
Cost of Care Report

18+ Domiciliary Care
Westminster
Date 13.10.2022



City of Westminster

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Exercise Background & Overview

Background

Objectives

Funding

Possible Funding Outcomes



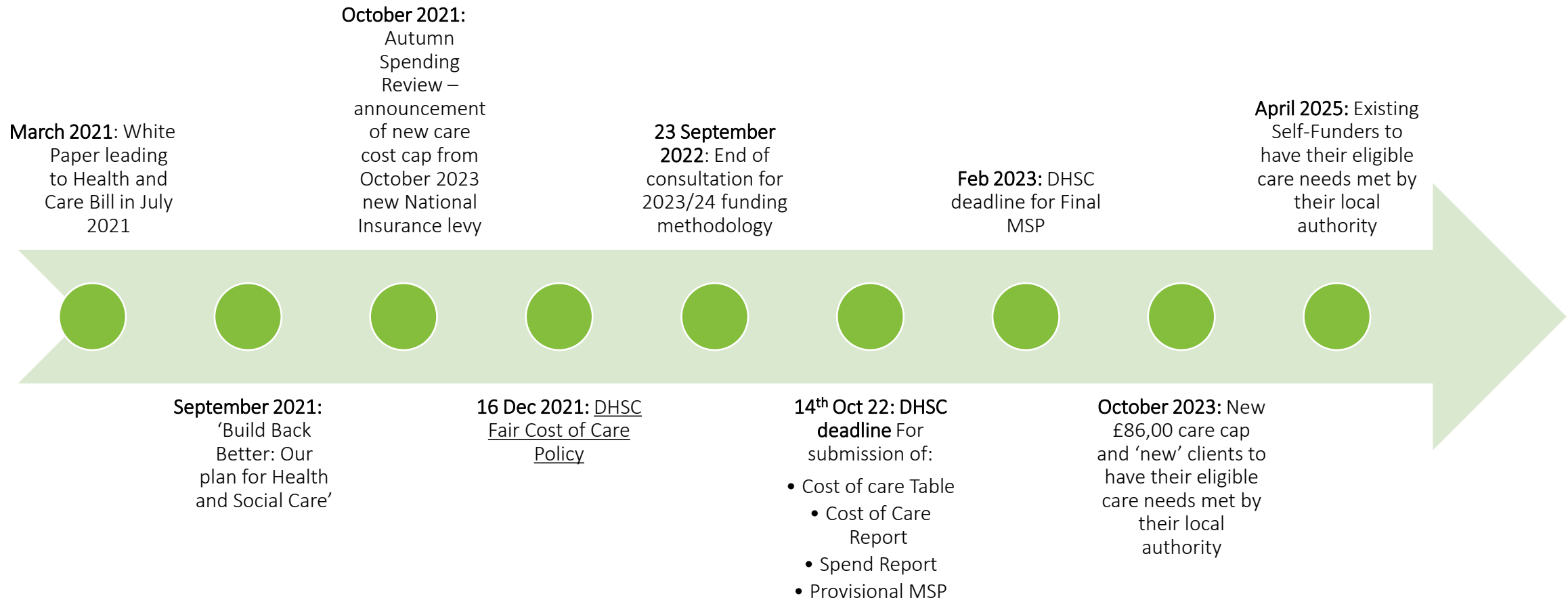
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Introduction



- In June 2022, Peopletoo were commissioned by Westminster City Council to support them to undertake and deliver a Fair Cost of Care exercise for 18+ Domiciliary Care Provision locally, in line with Department of Health and Social Care Guidance released in the Spring of 2022. This sets out the Government's expectations on Local Authorities in ensuring that they have the right health and care architecture in place to underpin and support the delivery of the Government's long term plan for Adult Social Care, 'People at the Heart of Care.'
- The cost of care exercise is an opportunity for local authority commissioners and local care providers to work together to arrive at a shared understanding of what it costs to run quality and sustainable care provision in the local area, and that is reflective of local circumstances. It is also a vital way for commissioners and providers to work together to shape and improve the local social care sector, and identify improvements in relation to workforce, quality of care delivered, and choice available for people who draw on care.
- The objective of the work undertaken by Peopletoo was to provide the Council with reliable information submitted by the Domiciliary Care provider market via the excel-based ARCC Fair Cost of Care Toolkit, providing detailed information on Service Providers' actual delivery costs from April 2022 to inform a sustainable fee rate for the future as the Council moves towards implementation of the Fair Cost of Care.
- This Cost of Care report provides the Council with the detail surrounding Peopletoo's Fair Costing methodology and approach to ensuring provider engagement, the approach to validating returns submitted by providers to ensure accuracy, and clarification in relation to the approach to outliers following the validation stage where issues with returns remained.

