

WARWICKSHIRE DOMICILIARY CARE

1. Introduction

This report covers analysis of data collected from Homecare providers for the Fair Cost of Care exercise. Whilst it may inform such, it is not a fee setting exercise. There are a number of reasons why a median cost of care taken from this exercise may not form an appropriate fee, or even a sustainable fee rate for some individual providers. When setting fees, particular circumstances of the provider may need to be taken into account.

In particular, there may be differences for providers which deliver primarily either urban or rural care. There may be economies of scale for larger providers which are not accessible to smaller organisations. Certain organisations may provide a level of specialist – and hence more expensive – care which is not provided by other organisations. In addition, many authorities have a provider of short notice/last resort care, and this is, by necessity, more expensive to provide.

2. Provider Engagement

It was the ambition of Warwickshire County Council (WCC) officers to move early and quickly in engaging the domiciliary care provider market in the Fair Cost of Care exercise. A summary table of key activity for domiciliary care is shown in Section 3.

Throughout the exercise, key messages included emphasising the opportunity the exercise afforded providers to convey the true cost of the local delivery of care, and to build the evidence-base ahead of reform.

Consistency, transparency, partnership, and trust were key bywords of our engagement with the market.

Provider engagement took a variety of methods, including:

- Regular email contact to the market (at least weekly) with updates, key timescales and support available
- Virtual drop-in sessions
- Face-to-face drop-in session
- Phone calls to encourage participation and for ad-hoc queries
- WCC website pages, detailing key information and local and national support
- Fair Cost of Care and Market Sustainability section in the Council's regular adult social care provider newsletter (distributed monthly)

3. How the cost of care exercise was carried out

Key activity for the cost of care exercise for domiciliary care is set out in the table below.

Activity	Date
Market Sustainability and Fair Cost of Care Fund announced	16-Dec-21
Domiciliary toolkit 'go live'	Jan-22
Government operational guidance released	24-March-22

Launch of Warwickshire County Council exercise: care providers invited by email to attend WCC Fair Cost of Care webinar	12-April-22 to 21-April-22
WCC webinar for commissioned providers	22-April-22
WCC webinar for non-commissioned providers	28-April-22
Toolkit formally issued to all providers in scope	29-April-22
External consultants appointed	09-May-22
WCC virtual drop-in session	11-May-22
WCC support website live	13-May-22
WCC virtual drop-in session	18-May-22
Deadline extension to 10-June-22	20-May-22
WCC virtual drop-in session	25-May-22
WCC phone calls to providers begin	17-May-22
WCC face-to-face drop-in session	07-June-22
Deadline extension to 22-June-22	17-June-22
Deadline for toolkit return	22-June-22
Market sustainability survey open	28-July-22
Market sustainability survey close	19-Aug-22
External consultant support of provider data completion	August-22
Additional Government Guidance received	25-August-22
Submission and Publication Requirements received	20-September-22

4. Data Collection

Domiciliary data collection was done using the standard Homecare Cost Toolkit developed by ARCC Consulting. The return rates are shown in the table below. There are 90 domiciliary care providers in Warwickshire and the council commissions with 40 of these. There were 20 returns which related to 24 branches. Of these 15 branches were commissioned providers and 9 were not.

Return %	% of total branches/locations local care market	% of branches/locations local care market <i>commissioned</i>	% of hours/ beds <i>commissioned</i>
Domiciliary Care	27%	38%	31%

Providers were supported in the completion of the tool but, were not required to submit any further information in addition to this. It has been assumed that providers who did not submit, are happy with the current rates.

