of packages awaiting allocation are complex and include some multiple 2 worker calls each day in dispersed communities. Delays in the allocation of packages of care has an obvious negative impact for the adults concerned and their families. There is also a significant impact on the flow of patients from hospital discharges that has an adverse effect on the efficiency of local health systems which are under pressure. As well as the short-term impacts of delays to allocation there can be longer-term or permanent implications where people are provided with care and support in an interim setting that delays or prevents their rehabilitation and return to maximum independence.

There are a disproportionate number of adults in Guisborough and East Cleveland waiting for home care packages with significantly longer average and maximum waiting times. This disparity is most acute in the more semi-rural postcodes of TS12 and TS13 where 51 people are awaiting a package of care.

The sector supports provision that is outside of the contracted capacity of the local authority for CHC packages, medication only visits and private clients. There is provision that is commissioned outside of the local authority, including NHS Home First.

The current Community Care and Support Framework contract period runs to 31st October 2023 with the option to extend for a further period of 12 months. Contracts for additional domiciliary care capacity are being issued up to 31st October 2023 to coincide with the CC&S Framework contract end date.

The table below shows the current weekly delivery hours for home care and other closely related support services.

Care and Support Model	Hours	Nights
CC&S Framework Contracts	7,911.16	436.50
Additional Home Care Capacity Contracts	2,614.20	-
PBS (Specialist)	1,635.00	527.00
Autism (Specialist)	292.75	-
Extra Care	2,169.75	401.75
Supported Living	5,076.00	833.00
Total	19,698.86	2,198.25

3. Home Care Pressures

There three main pressures impacting on the delivery of home care in Redcar and Cleveland are:

- Workforce Recruitment and Retention
- Capacity in the semi-rural east of the Borough
- Market share and sustainability of provider capacity

Although these issues can be considered separately they are intrinsically linked. These issues will be addressed as priorities within the Annex C Market Sustainability Plan.

3a. Workforce Recruitment and Retention

From July 2021 there has been increasing pressure within the home care sector due to the inability of providers to recruit and retain sufficient suitable workers. This is recognised as a national issue and stems from the pay and conditions for home care workers. The two key issues are parity with roles in other sectors where similar levels of skill, experience and working pattern and also differential with other roles in the care sector that may be seen to have less direct responsibility and more favourable working conditions.

Pay for home care workers is at or close to national Living wage, current vacancies advertised by local providers offer rates of pay starting from between £9.20 and £10.10 per hour for care worker posts. There are increasing opportunities for workers to move to either roles that pay the same rate with better conditions or to other sectors that offer higher pay and progression opportunities.

Progression from the care sector to NHS has occurred historically and has previously been regarded as positive. Currently there continues to be migration to the health sector but without the balance of new recruitment this is a concern. The table below illustrates the issues of parity with roles in the health sector:

NHS Salary Overview 22/23

	Entry step point	Hourly Rate	Years until eligible for pay progression	Top step point	Hourly Rate
Band 2	£20,270	£10.37	2	£21,318	£10.90
Band 3	£21,730	£11.11	2	£23,177	£11.85
Band 4	£23,949	£12.25	3	£26,282	£13.44

Public transport is an unrelated sector that is currently experiencing industrial action for increased worker pay. A recent news item highlighted drivers seeking a significant increase to the current wage rate of £12.23 per hour. While there is no national job evaluation process there are comparisons to be drawn between sectors with regard to pay, conditions and the key role provided.

Contractual and working conditions in home care do not have the consistency of other industries and can disadvantage recruitment and retention in the sector:

- Contracts – workers may be on zero hours, part-time or full-time contracts. As the rates are paid based on delivery and they are very locally based it is difficult to maintain consistent working, especially in areas with lower population levels.
- Flexibility is both a benefit and a risk within the sector. Some workers appreciate the ability to adjust working hours to fit around other commitments.
- Consistency and Stability – payment is only made for hours worked in direct delivery which can fluctuate
- Walkers have a limited range – usually around their home community – and are dependent on local customers to make up sufficient hours.
- Drivers need to have a suitable vehicle for work use – contracts and pay rates do not help in promoting and maintaining car ownership.
- Working Pattern – there are periods of high demand during the day with low demand in between – this can mean that workers have an extended working day to complete their hours and the required visits.
- Responsibility – as lone workers carrying out complex care tasks there is significant responsibility with the role that is not reflected by the rates of pay.

- Risk – with responsibility comes risk and workers are subject to disciplinary action when errors or omissions are made which can lead to serious consequences.
- The role can be difficult and demanding – customers have become more complex and diverse requiring wider skills and abilities.
- Main job/Second Job – a full time care worker on NLW would have an annual salary of just over £18,000, this may not be enough to be a main family income. The benefits system places restrictions on working over 16 hours where people work and claim. Where childcare arrangements are required they need to be affordable and fit around the hours worked.
- Status – domiciliary care work does not carry the status of the same roles in health. There is no national pay scale with progression.

