

## **Cost of Care Report – Trafford Council Care at Home**

### **1.0 Approach**

Trafford Council commissioned an external consultancy company to undertake its Fair Cost of Care Exercise with the market. The consultants appointed to undertake this Exercise in Trafford had worked with one of the National Trailblazer Local Authorities to develop their approach and were also working with a number of other Councils across the North West to complete this exercise.

In June prior to the consultants commencing this work the Local Authority had communicated through the weekly newsletter with home care providers (34) in the borough to advise them of the exercise and to encourage them to engage in the process. The Local Authority also circulated the dates of the exercise and links to the survey through the same methodology on the 16<sup>th</sup> and 23<sup>rd</sup> June. The consultancy company worked with the council to prepare communications with all care providers informing them of the work, the process and that the appointed consultancy company would be in contact with them on behalf of the council. The Local Authority also circulated the dates and times of all webinars to the entire market on the 23<sup>rd</sup> June and following this, the consultancy company contacted the home care providers inviting them to join one of two webinars that were held on June 30<sup>th</sup> and July 6<sup>th</sup> to maximise participation. Providers were able to ask questions, and the consultancy company used this method of engagement to better understand the local situation, pressures and trends. Following the webinars providers were given the option to complete their return directly in the ADASS/LGA homecare tool, or to input into an online survey designed by the consultancy company to break the required information into more manageable and user-friendly sections, making it easier for providers to complete. Where providers chose to use the specially designed online survey, the consultancy company took the information from within the survey and entered it into ADASS/LGA tool to ensure it was input with a high level of consistency.

The initial date for completion was the 22<sup>nd</sup> July and the consultancy company sent weekly reminder emails starting from the first week of July. This contained a link to their specially designed survey. As it became evident that the return rate was very low this date was extended by a further two weeks to the 8<sup>th</sup> August with weekly reminders also continuing. In addition to this Providers were called four times between July 20<sup>th</sup> and August 8<sup>th</sup> to offer support and provide a reminder to complete the data submission. During the telephone calls providers were offered the chance to complete the survey over the telephone at a convenient time. Providers were also supplied with a telephone number and email address to use throughout the process which they could use to ask questions about the survey or request support in completing it.

Following the submission of responses validation checks were undertaken upon the data supplied by providers and any anomalies or significant outliers were then addressed directly with providers for them to either give confirmation of the current data supplied, along with an explanation regarding why the cost may appear to be an outlier, or changes to the data to

correct errors that may have occurred. Following initial validation, the consultancy company shared the data collected from providers with the Council for the assigned commissioners to provide additional checks and raise further queries regarding the points of data that may require further validation, based on their local knowledge. These queries were shared with providers with a request for them to confirm the figure is correct and provide any information they may be able to in respect of why it appears to be an outlier or amend the figure. There was a significant drop off in engagement from providers in the validation stage, compared to the initial data collection stage, therefore the majority of queries raised with providers by the appointed consultancy company remained unresolved. The Council therefore had to decide if any data should be excluded from the exercise due to concerns regarding the reliability of the data and its impact on the outcome of the exercise.

The results were originally collected in July and August 2022 using a combination of the ADASS/LGA tool and an online survey. The figures are amended figures for 2021/22 with an inflationary uplift.

## 2.0 Response Rate

There were 15 completed surveys from 34 providers supplied by Trafford Council. This represents a **response rate of 44.1%**. One of these was eventually excluded because they worked across four council areas and provided one return for all areas and could not break this down. Therefore, it was considered that this was not accurate data that reflected Trafford. The response rate on survey returns that could be used was 41.2% and 31.97% based on the number of hours commissioned.

## 2.0 Number of Appointments per week by visit length

	15 mins	30mins	45 mins	60 mins
<b>Lower Quartile</b>	0	280.5	41.8	57.0
<b>Median</b>	13.5	511.0	104.5	187.5
<b>Upper Quartile</b>	87.5	773.8	141.5	348.8

## 3.0 Return on Operations

**The Return on Operations is 3.0% (£0.62).** This was calculated by asking providers for their total cost of operations, head office costs and profits made in the last full financial year. This enabled the return on operations to be calculated as the average percentage markup on the cost of operations and head office costs.

## 4.0 Count of Observations (£/hour)

	Count of Observations	Lower Quartile	Median	Upper Quartile
<b>Care Worker Costs</b>				
Direct care	14	£10.18	£10.34	£10.72
Travel time	14	£1.47	£1.79	£2.28
Mileage	14	£0.50	£0.80	£1.23
PPE	6	£0.04	£0.07	£0.10
Training (staff time)	14	£0.00	£0.00	£0.00