Providers were asked to supply cost data as at April 2022. This should therefore have included:

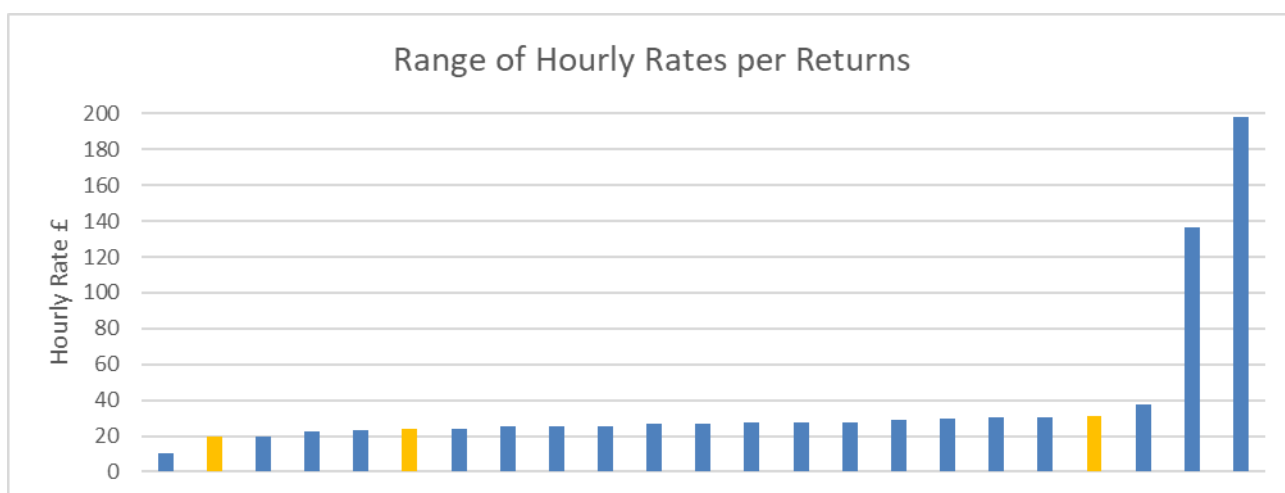
- National minimum wage at £9.50, giving a minimum carer hourly rate of at least £9.50
- Employer's national insurance threshold of £9,100
- Employer's national insurance percentage of 15.05%
- The effects of inflation as at April 2022

5. Raw Data Results

Based on the data in the returns as submitted, the median cost of home care in the Warwickshire area is £23.77 per hour, with a lower quartile figure of £19.56 and an upper quartile figure of £31.20. However, the range was from just over £10 to nearly £200 indicating some significant errors in the completion of the returns.

	Lower Quartile	Median	Upper Quartile	Minimum	Maximum
Care worker Costs					
Direct Care	10.04	10.19	10.78	0.00	14.08
Travel Time	1.28	1.67	2.10	0.00	4.52
Mileage	0.64	1.01	1.31	0.00	104.16
PPE	0.00	0.36	0.59	0.00	6.72
Training (staff time)	0.10	0.22	0.55	0.00	9.50
Holiday	1.35	1.55	1.68	0.00	2.11
Additional non-contact pay costs	0.00	0.00	0.04	0.00	1.17
Sickness/maternity/paternity pay	0.22	0.32	0.85	0.00	1.47
Notice/suspension pay	0.00	0.00	0.07	0.00	0.73
NI (direct care hours)	0.78	1.04	1.29	0.03	2.36
Pension (direct care hours)	0.36	0.43	0.53	0.00	0.70
Total Care worker Costs	14.77	16.78	19.80	3.90	127.59
Business Costs					
Back-office staff	2.85	3.61	5.28	0.00	106.89
Travel costs	0.00	0.00	0.13	0.00	0.84
Rent/rates/utilities	0.37	0.55	0.80	0.00	31.11
Recruitment/DBS	0.09	0.16	0.35	0.00	1.03
Training (third party)	0.00	0.04	0.11	0.00	2.04
IT	0.11	0.24	0.48	0.00	2.05
Telephony	0.06	0.11	0.19	0.00	2.56
Stationery/postage	0.01	0.06	0.15	0.01	0.51
Insurance	0.04	0.12	0.25	0.00	3.68
Legal/financial/professional fees	0.06	0.14	0.25	0.00	2.05
Marketing	0.00	0.03	0.17	0.00	0.45
Audit and compliance	0.00	0.03	0.10	0.00	0.26
Uniforms and other consumables	0.02	0.05	0.14	0.00	0.73
Assistive technology	0.00	0.00	0.00	0.00	0.19
Central/head office recharges	0.00	0.00	0.33	0.00	3.00
Other overheads	0.00	0.07	0.36	0.00	2.60
CQC fees	0.00	0.00	0.00	0.00	0.00
Total Business Costs	3.62	5.19	9.10	1.56	154.25
Return on Operations	1.17	1.80	2.30	0.00	17.98
Total	19.56	23.77	31.20	10.37	197.77

The table above shows the key data (quartiles, median, range) for the raw data. Note that the Minimum and Maximum do not add up mathematically as these show the range of the totals. The same information is shown graphically below, with the quartiles and median highlighted.



