

Wandsworth Borough Council Cost of Care Report

18+ Domiciliary Care

1. Introduction

The government is implementing wide-ranging and ambitious reform of Adult Social Care. In December 2021 it published a White Paper, [People at the Heart of Care](#), that outlined a 10-year vision that puts personalised care and support at the heart of Adult Social Care.

To achieve the aims set out in the White Paper the government recognise the right architecture needs to be in place to underpin and support the implementation of the 10-year vision. Ensuring market sustainability and moving towards a fair cost of care are some of the first steps in the journey to achieve this. The government requires local authorities to start building strong foundations and prepare markets for wider reform and thereby increase market sustainability.

As part of these preparations and to evidence work being done to prepare their markets, local authorities have been required to carry out a cost of care exercise for 18+ domiciliary care to determine the actual median cost of delivering care within the local area.

This cost of care report is produced in line with government guidance and sets out how:

- the exercise was carried out
- providers were engaged; and
- the resulting cost of care for the local area has been determined - this includes the approach taken for return on operations (ROO).

This exercise presented significant issues with data quality and some unreliable results due to the small number of returns impacting on the median calculation. Despite efforts made to improve the robustness of the calculations the Council concluded the results cannot be viewed as wholly reliable. The Council intend to continue to work with providers to agree rates that are sustainable for the Wandsworth market.

2. How the Cost of Care Exercise Was Carried out

To improve understanding of the actual cost of delivering care in the Council area the Council has surveyed some of the 18+ domiciliary care providers within the borough, and other providers outside the borough providing support to Wandsworth residents, to determine the median actual operating cost for 18+ domiciliary care.

In addition to the median cost, lower and upper quartile costs reflecting the range of local costs have been captured through this exercise. Whilst the government

recognise this may oversimplify the complex picture of care and support needs, for data collection purposes this standardises the approach to cost reporting.

The Council is one of six boroughs that forms the South West London (SWL) Health and Care Partnership. The Council worked closely with the respective boroughs from a market management perspective and to deliver a consistent approach to the exercise. The other five London boroughs are Croydon, Kingston, Merton, Sutton and Richmond.

The government required the Council to collect consistent data from local providers on actual costs to enable subsequent analysis. The Council decided to use the MS Excel based Fair Cost of Care Toolkit, co-designed by Local Government Association (LGA) and ARCC-HR Ltd. This tool was also used by the other five SWL boroughs to support a consistent approach to the costing exercise with neighbouring Councils.

3. Market Engagement

The Council's aim was to seek a robust representation of the domiciliary care market and engaged with a mixed market of:

- 8 contracted providers (awarded contracts via a tender process) - located in and out of borough
- 7 spot providers – (used to support contracted providers) located in and out of borough – with 10 or more service users
- 7 In-borough providers – with 10 or more service users.

The Council engaged with providers with more than 10 service users because small providers with small numbers of service users could skew the data.

A total of 22 providers were contacted to complete the Fair Cost of Care Toolkit. 14 of these are registered within the borough.

Domiciliary care providers were contacted directly by telephone and by email during May to late September. The initial phase was targeted to promote and support provider participation. The latter stages were to engage with those providers that had submitted data to validate and query the information.

To promote provider participation the Council offered support to providers in the following ways:

- Home care forum organised by a SWL member
- Share information on ARCC-Ltd help and advice drop-in sessions and webinars
- A joint session delivered by the Care Provider Alliance and SWL providers
- Council offering face-to-face meetings with providers
- Information on the Council website
- Targeted telephone calls and emails to providers

- Survey to inform the fair cost of care and market sustainability plan submissions
- One-off administrative support payment of £250 for each CQC location submission.

To encourage greater participation deadlines were extended by two weeks (closing date 31 July 2022) to support and allow providers extra time to complete their returns. The Council also allowed for two late submissions as this increased the participation rates and improved the data analysis.

Of the providers contacted 11 submissions were received which equated to a 50% submission /response rate and represented a broad range of providers from small/medium to large.