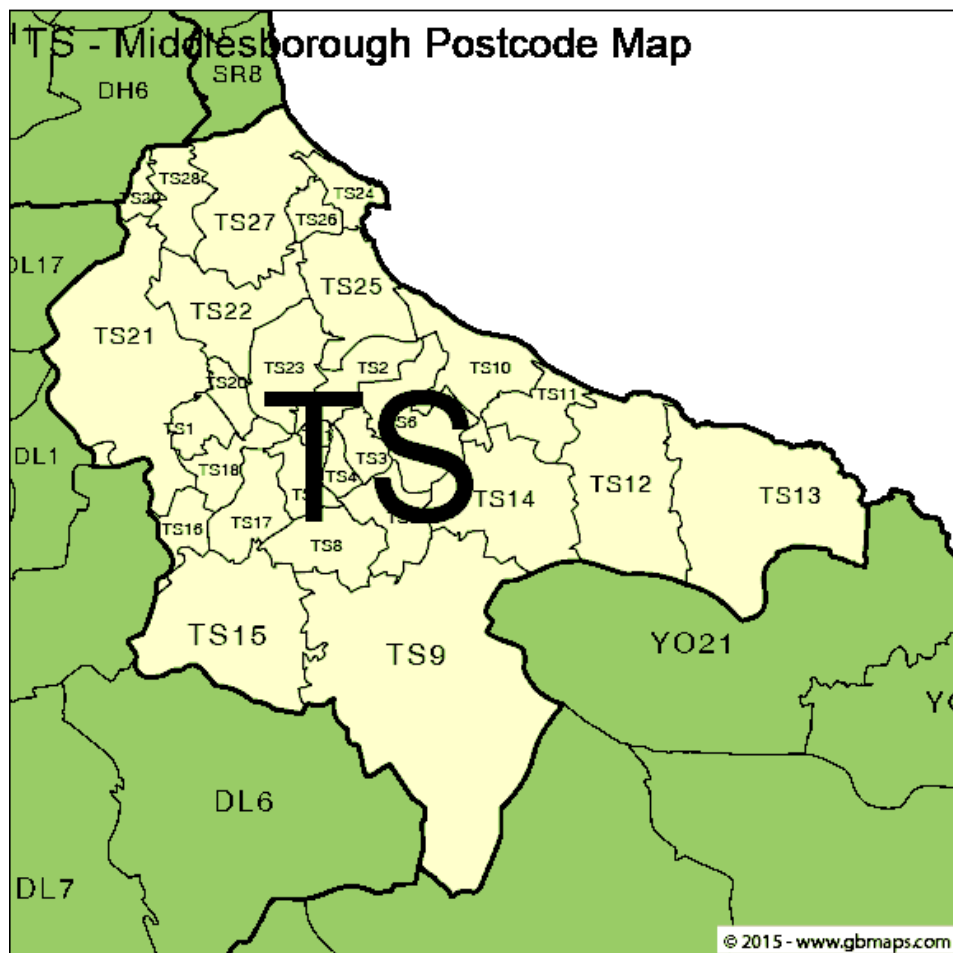
The current cost of living increases are expected to further exacerbate the recruitment and retention issues in the home care sector. Central government advice for people to get better paid jobs to address the pressures they face from increased prices will inevitably have most impact on sectors based on/around National Living wage rates. The unemployment rate is currently at it's lowest point since 1974.

The local authority is engaging in the National recruitment campaign and this has been linked to Regional and Local activity to increase impact. Additionally a local Proud to Care initiative has been set up to take a longer-term view of improving the perceived status of care as a career, targeting information to key groups for recruitment and assisting providers to be collectively more efficient in their recruitment activity.

An increase in worker pay rates is seen as the most obvious barrier to recruitment and retention in the care sector and especially in home care services. This will continue to be a priority in future contractual and fee considerations.

3b. Capacity in the Semi-Rural East of the Area

The recruitment and retention issues impacting on home care are magnified in more rural areas. This has been a historical issue to some extent but has only been of great significance with the most rural packages until recently. Currently the combination of pressures on staff recruitment and retention combined with cost of living increases have combined with the disruptions in the allocation process so that a wider area is now affected to a more significant extent and can be described as extending across post code areas TS12 and TS13 which include the small towns as well as the villages of more rural parts of that area.



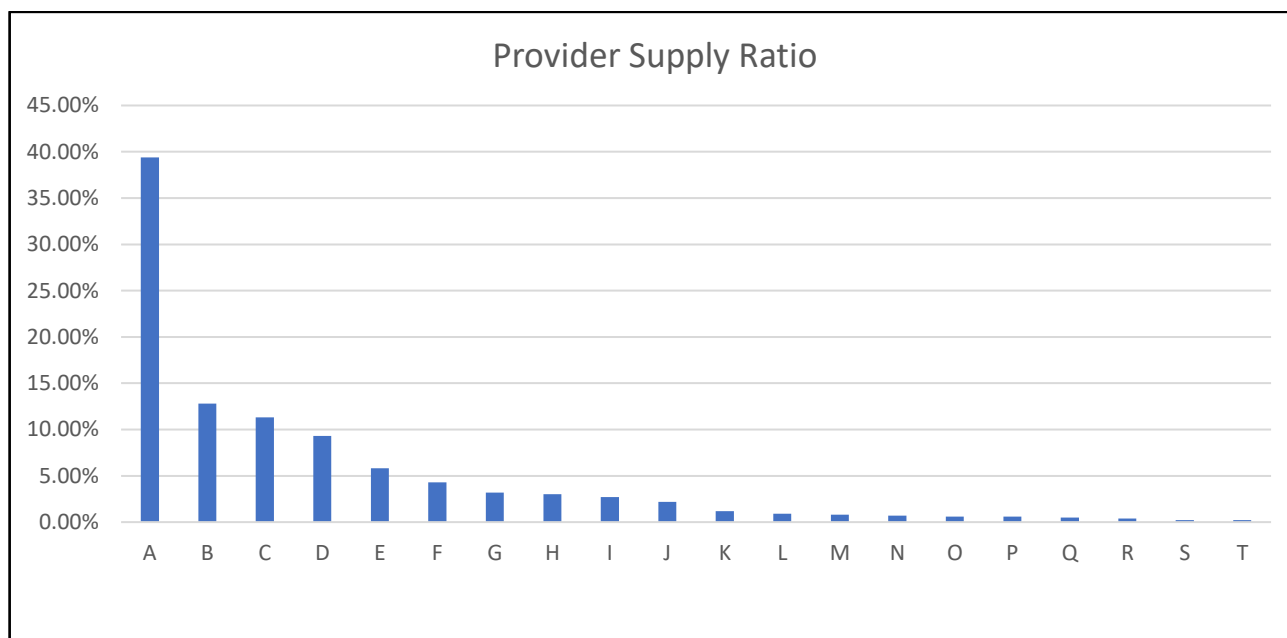
Costs associated with travel were highlighted by providers as a pressure in June 2022 and are of particular influence in more rural areas where travel distances and times are increased, the HMRC mileage rate remains unchanged at 45p per mile. An interim support measure was introduced to make additional payments above the contracted rates of 8p per hour for long visits (over 2 hours) and 16p per hour for short visits (under 2 hours). This additional payment agreed from 13th June to 31st October 2022 recognised the disruption to effective allocation of packages over recent years and the associated increase in average travel time that may result from that. A review of this payment has determined that this is to be extended and increased. Consultation has also begun with providers to understand how the level of capacity in these areas can be influenced, including the option of introducing enhanced rates for some post code areas where this may be effective.