ASC Reform - Background



ASC Reforms - Objectives

- People have choice, control and support to live independent lives
- People can access outstanding quality and tailored care and support
- People find social care fair and accessible
- Supporting unpaid carers to achieve their own life goals
- Helping the adult social care workforce to feel recognised and to have opportunities to develop their careers
- For social care to be on a stable financial footing

ASC Reform Funding

- National funding through Social Care Levy – NI Increases
- £36 bn identified
- £5.4 bn for social care over next 3 years
 - £3.6 bn to fund new costs falling to LAs due to care cap and fair cost of care
 - £1.7 bn allocated to range of improvement initiatives
- DHSC are currently out for consultation on how to allocate the £600m funding for 2023/24, the deadline is 23 September 2022. Distribution of funding to support the reform of the adult social care charging system in 2023 to 2024 - GOV.UK (www.gov.uk)
 - The funding is split into 3 strands:
 1. Distributing funding for the extension to the means test
 2. Distributing funding for the cap on care costs
 3. Distributing funding for implementation and additional assessments

Project Methodology

Stages

Tool Used

Data Collection Period

Validation Process

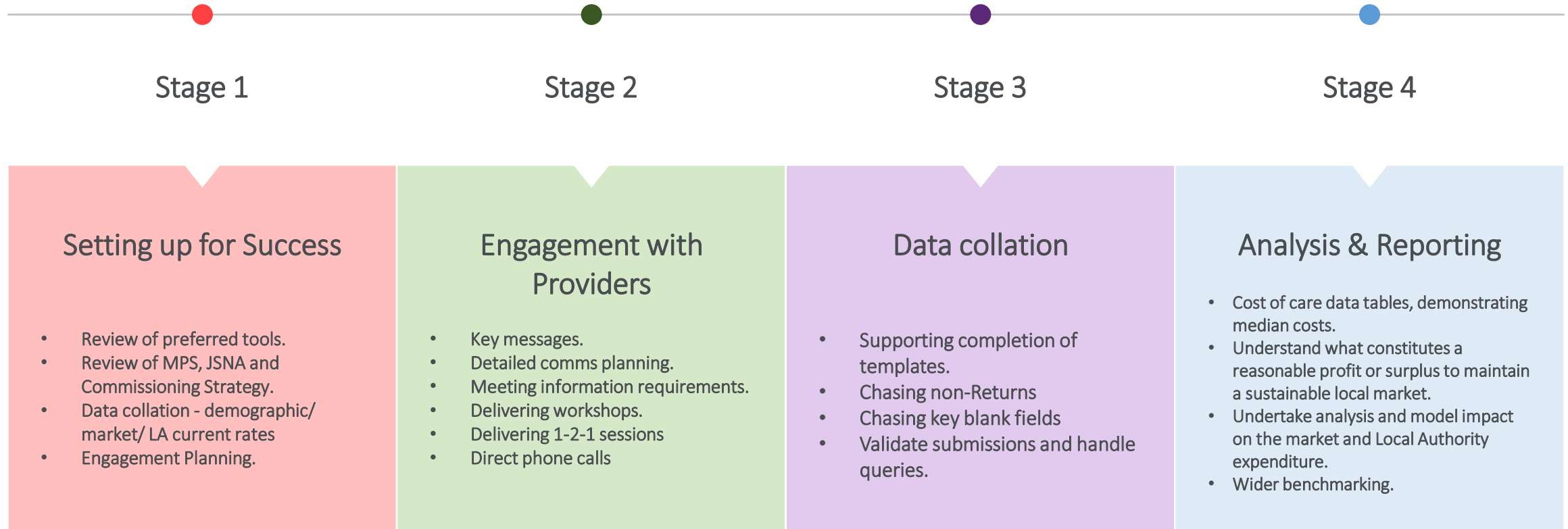
Treatment of Outliers



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Cost of Care Exercise Stages

4-stage process



Tool Used for Exercise

Domiciliary Care ARCC Tool

- Nationally recognised tool for the exercise
- Co-developed with providers and commissioners
- Included all key fields for data collection for analysis & validation
- A tool providers/ LAs could continue to use for future exercises