The providers that submitted cost of care information equates to 56% of the market share of the domiciliary care market (this is in relation to hours). This also equates to 56% of annual spend of the domiciliary care commissioned by the Council.

4. Data Analysis

Following the data collection, the Council calculated the median costs of providing care for each of the cost lines set out in the guidance, including staffing, premises and return on operations. Throughout this exercise the Council reviewed and analysed the data collected from providers identifying omissions, errors and outliers including unusual or implausible values.

The Council worked with providers to reduce and resolve data quality issues, engaging with providers and ensuring maximum opportunity was given to resolve queries and manage any subsequent changes to data. Of the 54 initial queries 38 were resolved. For the remaining 16 queries, where providers did not respond the data was only omitted if identified as an outlier. Note 9 of the unresolved queries related to one provider.

The Council considered the following methods to calculate the median rate per hour

1. Median based on individual line items.
2. Median based on the cost category totals.

Following consideration, the Council determined the median rate per hour using the sum of category costs rather than individual line items. This approach took account of all cost lines for each provider and reduced the effect of duplication and resulted in less costs being omitted at outliers.

This approach resulted in a median cost of care of £23.48 per hour.

4.1. Base Cost and Inflation

Seven providers submitted cost information at 2022/23 prices, however the inflation rate applied to the 2021/22 cost base is not known as the data collection tool did not require providers to submit 2-years data.

One provider submitted cost information at 2021/22 prices. For these providers an inflationary uplift of 6.6% for staffing cost inflation, in line with the London Living wage increase, and 9% for non-staff costs in line with CPI at April 2022, was applied.

As the Council moves towards the cost of care, inflationary pressures in the market will need to be closely monitored along with the impact of other changes to the social care charging system. The rate will be updated to reflect actual inflation increases at the point of implementation. However, the extent and speed by which the Council moves towards the cost of care rate will be determined by affordability and the level of funding available.

It is important to note the cost of care exercise is not a replacement for the fee setting / annual uplift process. As such the exercise will inform fees and demonstrate a move towards the median cost of care but will not replace the current process. The actual fee rates paid will still differ due to factors such as personalisation of care, quality of provision and wider market circumstances. The outputs of this exercise therefore will be one element to inform future negotiations, taking into consideration other known market factors including inflation, demand, capacity, benchmarking, quality and, importantly, affordability for the Council and availability of funding.

4.2. Approach to the Return on Operations (ROO)

The cost of care exercise is required to report monetary amounts per contact hour for return on operations (ROO).

The ROO is the reward and incentive for operating the care and support services in a care home and the ROC is the return that investors require to invest in a business, it reflects the inherent level of risk of operating in the domiciliary care market. Calculation of the ROO involves judgement, and the Council should retain flexibility to vary the return paid to any individual provider depending on the individual business and the prevailing market conditions at the time it is being applied.

Levels of ROO applied by providers ranged from 1% to 5%, with an average of 3.6%. Given this variation, to arrive at median cost, the Council made the decision to adjust to a flat rate of 3% in line with the value cited by Homecare Association. This approach ensures a consistent and fair basis to the calculation of ROO and provides a fair level of operating profit for providers.

4.3. Data Tables

Data tables are provided as set in line with the Department of Health and Social Care guidance showing the median cost per hour for 18+ domiciliary care along with the upper and lower quartile based on the data collected and analysed.