In addition to the workforce shortages mileage and other costs associated with travel present a significant barrier to the efficient delivery of home care services.

3c. Market Share and Sustainability of Provider Capacity

Disruption in the flow of allocating packages of care through the usual procurement processes has fragmented the home care sector. This has hampered efficiency of delivery and reduced the volume of delivery for some providers that impacts on their sustainability. Recovery from this position is now re-shaping the market to some extent but remains constrained by workforce and travel limitations.

The table below shows the ratio of supply for providers A to T in October 2021. The ratio of supply was calculated using the average ratios for number of staff, commissioned hours, provisioned hours and number of customers.



There will need to be a supported move towards more idea model of delivery that promotes sustainable volumes of delivery in all localities while maintaining some choice for those receiving care and support.

3d. Stability of the Market

The accumulation of impacts of/from Covid-19, the national economic situation, recent system outages and shortages in the labour market are creating a critical situation for the delivery of home care.

Locally over the last 12 months one or more providers have indicated to Commissioners that they are operating profit-making businesses, however one or more providers have also indicated to Commissioners that reductions in the number of packages are having a direct impact on their business and this is not sustainable in the short to medium-term.

During 2021/22 additional funding support was provided to the sector. Specific funding was allocated to offset costs associated with infection prevention and control. The table below describes other funding made available between 21.10.2021 and 31.03.2022 to support worker recruitment and retention.

Funding	Allocation
WR&R Fund – Recruitment and Retention	£100,000
NHS NLW Fund 1 – Increase to minimum £9.50 per hour	£132,465
NHS NLW Fund 2 – Increase to minimum £9.50 per hour	£132,465
Total	£364,930

Funding of £364,930 over 24 weeks at 12,000 hours per week is equivalent to £1.26 per hour of care delivery.

Additional funding may play a key role in addressing some of the challenges but will need to be targeted.

4. RCBC FCOC Home Care Exercise

The Fair Costs of Care exercise was completed in line with the associated guidance to gain data from providers on the costs of delivering care for submission to DHSC. This process generated data from providers that has been entered into the Annex A template with the minimum of adjustment to meet guidance requirements.

It was decided to complete the home care exercise using existing local authority resources as a toolkit was available and this would maximise understanding of data and conditions in the market.

The FCOC exercise is separate to the Redcar and Cleveland processes for setting rates for services.

4a. Provider Engagement

A broad inclusive approach was taken to encourage participation of Home Care providers in the Cost of Care exercise. Invitations to participate were sent out to 26 providers in total who may have provided some element of Home Care within Redcar and Cleveland during 2021/22. This included providers contracted through our framework and off-framework providers who may have contributed additional capacity as a result of the pandemic and/or workforce issues. Engagement with providers included a formal letter of invitation to participate, individual contacts to confirm the position of each provider, toolkit support sessions and email updates.

Initially there was an aspiration by the local authority to receive responses from 12 providers representing 90+% of delivery. Three providers notified in advance of the deadline that they did not consider they had delivered Home Care within the period and a further two notified us in advance of the deadline that they did not intend to make a submission based on the low volume of delivery.

Toolkit submissions were received from 8 providers, this would suggest a response rate of $8/21 = 38\%$ of providers, however, the 8 providers who submitted accounted for between 40% and 1% of Home Care delivery totalling around 84% of delivery in 2021/21. Of the remaining 13 providers invited to participate the majority delivered less than 1% of delivery in 2021/22 and/or worked predominantly in a neighbouring authority area. Delivery in 2021/22 was calculated using a mid-point average ratio of number of staff, commissioned hours, provisioned hours and number of clients.

Following the submission of the data from providers there has been an unplanned gap in the anticipated engagement process with providers. As work on the exercise has progressed there have been a number of issues arising from the understanding and implementation of the guidance as a local authority and between local authorities to ensure some consistency. Following submission of the initial documentation on 14th October 2022 it is hoped that engagement can progress on moving towards greater understanding of the provider data although there will be some limitations until feedback from DHSC has been received.