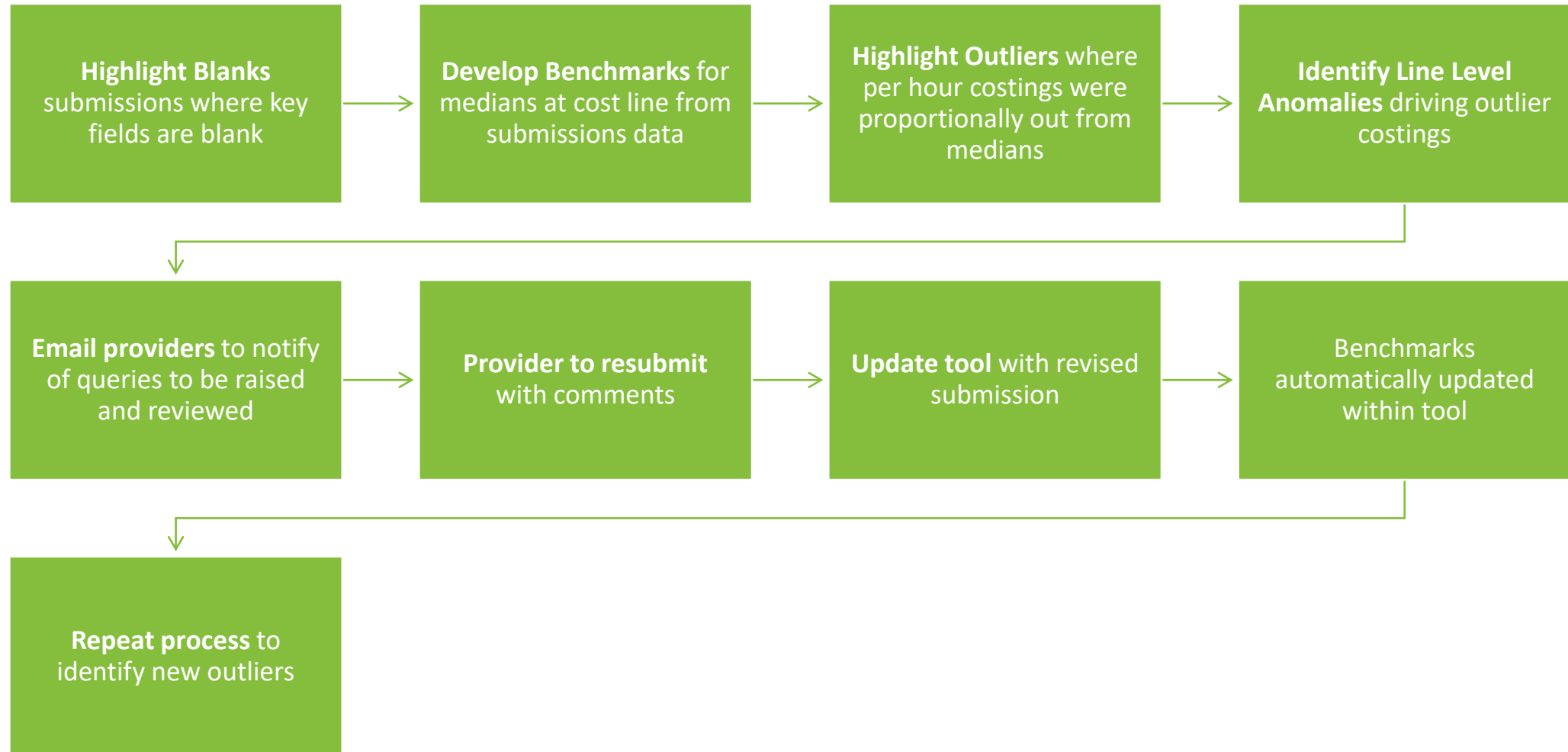


Data Collection Period

Domiciliary Care Providers

- Providers were asked to submit their ARCC costing tool to us by 14.07.2022
- Providers were asked to submit their costs as of April 2022

Validation Process



Treatment of Outliers – Domiciliary Care Providers



Given the smaller sample size of the provider submissions received, and the range of the data received, all provider submissions have been included and no exclusions were made for the calculation of the lower, median and upper quartile calculations.

It may be of interest to look at regionally available data to see how costs compare & to increase the sample size of submissions.

Domiciliary Care Providers

Engagement Plan

Engagement & Response Rate & Representation



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Domiciliary Providers Engagement Plan

- **Introduction**
 - Introductory Email
- **Reminders**
 - Deadline Reminder
 - Final Reminder
- **1-2-1 Surgery Sessions**
 - Offered to all providers
 - Visits to service offered to providers
- **Direct Calls**
 - Before Deadline (all providers)
 - After Deadline to offer extension & 1-2-1 support (providers yet to submit)
 - After Extension (providers yet to submit)

Domiciliary Care - Response Rate & Representation

	Category	No of Home Care Providers	% Out of Providers in Scope
Domiciliary Care Providers	In Scope	7	N/a
	Engaged with Exercise*	7	100%
	Submitted Returns	7	100%
	Returns which can be used	7	100%

The response rate of the exercise has been great, however due to the small number of providers operating within Westminster, we would recommend looking at regionally available data to see how costs compare & to increase the sample size of submissions.