6. Common Errors

Each return was checked both for obvious errors and for areas where the data seemed out of line with other returns. Providers were given the opportunity to provide corrections. Common issues included:

- Incorrect mileage rates (outside a £0.30 to £0.45 per mile range)
- Apparently high or low mileage per hour
- No payment for travel time (this is sometimes correct)
- Excessively high or non-existent PPE costs
- Incorrect Employer's NI threshold used
- Incorrect holiday on cost percentage (below the national minimum which equates to 12.07%)
- Excessive or non-existent training days per employee
- No entries for other non-contact time (e.g., no sick leave)
- Incorrect allocation of direct care hours across different grades of care staff
- Incorrect calculations of FTE for back-office staff/no entries
- Including annual salary rather than hourly rates for back-office staff
- Blank entries where data was required for calculations

The master data collection form contained an error relating to the calculation of Employer's NI contributions. A correction was later agreed with Care England but had to be applied to all returns.

7. Corrective Action

All returns were recalculated, ensuring the correct Employer's NI threshold and rates, along with the agreed calculation correction. Where responses had been received from providers the corrected figures were incorporated in the recalculations. Where no response was received from the provider, action was taken as follows:

- If the correction was obvious (e.g., holiday percentage oncost) then the correction was made, and the data included in analysis.
- If the issue was plausible, (e.g., low mileage per hour, or no payment for travel time) it was assumed to be correct
- Failing either of the above scenarios, the data for that element was excluded from the analysis.

8. Conceptual Data Analysis

The government guidelines require the assessment of the lower quartile, median and upper quartile figures for a range of cost areas which make up the overall cost of homecare per hour care provided. However, there are certain mathematical issues with this approach. In particular, adding up the median figures for each cost area will give a different total median cost than taking the median of the total cost for each individual return.

9. Median Approach – Sum of Each Defined Cost Area

The median figures from each cost area are identified, and totalled to give a total cost of care per hour. This approach has also been applied to the Return on Operations. A particular provider may be removed as an outlier in one cost category but not in another.

This approach is aligned to the submission template, provided by the DHSC. This also allowed us to keep providers in, even if some of the lines / elements from the provider were excluded.

Figures taken from the medians of each cost line	Sample Count	Lower Quartile	Median	Upper Quartile	Minimum	Maximum
		£ per care hour	£ per care hour	£ per care hour	£ per care hour	£ per care hour
Direct Care	19	10.07	10.22	10.78	9.64	12.54
Travel Time	20	1.28	1.66	2.10	0.00	4.52
Mileage	20	0.64	0.98	1.13	0.00	2.13
PPE	14	0.35	0.49	0.83	0.11	6.72
Training (staff time)	17	0.16	0.26	0.44	0.05	0.69
Holiday	19	1.47	1.61	1.65	1.24	2.18
Additional noncontacts pay costs	20	0.00	0.00	0.04	0.00	1.17
Sickness/maternity/paternity pay	19	0.27	0.45	0.93	0.02	1.47
Notice/suspension pay	20	0.00	0.00	0.07	0.00	0.73
NI (direct care hours)	19	1.10	1.17	1.33	0.90	1.65
Pension (direct care hours)	18	0.38	0.42	0.48	0.02	0.70
Care worker Costs		15.72	17.26	19.79	5.89	26.14
Back-office staff	18	2.89	3.53	4.73	0.00	5.82
Travel costs	20	0.00	0.00	0.13	0.00	0.67
Rent/rates/utilities	18	0.37	0.54	0.76	0.11	1.70
Recruitment/DBS	20	0.07	0.16	0.35	0.00	1.03
Training (third party)	19	0.00	0.02	0.08	0.00	2.04
IT	20	0.11	0.24	0.48	0.00	2.05
Telephony	20	0.06	0.10	0.19	0.00	2.56
Stationery/postage	20	0.01	0.06	0.12	0.01	0.51
Insurance	16	0.08	0.13	0.25	0.01	1.13
Legal/financial/professional fees	20	0.06	0.14	0.25	0.00	2.05
Marketing	20	0.00	0.03	0.17	0.00	0.45
Audit and compliance	20	0.00	0.03	0.10	0.00	0.26
Uniforms and other consumables	20	0.02	0.05	0.14	0.00	0.73
Assistive technology	20	0.00	0.00	0.00	0.00	0.47
Central/head office recharges	20	0.00	0.00	0.33	0.00	3.00
Other overheads	20	0.00	0.05	0.24	0.00	1.30
CQC fees	19	0.08	0.09	0.12	0.03	0.77
Business Costs		3.75	5.17	8.47	3.64	11.18
Return on Operations	18	1.18	1.79	2.36	0.60	3.37
Total Cost Per Hour		20.65	24.22	30.62	14.71	35.98