4b. Methodology

The cost of care data was gathered for the financial year 2021/22 using the LGA and ADASS Home Care Costing Tool v2.21 and associated guidance. Providers were asked to complete the toolkit between 31.05.2022 and 04.07.2022, however a contingency period of an additional two weeks was added until 18.07.2022 to allow more time and one or more providers submitted data after this time by mutual agreement. The toolkit was used to gather the specific data required for this exercise as recommended in DHSC guidance, a copy of this can be found in Appendix 1. A summary of the unadjusted provider submission data can be found in section 5c as required in DHSC guidance for presentation of Annex B. The cost of care estimate in Annex A was arrived at using the calculation of median values for each line of unadjusted data submitted by providers, which then had an inflationary adjustment to produce figures for April 2022, as required by DHSC guidance, the methodology for this adjustment is described in detail in section 5d. below. There were no significant issues with data entries that were either not completed or had a zero-value entered, this data appeared to indicate different ways providers had submitted information based on their processes. The use of the sum of the line-by-line medians was used to allow the tool greater sensitivity around each cost area and avoid issues with other methods of totalling median values by sub-total. This same approach of line-by-line consideration may then be used in collaboration with providers to support the next stages of clarification, analysis and understanding.

Median values were calculated in line with guidance to exclude data that may be regarded as an outlier. Due to the number of provider submissions and the variation in data submitted this approach may not have always presented the most accurate representation of provider costs.

It is recognised that events during the period of 2021/22 data gathering created very unstable market conditions that are not best suited to accurately assessing the medium to long-term costs of home care delivery.

From 2016 the home care rates in Redcar and Cleveland have been based on a formula developed in partnership with providers from the UKHCA methodology. It is envisaged that the cost of care exercise will be used to further develop this approach for future fee setting. This is subject to consideration of other options.

NOTE All data presented in this document is the summary of unadjusted submissions from providers and is **NOT** a determination of a cost of care for home care in Redcar and Cleveland.

4c. Provider Submission Data

Cost Data

The table below shows the count of observations, lower quartile, median and upper quartile of all costs from the unadjusted 2021/22 provider data submissions.

Provider Costs	Provider Observations	Provider Lower Quartile	Provider Median	Provider Upper Quartile
Direct Care	8	£9.58	£10.06	£10.27
Travel Time	6	£0.45	£1.16	£2.07
Mileage	7	£0.19	£0.27	£0.84
PPE	5	£0.00	£0.43	£0.53
Training (staff time)	7	£0.30	£0.38	£0.41
Holiday	8	£1.28	£1.29	£1.46
Additional Non-Contact Pay Costs	0	£ -	£ -	£ -
Sickness/Maternity & Paternity Pay	7	£0.30	£0.44	£0.91
Notice/Suspension Pay	3	£0.00	£0.00	£0.01
NI (direct care hours)	8	£0.66	£0.73	£0.80
Pension (direct care hours)	8	£0.35	£0.38	£0.45
Back Office Staff	8	£1.99	£2.97	£3.44
Travel Costs (parking/vehicle lease etc.)	3	£0.00	£0.00	£0.03
Rent / Rates / Utilities	8	£0.16	£0.24	£0.30
Recruitment / DBS	8	£0.08	£0.13	£0.17
Training (3rd party)	5	£0.00	£0.04	£0.07
IT (Hardware, Software CRM, ECM)	8	£0.13	£0.20	£0.24
Telephony	8	£0.09	£0.15	£0.18
Stationery / Postage	8	£0.03	£0.06	£0.10
Insurance	8	£0.06	£0.08	£0.10
Legal / Finance / Professional Fees	6	£0.02	£0.08	£0.11
Marketing	3	£0.00	£0.00	£0.05
Audit & Compliance	3	£0.00	£0.00	£0.03
Uniforms & Other Consumables	5	£0.00	£0.05	£0.06
Assistive Technology	2	£0.00	£0.00	£0.04
Central / Head Office Recharges	4	£0.00	£0.13	£0.96
Overhead #1 Example	7	£0.01	£0.04	£0.09
-	4	£0.00	£0.02	£0.17
-	1	£0.00	£0.00	£0.00
-	2	£0.00	£0.00	£0.00
-	2	£0.00	£0.00	£0.00
-	2	£0.00	£0.00	£0.01
-	1	£0.00	£0.00	£0.00
-	1	£0.00	£0.00	£0.00
CQC Registration Fees	8	£0.09	£0.10	£0.10
Surplus / Profit Percent	8	2.3%	5.0%	5.3%

Visit Numbers Data

The table below shows the lower quartile/median/upper quartile of number of appointments per week by visit length (15/30/45/60 mins)

	LOWER QUARTILE	MEDIAN	UPPER QUARTILE
Visits 15 Mins	227.5	377	500
Visits 30 Mins	777.25	1021.5	2721.25
Visits 45 Mins	134.75	207.5	297
Visits 60 Mins	132.25	215.5	279.25
Visits 60 Mins +**	45.5	62	137.75

**Due to the variation in data submission visits of above 60 minutes have been combined.

Visit Cost Data

The table below shows the cost per visit for each of 15, 30, 45 and 60 minute visits. This calculation has been based on median data required by the guidance and therefore does not differentiate between the proportion of travel time with call length. Other calculations could be made where travel time is added to basic pay proportionately to call length. The current Redcar and Cleveland contract rates reflect travel time through separate rates for short visits (under 2 hours and long visits (over 2 hours). Further alignment between visit length and travel time is possible.