Outcome of Cost of Care Exercise – Care Homes

Approach to Inflation

Approach to Surplus / Profit

Annex A Table

Summary of Annex A

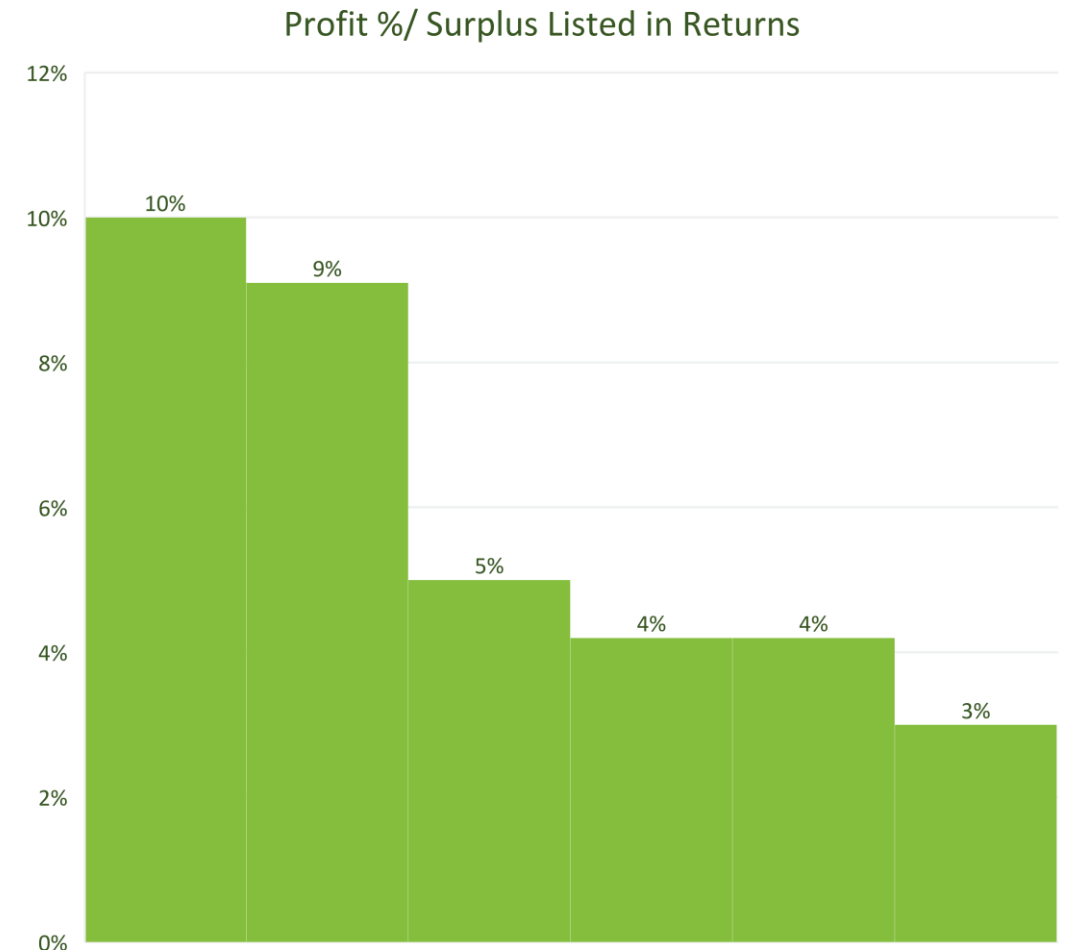


Approach to Inflation

- For the ARCC homecare tool, providers did not have the option to uplift for 2022/23 costs, providers were asked to provide a cost for 2022-23.
- Therefore, costs submitted should be considered to be accurate at the point of collection, however, similarly to care home providers:
 - Home care providers have also raised that since filling out this tool, inflation has increased further than stated in the tool. Particularly providers have advised that they are seeing considerable increases in food & energy costs.
- Therefore, further consideration is needed to understand the cost of living pressures that will be impacting the prices listed in Annex A

Approach to Surplus / Profit

- Within the home care collections, providers have submitted surplus/profit as part of the total cost per hour.
- This graph shows the profit % listed by providers as part of this exercise
- The range submitted by providers was from 3% to 10%, with the average at 6% and the median at 5%.
- Given that a decision needs to be made on a fair level of profit which will enable the sustainability of the market moving forward, Westminster have decided that the average value of 6%, median value of 5% coming through from provider returns is fair.