Again, where a provider has been removed from a category, their underlying data relating to that category has also been removed from the analysis. The adjusted underlying data required is below:

Figures taken from the sum of each defined cost area	Sample Count	Lower Quartile	Median	Upper Quartile	Minimum	Maximum
Carer basic pay per hour (£)	18	9.86	9.98	10.21	9.50	11.85
Minutes of travel per contact hour	20	7.53	10.55	13.13	0.00	26.09
Mileage payment per mile (£)	19	0.28	0.30	0.40	0.20	0.55
Total direct care hours per annum	20	18,291	37,128	49,790	1,196	465,608

10. Visit Lengths

The returns show a range of visit lengths besides the common 15 / 30 / 45 / 60-minute visits. The table below shows the median and quartile weekly number of each of these four visit lengths which form the majority of visits both by number (98%) and by time (93%).

Visit Lengths	Sample Count	Lower Quartile	Median	Upper Quartile
		Visit Numbers	Visit Numbers	Visit Numbers
15 minutes	19	0	40	132
30 minutes	19	215	500	1,288
45 minutes	19	44	112	167
60 minutes	19	49	105	210

This shows that the median provider is likely to provide around 40 15-minute visits, 500 half hour visits, 112 45-minute visits, and 105-hour long visits per week, along with a small number of visits of other lengths.

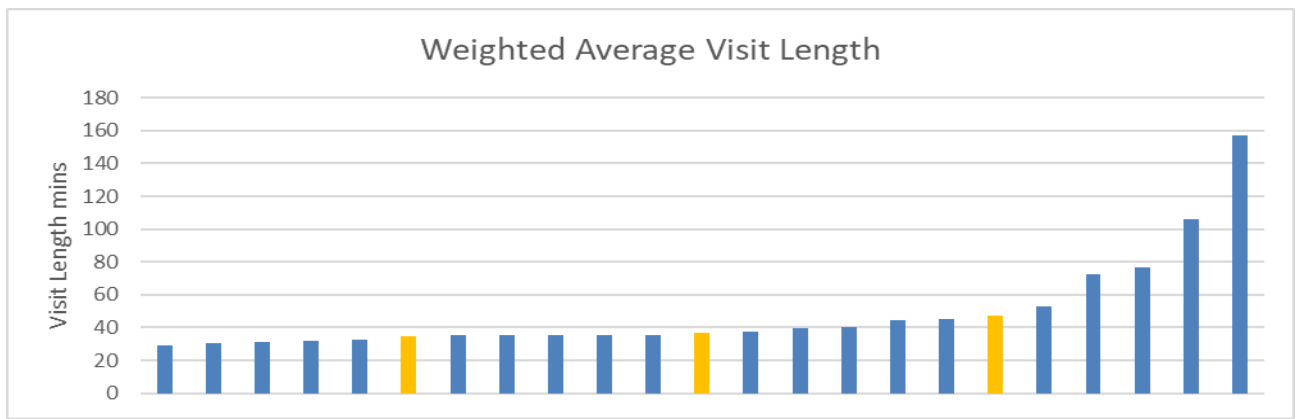
The table below shows the total number of visits and care hours by length across the sample returns.