	MEDIAN TRAVEL TIME %	MEDIAN HOURLY RATE	VISIT COST BASED ON MEDIAN HOURLY RATE INCLUDING TRAVEL
Visits 15 Mins	17%	£20.35	£5.09
Visits 30 Mins	13%	£20.35	£10.17
Visits 45 Mins	9%	£20.35	£15.26
Visits 60 Mins	7%	£20.35	£20.35
Visits 60 Mins +**	2.5%	£20.35	£20.35

**Due to the variation in data submission visits of above 60 minutes have been combined.

Surplus/Profit/Return on Operations

The median provider surplus/profit rate from the unadjusted provider submissions of 5.0% is higher than the UKHCA rate of 3% but is lower than the rate of 6% used in the RCBC uplift formula operated since 2016. Although a profit/surplus figure was entered by all providers, one or more providers submitted figure of 0% which may reflect a position of costs being higher than payments for care services. The median hourly rate from provider returns is significantly higher than the average hourly rate paid by the local authority during 2021/22, this suggests an anomaly in costs submitted by providers and associated profit/surplus margins. There needs to be further clarity as to the extent the figures submitted by individual providers were a factual representation of the 2021/22 position or an aspirational rate of return. It is understood that surplus/profit calculation based on a percentage of other costs does need to be sensitive to the values of the total of other provider costs.

4d. Required Data Adjustment from 2021/22 to April 2022

FCOC guidance requires Annex A data to reflect costs at April 2022. The data collection required submission of provider data from 2021/22 and therefore an adjustment to the median cost figures is required and has been calculated as below:

Cost Area	2021-22 Provider Median	April 22 Uplift Methodology	April 2022 Annex A Cost
Total Careworker Costs	£15.14		£16.19
Direct care	£10.06	Increase in line with NLW 6.62%	£10.73
Travel time	£1.16	Increase in line with NLW 6.62%	£1.24
Mileage	£0.27	Unadjusted	£0.27
PPE	£0.43	Unadjusted	£0.43
Training (staff time)	£0.38	Increase in line with NLW 6.62%	£0.41
Holiday	£1.29	Increase in line with NLW 6.62%	£1.38
Additional noncontact pay costs	£0.00	Increase in line with NLW 6.62%	£0.00
Sickness/maternity and paternity pay	£0.44	Increase in line with NLW 6.62%	£0.47
Notice/suspension pay	£0.00	Increase in line with NLW 6.62%	£0.00
NI (direct care hours)*	£0.73	Increase in line with NLW 6.62% Increase 12.5% for 1.25% NI rise	£0.88
Pension (direct care hours)	£0.38	Increase in line with NLW 6.62%	£0.41
Total Business Costs	£4.29		£4.61
Back office staff	£2.97	Increase in line with NLW 6.62% Increase 1.25% for 1.25% NI rise	£3.21
Travel costs	£0.00	Increase by CPI March 2022 7.0%	£0.00
Rent/rates/utilities	£0.24	Increase by CPI March 2022 7.0%	£0.26
Recruitment/DBS	£0.13	Increase by CPI March 2022 7.0%	£0.14
Training (third party)	£0.04	Increase by CPI March 2022 7.0%	£0.04
IT (hardware, software CRM, ECM)	£0.20	Increase by CPI March 2022 7.0%	£0.21
Telephony	£0.15	Increase by CPI March 2022 7.0%	£0.16
Stationery/postage	£0.06	Increase by CPI March 2022 7.0%	£0.06
Insurance	£0.08	Increase by CPI March 2022 7.0%	£0.09
Legal/finance/professional fees	£0.08	Increase by CPI March 2022 7.0%	£0.09
Marketing	£0.00	Increase by CPI March 2022 7.0%	£0.00
Audit and compliance	£0.00	Increase by CPI March 2022 7.0%	£0.00
Uniforms and other consumables	£0.05	Increase by CPI March 2022 7.0%	£0.05
Assistive technology	£0.00	Increase by CPI March 2022 7.0%	£0.00
Central/head office recharges	£0.13	Increase by CPI March 2022 7.0%	£0.14
Other overheads	£0.06	Increase by CPI March 2022 7.0%	£0.06
CQC fees	£0.10	Unadjusted	£0.10
Total Return on Operations**	£0.92	Increase by % of other costs 6.33%	£0.98
TOTAL	£20.35		£21.78

*The increase in NI from April 2022 has been included in the calculation although it appears likely that this will be reversed.

**There appears to be an anomaly in the data generated by the toolkit and the data calculated from the submission data using the recommended method of using median values. The median ROO entered by the toolkit for unadjusted data does not align with the median 5% surplus/profit figures which were obtained separately within the toolkit. For the purposes of continuity the ROO has been uplifted by the average (mean) uplift amount for the total of all other costs.

NOTE All data presented in this document is the summary of unadjusted submissions from providers and is **NOT** a determination of a cost of care for home care in Redcar and Cleveland.

4e. RCBC Home Care Annex A Submission

The table below shows the data submitted in Annex A as calculated from unadjusted provide submissions.