Domiciliary Care - Annex A – Part 1

Cost of care exercise results - all cells should be £ per contact hour, MEDIANS.	18+ domiciliary care
Total Careworker Costs	£17.92
Direct care	£11.37
Travel time	£2.68
Mileage	£0.00
PPE	£0.24
Training (staff time)	£0.15
Holiday	£1.63
Additional noncontact pay costs	£0.01
Sickness/maternity and paternity pay	£0.14
Notice/suspension pay	£0.00
NI (direct care hours)	£1.21
Pension (direct care hours)	£0.49
Total Business Costs	£3.31
Back office staff	£2.25
Travel costs (parking/vehicle lease et cetera)	£0.00
Rent/rates/utilities	£0.37
Recruitment/DBS	£0.07
Training (third party)	£0.06
IT (hardware, software CRM, ECM)	£0.06
Telephony	£0.05
Stationery/postage	£0.07
Insurance	£0.06
Legal/finance/professional fees	£0.08
Marketing	£0.01
Audit and compliance	£0.07
Uniforms and other consumables	£0.07
Assistive technology	£0.07
Central/head office recharges	£0.93
Other overheads	£22.15
CQC fees	£0.07
Total Return on Operations	£0.93
TOTAL	£22.15

Domiciliary Care - Annex A – Part 2

Supporting information on important cost drivers used in the calculations:	18+ domiciliary care
Number of location level survey responses received	7
Number of locations eligible to fill in the survey (excluding those found to be ineligible)	7
Carer basic pay per hour	£10.98
Minutes of travel per contact hour	13.27
Mileage payment per mile	£0.35
Total direct care hours per annum	696,471

Note: Minutes of travel per contact hour calculated by finding no. of visits possible in 1h (60mins / average visit length), then multiplying by average travel time in mins.

LQ, Median & Upper Quartile figures

Cost per Hour	Lower Quartile	Median	Upper Quartile
Total Careworker Costs	£15.98	£17.92	£19.31
Total Business Costs	£2.27	£3.31	£5.24
Total Return on Operations	£0.74	£0.93	£1.53
Cost per hour (Calculated line level median costs, then summed)	£18.98	£22.15	£26.08

Note: Method of calculating LQ, Median & UQ by calculating at line level, then summing

Potential Impact

The below tables show the current weighted average rates paid by Westminster for Domiciliary Care per Hour and the gap between the results coming through from the CoC exercise.

Westminster Current Average Home Care Rate (per Hour)	CoC Median Rate listed by Providers (April 22)	Potential Gap
£17.84	£22.15	£4.31 (24%)

Note: Current average costs calculated from baseline data.

Split of Visit Lengths

To understand the visit lengths split of visit lengths reported by providers, the exercise asks for the lower quartile/median/upper quartile of number of appointments per week by visit length (15/30/45/60 mins). The breakdown is listed below for the submissions received.

	15 Mins Visit	30 Mins Visit	45 Mins Visit	60 Mins Visit	Other
Count of Submissions	1	7	7	7	4
Lower Quartile	33	324.5	210	840	184
Median	33	596	280	930	231.5
Upper Quartile	33	727.5	344.5	1347.5	279.75
Total Number of Visits	33	4060	1947	7971	929

Modelling Visit Lengths

The LQ, Median and UQ costs listed in Annex A and the previous pages in this report are calculated directly from the ARCC tool which uses a weighted blended rate of the visit lengths as listed by each provider.

To understand how the cost vary depending on the visit length, the exercise asks to model the LQ, Median and Upper Quartile costs for 15, 30, 45 and 60 minute visit lengths.

This has only been modelled on providers submissions that list these visit lengths. To model, in line with the ARCC guidance video published, we have amended the submissions to solely reflect either 15, 30, 45 or 60 minute average visit lengths, and the results are listed below.

	15 Mins Visit	30 Mins Visit	45 Mins Visit	60 Mins Visit
Median Hourly Cost	£29.37	£25.61	£23.16	£21.88
Lower Quartile (Visit Cost)	£7.34	£10.45	£14.64	£18.85
Median (Visit Cost)	£7.34	£12.81	£17.37	£21.88
Upper Quartile (Visit Cost)	£7.34	£14.84	£20.10	£25.41
Count of Submissions	1	7	7	7