Visit Lengths	Total Number of Visits	Total Care Hours
	Visit Numbers	Hours
15 minutes	2,301	575
30 minutes	24,301	12,151
45 minutes	3,387	2,540
60 minutes	5,350	5,350
Other Visit Lengths	572	1,657
Totals	35,911	22,273

This shows clearly that the vast majority of visits are 30 minutes long (55% to 68% depending on whether measured by care hours or number respectively).

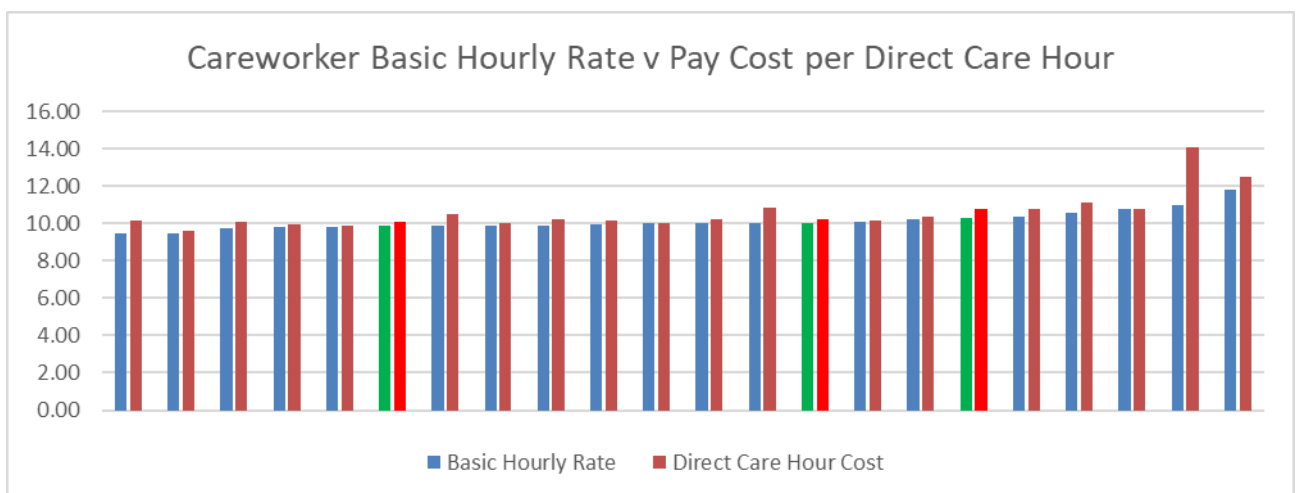
The next most common length is 60 minutes (24% or 15% by hours/numbers respectively), with a further 11% to 9% (again hours/numbers respectively). This means that, whether measured by call numbers or hours of care, over 90% of visits are in the 30–60-minute length bracket.

The weighted average visit length is calculated by the data collection tool and gives a median weighted average visit length of 36.5 minutes, which supports the total data shown above. The graph below, which shows the range of weighted average visit length also shows that, with a small number of exceptions, this pattern of delivery is likely to be common to most providers.