Cost of care exercise results - all cells should be £ per contact hour, MEDIANS.	18+ domiciliary care
Total Careworker Costs	£16.19
Direct care	£10.73
Travel time	£1.24
Mileage	£0.27
PPE	£0.43
Training (staff time)	£0.41
Holiday	£1.38
Additional noncontact pay costs	£0.00
Sickness/maternity and paternity pay	£0.47
Notice/suspension pay	£0.00
NI (direct care hours)	£0.88
Pension (direct care hours)	£0.41
Total Business Costs	£4.61
Back office staff	£3.21
Travel costs (parking/vehicle lease et cetera)	£0.00
Rent/rates/utilities	£0.26
Recruitment/DBS	£0.14
Training (third party)	£0.04
IT (hardware, software CRM, ECM)	£0.21
Telephony	£0.16
Stationery/postage	£0.06
Insurance	£0.09
Legal/finance/professional fees	£0.09
Marketing	£0.00
Audit and compliance	£0.00
Uniforms and other consumables	£0.05
Assistive technology	£0.00
Central/head office recharges	£0.14
Other overheads	£0.06
CQC fees	£0.10
Total Return on Operations	£0.98
TOTAL	£21.78

Supporting information on important cost drivers used in the calculations:	18+ domiciliary care
Number of location level survey responses received	8
Number of locations eligible to fill in the survey (excluding those found to be ineligible)	23
Carer basic pay per hour	£10.73
Minutes of travel per contact hour	7
Mileage payment per mile	£0.28
Total direct care hours per annum	862446

Description	18+ homecare, £ per contact hour
Cost of care exercise result (from above)	£21.78
Average 2021/22 external provider fee rate (using iBCF definitions, consistently with 2022/23)	£17.05
Average 2022/23 external provider fee rate (using iBCF definitions)	£18.37
NHS funded nursing care rate 2022/23	Not applicable
Average 2022/23 external provider fee rate with FNC where applicable	£18.37
Hence distance from cost of care exercise result (%)	-15.66%
Hence 2022/23 fee uplift compared to 2021/22 (%), excluding FNC)	7.74%

NOTE

The average fee rates for 2021/22 and 2022/23 included above were calculated from the contracted CC&S rates for the relevant years and the ratio of each visit from 2021/22 data as below:

	Visit Type	Hours	Ratio	2021/22 Rates	2021/22 Blended	2022/23 Rates	2022/23 Blended
2021/21 Home Care Usage Split	Short	414772.11	0.77784739	£17.51	13.620108	£18.88	14.68575878
	Long	84668.59	0.15878416	£15.74	2.4992627	£16.92	2.686628026
	Overnight	33790	0.06336844	£14.73	0.9334172	£15.78	0.999954054
		533230.7	1		£ 17.05		£ 18.37

NOTE All data presented in this document is the summary of unadjusted submissions from providers and is **NOT** a determination of a cost of care for home care in Redcar and Cleveland.

NOTE 14.10.2022 Following the opening of the portal for submission of FCOC data a number of issues have been identified with the system. It appears that there are some limitations on minimum quantities that can be entered in some fields on the Annex A submission template that will affect the data from home care. The current understanding is that the system will not allow entries of figures under £0.10 which will affect 6 lines of data as highlighted in yellow above. Our intention will be to leave these entry lines blank along with any lines where the median value is zero. We understand that this will not affect the sub-total and total values entered as these are entered manually rather than being calculated by the portal form. This issue will only affect the submission to DHSC and will not impact on the use of the data by the local authority.

5. Provider Data Observations

Although the Toolkit was designed for organisational projections it did have the capability to collect retrospective data to establish provider costs. One concern about the use of the toolkit is that it may have been applied in a way that combined elements of forecast and actuals.

It is not clear how the toolkit or provider submissions addressed the provision of additional funding to the sector from IPC, WR&R Fund and the NHS NLW Fund.

The tables below contain initial commissioner observations of the unadjusted data submitted by providers.

Data Observations All costs are the median unadjusted values from 2021/22 provider submissions.
<p>Total Careworker Costs £15.14</p> <p>Careworker pay has a close relationship to the National Living Wage for 2021/22 of £8.91.</p> <p>Careworker pay has become a significant factor in recruitment and retention of workers.</p> <p>Additional funding from the NHS NLW Fund was provided to uplift worker to pay to at least April 2022 NLW rate of £9.50 from 01.12.2021 to 31.03.2022.</p>
<p>Direct care £10.60</p> <p>There was variance in the data submitted and one or more providers submitted data with basic pay rates significantly higher than the national living wage at the time.</p> <p>The relationship between this data and the travel & mileage data suggests that one or more providers may include some elements of travel within basic pay rates.</p> <p>Clarity may be needed around the contractual, NLW and HMRC issues from any combining of costs.</p> <p>It is not clear how additional grant funding and particularly the NHS NLW funding was reflected consistently in the data from providers.</p> <p>The guidance for data submission required 2021/22 financial data that cannot adequately reflect any uplift in care worker basic pay that would be required to improve recruitment and retention.</p>
<p>Travel time £1.16</p> <p>There was variance in the data submitted and one or more providers did not submit data.</p> <p>Variance in travel costs would be anticipated between providers based on the geographical coverage and visit profile.</p> <p>The current contract has different rates for short visits (under 2 hours) and long visits (over 2 hours) to recognise the significance of travel and mileage costs as a proportion of hourly rate.</p> <p>The relationship between this data and the basic pay & mileage data suggests that one or more providers may include some elements of travel within basic pay rates.</p> <p>Clarity may be needed around the contractual, NLW and HMRC issues from any combining of costs.</p> <p>From 13.06.2022 to 31.10.22 an additional payment of 16p/hour for short visits (under 2 hours) and 8p/hour for long visits (over 2 hours) have been made in addition to the contract rate.</p>

Mileage £0.27

Variance in mileage costs would be anticipated between providers based on the geographical coverage and visit profile.

The current contract has different rates for short visits (under 2 hours) and long visits (over 2 hours) to recognise the significance of travel and mileage costs as a proportion of hourly rate.