Table 1: 18+ Domiciliary Care

18+ Domiciliary Care (Apr 2022 Base)	Median
Total Careworker Costs	£16.91
Direct care	£11.29
Travel time	£2.05
Mileage	£1.27
PPE	£0.43
Training (staff time)	£0.29
Holiday	£1.51
Additional noncontact pay costs	£0.22
Sickness/maternity and paternity pay	£0.29
Notice/suspension pay	£0.06
NI (direct care hours)	£0.99
Pension (direct care hours)	£0.41
Total Business Costs	£5.88
Back office staff	£3.31
Travel costs (parking/vehicle lease et cetera)	£0.04
Rent/rates/utilities	£0.55
Recruitment/DBS	£0.10
Training (third party)	£0.09
IT (hardware, software CRM, ECM)	£0.29
Telephony	£0.19
Stationery/postage	£0.05
Insurance	£0.10
Legal/finance/professional fees	£0.07
Marketing	£0.05
Audit and compliance	£0.07
Uniforms and other consumables	£0.06
Assistive technology	£0.05
Central/head office recharges	£1.27
Other overheads	£0.18
CQC fees	£0.09
Total Return on Operations	£0.68
TOTAL	£23.48

Note total median costs are the sum of the cost categories not the sum of the individual lines.

Table 2: Upper Quartile, Lower Quartile and Median Cost – 18+ Domiciliary Care

18+ Domiciliary Care (Apr 2022 Base)	Count of Responses	Lower Quartile	Median	Upper Quartile
Total Careworker Costs	11	£ 16.24	£ 16.91	£ 18.65
Direct care	11	£ 10.20	£ 11.29	£ 11.37
Travel time	10	£ 1.20	£ 2.05	£ 2.58
Mileage	6	£ 0.33	£ 1.27	£ 1.77
PPE	10	£ 0.21	£ 0.43	£ 0.61
Training (staff time)	8	£ 0.18	£ 0.29	£ 0.51
Holiday	11	£ 1.41	£ 1.51	£ 1.67
Additional noncontact pay costs	6	£ 0.03	£ 0.22	£ 0.63
Sickness/maternity and paternity pay	11	£ 0.22	£ 0.29	£ 0.49
Notice/suspension pay	6	£ 0.04	£ 0.06	£ 0.08
NI (direct care hours)	10	£ 0.64	£ 0.99	£ 1.12
Pension (direct care hours)	11	£ 0.37	£ 0.41	£ 0.48
Total Business Costs	10	£ 4.38	£ 5.88	£ 6.79
Back office staff	10	£ 2.97	£ 3.31	£ 3.91
Travel costs (parking/vehicle lease et cetera)	4	£ 0.01	£ 0.04	£ 0.10
Rent/rates/utilities	10	£ 0.39	£ 0.55	£ 0.73
Recruitment/DBS	9	£ 0.05	£ 0.10	£ 0.14
Training (third party)	7	£ 0.03	£ 0.09	£ 0.14
IT (hardware, software CRM, ECM)	10	£ 0.15	£ 0.29	£ 0.41
Telephony	10	£ 0.12	£ 0.19	£ 0.22
Stationery/postage	10	£ 0.03	£ 0.05	£ 0.07
Insurance	10	£ 0.08	£ 0.10	£ 0.14
Legal/finance/professional fees	7	£ 0.06	£ 0.07	£ 0.40
Marketing	4	£ 0.03	£ 0.05	£ 0.16
Audit and compliance	8	£ 0.04	£ 0.07	£ 0.09
Uniforms and other consumables	4	£ 0.04	£ 0.06	£ 0.14
Assistive technology	2	£ -	£ 0.05	£ -
Central/head office recharges	3	£ 0.08	£ 1.27	£ 1.27
Other overheads	5	£ 0.07	£ 0.18	£ 0.34
CQC fees	10	£ 0.07	£ 0.09	£ 0.12
Total Return on Operations	10	£ 0.74	£ 0.68	£ 1.15
TOTAL	11	£21.36	£23.48	£26.60

Note total median costs are the sum of the cost categories not the sum of the individual lines.

Table 3: Median cost per hour of care by visit length, minutes

	15-min visit	30-min visit	45-min visit	60-min visit
Median	£26.80	£23.48	£22.65	£21.82

Table 4: Number of visits per week by visit length

Length of Visit (minutes)	No. of Observations	Lower Quartile	Median	Upper Quartile
15	-	-		-
30	11	402	580	1,541
45	11	170	351	825
60	11	98	426	1,556