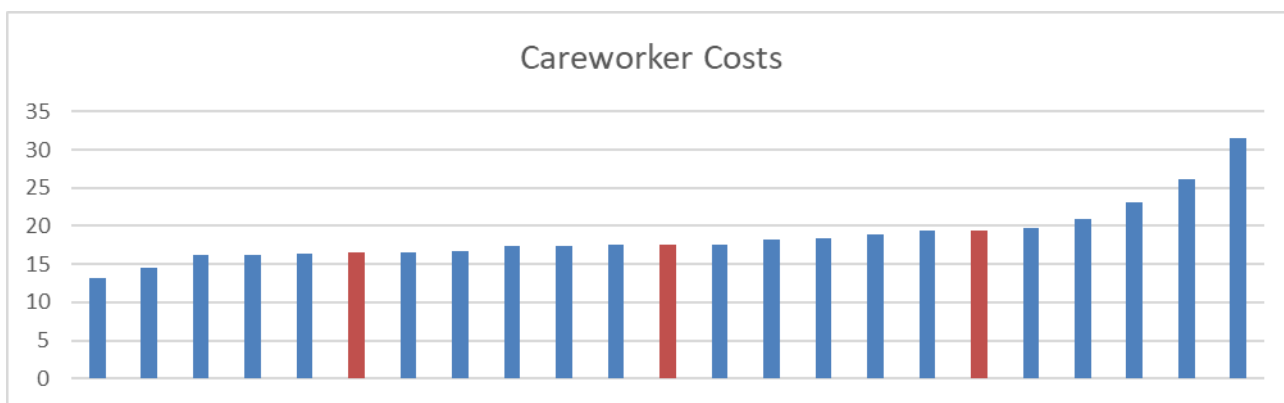
11. Care worker Costs

Care worker costs are significantly impacted by the basic hourly rate paid to care workers. From the returns, all providers pay a minimum of £9.50 as a basic hourly rate rising to a maximum of £11.85. There will be providers who pay a higher rate but do not pay for travel time. The pay cost per hour of direct care will be higher than the basic hourly rate as this will encompass some care provided more senior staff at higher rates. The quartile and median positions are highlighted in the table below.



This data shows that:

- This shows that most care is provided by care workers rather than more senior staff. The median ratio between basic hourly pay and the pay cost per direct care hour is that the pay cost per direct care hour is 2.5% higher than basic hourly pay.
- Care worker costs are also impacted by travel time and mileage. It is not possible from the return data to identify a different travel time, distance, and mileage cost for urban and rural providers.
- PPE costs range from zero to more than £6.72 per hour using the data from the returns. The median figure is £0.35 per hour direct care.
- Non-contact oncosts range on the returns from £1.55 to £7.91 per hour, affected by sickness levels, and training provision, as well as other leave types, and pay rates. The median cash figure is £2.41 per hour overall.
- Overall, care worker costs from the returns range from £13.21 to £31.52 with a median of £17.52 as shown by the graph below.



12. Business Costs

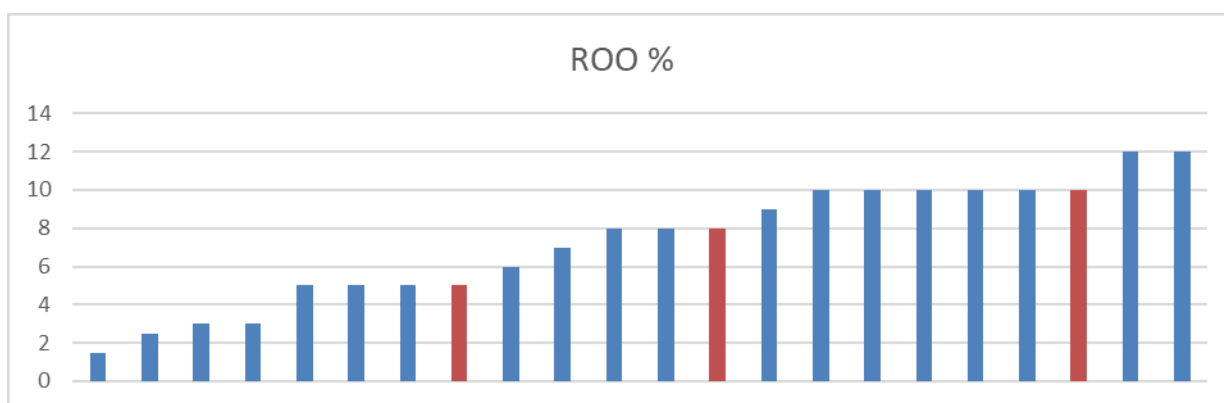
Many providers will define these costs differently. They will also experience different levels of expenditure on each cost area within business costs depending on their particular circumstances. For example, a member of a larger group may have group/head office costs, while an independent provider may have higher back office or professional support costs. Taking the totals from the returns shows a range from £3.64 to £13.98 per hour, with a median figure of £6.47.