There was variance in the data submitted and one or more providers did not submitted data.

The relationship between this data and the basic pay & mileage data suggests that one or more providers may include some elements of mileage within basic pay or travel rates.

Clarity may be needed around the contractual, NLW and HMRC issues from any combining of costs.

The provider median mileage payment of £0.27 per mile is below the contract fee element of £0.35 and the current HMRC mileage rate of £0.45p.

PPE £0.43

One or more providers did not submit data for PPE costs but there was some consistency in the data that was submitted.

PPE has been provided free of charge to the sector in 2021/22 both directly from DHSC and via LA supplies. The DHSC PPE supplies are currently planned to continue until March 2023.

The provision of PPE to the sector has been subject to market pressures and national intervention which may require revision of these costs if/when supplies return to their usual routes.

It is unclear what the future guidance requirements will be for PPE.

Training £0.38

Not all submissions contained data.

There was some consistency in the data submitted.

Holiday £1.29

Not all submissions contained data.

There was some consistency in the data submitted.

Additional non-contact pay costs £0.00

No providers submitted data.

Sickness/maternity and paternity pay £0.44

Variance and increases in costs associated with sickness would be anticipated given the timing of data collection in 2021/22 during the pandemic.

There was variance in the data submitted and one or more providers did not submit data.

The median cost of sickness was significantly higher than the rate used in the current contract rate formula which is derived from UKHCA Minimum Price for Homecare v.5.1 (Jan 2018) – a rate of 0.5%.

The UKHCA Minimum Price for Homecare v.9.0 (Apr2022 – Mar 2023) – has a revised sickness rate of 3.3%.

Notice/suspension pay £0.00

Only three providers submitted data which is not reflected by the median.

NI £0.73

All providers submitted data.

One or more providers had an error in data submission.

There was some consistency in the data.

Pension £0.38

All providers submitted data.

There was some consistency in the data.

Total Business Costs £4.29**Back office staff £4.29**

There was considerable variation in costs.

Travel costs £0.00

Only three providers submitted data.

Rent/rates/utilities £0.24

All providers submitted data.

There was considerable variation in costs.

Recruitment/DBS £0.13

All providers submitted data.

There was considerable variation in costs.

Training £0.04

Only four providers submitted data.

IT £0.20

All providers submitted data.

There was considerable variation in costs.

Telephony £0.15

All providers submitted data.

There was considerable variation in costs.

<p>Stationery/postage £0.06</p> <p>All providers submitted data.</p> <p>There was considerable variation in costs.</p>
<p>Insurance £0.08</p> <p>All providers submitted data.</p> <p>There was considerable variation in costs.</p>
<p>Legal/finance/professional fees £0.08</p> <p>Only six providers submitted data.</p> <p>There was some variation in costs.</p>
<p>Marketing £0.00</p> <p>Only three providers submitted data which is not reflected by the median.</p>
<p>Audit and compliance £0.00</p> <p>Only three providers submitted data which is not reflected by the median.</p>
<p>Uniforms and other consumables £0.05</p> <p>Only five providers submitted data.</p> <p>There was some variation in costs.</p>
<p>Assistive technology £0.00</p> <p>Only two providers submitted data which is not reflected by the median.</p>
<p>Central/head office recharges £0.13</p> <p>Four providers submitted data for central/head office charges. These costs were not well represented through the use of a median value approach and may overlap with functions completed in other cost areas for those providers who do not have a central/head office.</p>
<p>Other overheads £0.06</p> <p>One or more providers submitted data in eight lines of additional overheads. The number of submissions on each line prevented the use of median values representing this data accurately in the sum of the medians.</p> <p>The process of presenting accurate information based on medians would be supported if this line contained only exceptional costs outside of the scope of the costs lines above. Adjustments to this data will need to be agreed with providers to ensure it is aligned and included without overlapping with data in other cost lines.</p>
<p>CQC fees £0.10</p> <p>All providers submitted data within the range £0.08 - £0.12.</p> <p>The median value appears to represent an accurate reflection of provider costs.</p>

Total Return on Operations £0.92

There appears to be an anomaly in the data generated by the toolkit and the data calculated from the submission data using the recommended method of using median values. The median ROO entered by the toolkit for unadjusted data does not align with the median 5% surplus/profit figures which were obtained separately within the toolkit.

The median provider surplus/profit rate from the unadjusted provider submissions of 5.0% is higher than the UKHCA rate of 3% but is lower than the rate of 6% used in the RCBC uplift formula operated since 2016. Although a profit/surplus figure was entered by all providers, one or more providers submitted figure of 0% which may reflect a position of costs being higher than payments for care services. The median hourly rate from provider returns is significantly higher than the average hourly rate paid by the local authority during 2021/22, this suggests an anomaly in costs submitted by providers and associated profit/surplus margins. There needs to be further clarity as to the extent the figures submitted by individual providers were a factual representation of the 2021/22 position or an aspirational rate of return. It is understood that surplus/profit calculation based on a percentage of other costs does need to be sensitive to the values of the total of other provider costs.

Locally over the last 12 months one or more providers have indicated to Commissioners that they are operating profit-making businesses, however one or more providers have also indicated to Commissioners that reductions in the number of packages are having a direct impact on their business and this is not sustainable in the short to medium-term.

TOTAL £20.35

The sum of the median values provides a total which is above the rates paid by the local authority.

The estimate of the average cost paid by the local authority for home care in 2021/22 is £17.03.

The total rate from unadjusted provider submissions is 119.5% of the estimated blended local authority rate.