13. Return on Operations (ROO)

As detailed within section 9, the median for these elements have been calculated based on the providers' submissions.

The returns ask for a percentage Return on Operations, which is normally calculated as a percentage of the total of Care Worker and Business Costs. The median given is that of the cash values of ROO for each provider. If it is calculated based on the median percentage figure from the percentages returned by each provider, the results range from 1.5% to 12% with a median figure of 8% as shown in the graph below.



14. Costs per visit type

Given the data collected by this data collection tool, it is not possible to fully separate out the costs for visits of different lengths. Logically, shorter visits will cost more per care hour. For example, travel distances, time and hence costs are not necessarily shorter for shorter visits, and so proportionately are more per care hour for shorter visits. Similarly, PPE costs will be greater per hour for shorter visits.

These are the only two costs that can be separated out per visit rather than per hour to identify separate cost rates for shorter visits. Once these have been identified per visit, the median (and lower and upper quartile) figures can be applied to the calculation of a fair cost of care to identify the separate median costs for 15, 30, 45 and 60-minute length calls as required.

Given the size of the tables and the number of options, only median figures are shown below but Lower and Upper Quartile figures are available for each Option.

Cost per Call Length	15-minute calls	30-minute calls	45-minute calls	60-minute calls	Per direct care hour
	8.33	14.11	19.88	25.65	24.27

15. Annex A Table

Cost of care exercise results - all cells should be £ per contact hour, MEDIANS.	18+ domiciliary care
Total Care worker Costs	£17.26
Direct care	£10.22
Travel time	£1.66
Mileage	£0.98
PPE	£0.49
Training (staff time)	£0.26
Holiday	£1.61
Additional non-contact pay costs	£0.00
Sickness/maternity and paternity pay	£0.45
Notice/suspension pay	£0.00
NI (direct care hours)	£1.17
Pension (direct care hours)	£0.42
Total Business Costs	£5.17
Back-office staff	£3.53
Travel costs (parking/vehicle lease et cetera)	£0.00
Rent/rates/utilities	£0.54
Recruitment/DBS	£0.16

Training (third party)	£0.02
IT (hardware, software CRM, ECM)	£0.24
Telephony	£0.10
Stationery/postage	£0.06
Insurance	£0.13
Legal/finance/professional fees	£0.14
Marketing	£0.03
Audit and compliance	£0.03
Uniforms and other consumables	£0.05
Assistive technology	£0.00
Central/head office recharges	£0.00
Other overheads	£0.05
CQC fees	£0.09
Total Return on Operations	£1.79
TOTAL	£24.22

Supporting information on important cost drivers used in the calculations:	18+ domiciliary care
Number of location level survey responses received	20
Number of locations eligible to fill in the survey (excluding those found to be ineligible)	
Carer basic pay per hour	£9.98
Minutes of travel per contact hour	10.55
Mileage payment per mile	£0.30
Total direct care hours per annum	37,128

16. Future Uplifts

For assessing the hourly cost of domiciliary care in future years it is necessary to repeat this exercise or agree the way in which the median value can be uplifted. The following are recommendations for uplift:

- a. All Care worker costs with the exception of those detailed below: increase annually by the same percentage increase as the national living wage
- b. Mileage: Increase by April CPI figure for category 07, Transport
- c. PPE: Increase by April CPI figure for category 03, Clothing and Footwear (alternatively CPI figure for category 06.1, Medical Products, Appliances, and Equipment)
- d. National Insurance: Increase by the same percentage increase as the national living wage and also by the percentage change in employer's NI contribution rate
- e. Pension: Increase by the same percentage increase as the national living wage and also by any percentage change in the minimum required employer's pension contribution
- f. All Business costs with the exception of those detailed below: increase annually by the increase in CPI
- g. Travel: Increase by April CPI figure for category 07, Transport
- h. Rents, Rates and Utilities: Increase by April CPI figure for category 04.5, Electricity, Gas and Other Fuels
- i. Insurance: Increase by April CPI figure for category 12.5, Insurance
- j. Return on Operations: No increase but define this as a percentage of costs.