NOTE All data presented in this document is the summary of unadjusted submissions from providers and is **NOT** a determination of a cost of care for home care in Redcar and Cleveland.

Appendix 1

Version 2.21 Release Date 01/02/2022

I. Cost-Plus Homecare Model

Directors of **adass** adult social services
Local Government Association
in partnership with **ARCC**

KEY / LEGEND

FREE TEXT / CHOICE Denotes input for free text or option to choose via drop-down box

Denotes any value required for calculation in the model. Input as directed via floating comment boxes

Calculation Cells with red bold border include a comment 'flag' which appears when hovering over

NOTE: Click and drag floating comment boxes/'tooltips' to the side to prevent note boxes from blocking cells.

A. Care Hours & Visits Breakdown

Enter the number of visits per week at each visit length conducted. Enter the visit type name as required in the column in green.
The below table calculates the weekly hours delivered and weighted average visit length for cost calculation.

Total Visits Breakdown	Visit Length (mins)	No. Visits per week	Contact Hrs per week	Travel Hrs per week	Travel % of Total
Visit Type 1	60	10	10	0	0%
Visit Type 2			0	0	-
Visit Type 3			0	0	-
Visit Type 4			0	0	-
Visit Type 5			0	0	-
Visit Type 6			0	0	-
Visit Type 7			0	0	-
Visit Type 8			0	0	-
Average Visit Length	60.0	10	10	0	0%

B. Travel Time & Mileage Expenses

Enter the average travel time (in minutes) per visit, based on the annualised number of visits delivered above in Section A.
Enter the average travel distance (in miles) and the per-mile expense cost attached to each visit.
If the provider, branch or area being modelled includes a mixture of mileage expenses (for drivers) and other travel-related expenses (i.e. walkers or bus); enter a reflective blended rate for mileage and alternative travel expenses pay, where costs are incurred.
The below table calculates the total hours of travel time accrued based on the annualised visits and the total annual mileage cost.

Travel	per visit	per annum	Cost (£)
Average travel distance (miles)	1	520 miles	£0
Average travel time per visit (mins)		hrs	£0
Mileage/travel expenses pay (p/mile)		£0	£0.00
Calculated Average travel speed (mph)	-		£0

C. Branch and Volume Summary

Enter the average annual number of service users for the number of visits and care hours identified in Section A above.
The below table calculates the total annual hours of direct care (contact) and travel accrued based on Sections A and B above.
To calculate the number of branches required (for multi-branch service volumes), select the variable you wish to use for the maximum branch capacity.

Key Volume Indicators (Service users, Visits, Contact & Travel Time)	per week	per month	per annum
	Average number of service users	10	43
Visits	#DIV/0!	#DIV/0!	#DIV/0!
Average service user hours (F2F)	#DIV/0!	#DIV/0!	#DIV/0!
Direct Care (F2F) hours	10	43	520
Travel hours	0	0	0
Total (contact + travel) hours	10	43	520

Branch Capacity	No. Service users	Key Volume Indicator
Choose variable to calculate >>		
Input the value for the selected variable below		
Service users p/branch	0	0
Weekly contact hours		#DIV/0!
Monthly contact hours		#DIV/0!
Weekly visits		#DIV/0!
Total branches required		#DIV/0!

D. Personal Protective Equipment (PPE)

Enter the cost per unit of PPE, as well as the total required units per visit, and the proportion (%) of annual visits which attract PPE.
The below table calculates the total annual cost of PPE based on the number of visits, usage requirements and unit costs.

Personal Protective Equipment (PPE)	Cost p/unit	Items req'd per visit	% PPE Calls	Annual Units	Cost (£)
Face Mask				0	£0
Gloves				0	£0
Visor				0	£0
Apron				0	£0
Total Unit Costs £				0	£0

E. Direct Pay Rate Card & Costs

1. Enter the base pay rate for each type of carer/direct worker.
2. Enter the % uplift on the base pay rate for enhancements (by default this is based on weekend [Enhanced #1] and bank holiday [Enhanced #2] hours).
3. Enter the % of visits (care hours) delivered by each staff type per annum.
The weighted base cost (against the allocation of direct hours delivered by each staff type) are used for non-contact related pay costs as well.
The total direct pay costs are multiplied by the number of care & travel hours per annum (in Section C) delivered by each type of staff member at the relevant proportion of enhanced hours.

Direct Staff Hourly Rate Breakdown ⁽¹⁾	Basic £ (Weekday)	Enhanced 1 (Weekend)	Enhanced 2 (Bank Holiday)	% Call Allocation	Total Hours
Enhancement Uplift %					
Carer		-	-	100.0%	520
Senior Carer		-	-		0
Registered Nurse		-	-		0
Enhancement (Short Notice/Unsociable)		-	-		0
Salaried Staff (Supervisor/Team Leader)		-	-		0
Annual % of Hours	69.3%	28.5%	2.2%	100%	520
Apportioned Hours p/annum	361	148	11	520	

Total Direct Pay	Basic (Weekday)	Enhanced 1 (Weekend)	Enhanced 2 (Bank Holiday)	Total Call Allocation £	Weighted Contact £/hr
Total Direct Pay Costs (incl. travel)					
Carer	£0	-	-	£0	£0.00
Senior Carer	£0	-	-	£0	-
Registered Nurse	£0	-	-	£0	-
Enhancement (Short Notice/Unsociable)	£0	-	-	£0	-
Salaried Staff (Supervisor/Team Leader)	£0	-	-	£0	-
Total Direct Pay Cost p/annum	£0	£0	£0	£0	£0.00