Holiday	14	£1.39	£1.48	£1.59
Additional non-contact pay costs	14	£0.20	£0.25	£0.29
Sickness/maternity and paternity pay	13	£0.28	£0.36	£0.42
Notice/suspension pay	14	£0.00	£0.00	£0.00
NI (direct care hours)	14	£0.99	£1.18	£1.35
Pension (direct care hours)	10	£0.13	£0.22	£0.26
<b>Business Costs</b>				
Back office staff	14	£2.08	£2.64	£3.46
Travel costs (parking/vehicle lease et cetera)	14	£0.00	£0.00	£0.00
Rent/rates/utilities	14	£0.22	£0.41	£0.53
Recruitment/DBS	14	£0.05	£0.09	£0.12
Training (third party)	14	£0.03	£0.06	£0.09
IT (hardware, software CRM, ECM)	14	£0.13	£0.23	£0.26
Telephony	14	£0.05	£0.11	£0.15
Stationery/postage	14	£0.02	£0.03	£0.07
Insurance	14	£0.08	£0.13	£0.17
Legal/finance/professional fees	14	£0.04	£0.07	£0.10
Marketing	14	£0.02	£0.05	£0.09
Audit and compliance	14	£0.00	£0.02	£0.05
Uniforms and other consumables	14	£0.02	£0.04	£0.05
Assistive technology	14	£0.00	£0.00	£0.00
Central/head office recharges	14	£0.00	£0.13	£0.56
Other overheads	13	£0.00	£0.02	£0.29
CQC fees	14	£0.07	£0.08	£0.09
<b>Return on Operations</b>	<b>14</b>	<b>£0.54</b>	<b>0.62</b>	<b>£0.73</b>
<b>TOTAL</b>		<b>£18.53</b>	<b>£21.22</b>	<b>£25.05</b>
Number of location level responses received	14	14	14	14
Number of locations eligible to fill in the survey	<b>34</b>	<b>34</b>	<b>34</b>	<b>34</b>
Carer basic pay / hour	14	£10.00	£10.10	£10.48
Minutes of travel per contact hour	14	7.5	9.6	12.9
Mileage payment per mile	14	0.21	0.28	0.44
Total direct care hours / annum	14	20,304	33,760	47,000

## 5.0 Median Values (£/hour)

Care Worker Costs	Median Values
<b>Total Care Worker Costs</b>	£16.49
Direct care	£10.34
Travel time	£1.79
Mileage	£0.80
PPE	£0.07
Training (staff time)	£0.00
Holiday	£1.48
Additional non-contact pay costs	£0.25
Sickness/maternity and paternity pay	£0.36
Notice/suspension pay	£0.00
NI (direct care hours)	£1.18
Pension (direct care hours)	£0.22
<b>Business Costs</b>	
<b>Total Business Costs</b>	£4.11
Back office staff	£2.64
Travel costs (parking/vehicle lease et cetera)	£0.00
Rent/rates/utilities	£0.41
Recruitment/DBS	£0.09
Training (third party)	£0.06
IT (hardware, software CRM, ECM)	£0.23
Telephony	£0.11
Stationery/postage	£0.03
Insurance	£0.13
Legal/finance/professional fees	£0.07
Marketing	£0.05
Audit and compliance	£0.02
Uniforms and other consumables	£0.04
Assistive technology	£0.00
Central/head office recharges	£0.13
Other overheads	£0.02
CQC fees	£0.08
<b>Return on Operations</b>	<b>£0.62</b>
<b>TOTAL</b>	<b>£21.22</b>
Carer basic pay / hour	£10.10
Minutes of travel per contact hour	9.6
Mileage payment per mile	£0.28
Total direct care hours / annum	33,760

## 6.0 Cost Per Visit

15 Minute	£7.25
30 Minute	£12.42
45 Minute	£16.59
60 Minute	£21.21

## 7.0 Data Collection and Inflation

The results were collected in July and August 2022 using two methods: the LGA/ADASS tool and a survey that replicated the questions in the tool. Data collected during the survey was then put through the tool to ensure consistency. Providers were asked for both the 2021 actual figures and the inflationary uplift they have experienced since April 2022.

In reviewing the data provided the following are also reflected in the above figures:-

- The median is on a line by line basis for the following reasons
  - ✓ The ethos of the exercise was to include as much data as possible and the line by line analysis facilitated this approach.
  - ✓ The line by line analysis enabled examination and comparison between each of the returns received. Further clarification could then be followed up for outliers, both low and high amounts and amendments made. In instances where no responses were received after seeking clarification this data was excluded.
  - ✓ The line by line analysis also allowed for the review of Zero figures. These were analysed to assess if they were appropriate to be a zero or should be excluded so that the median was based on actual figures for example PPE. The overall median was zero but upon review it was considered that there should be some costs in here, the zeros were therefore excluded which then gave a median of £0.07. For central/head office recharges some had in zero which was considered appropriate and therefore left in.
  - ✓ The use of a line-by-line analysis also aided the application of different inflation rates to the individual 21/22 figures.
- The return on operations has been amended and standardised at 3% of total operational costs. This is due to the high levels of inconsistency in returns from providers with a range of between 2.2%-5.02% and the median being 2.81%. The 3% is in line with that recommended by UKHCA.
- Although returns asked for inflation information it proved difficult for providers to supply this and on a line-by-line basis. On reviewing the inflation to be applied to care worker costs a comparison on pay rates was made from information that had previously been provided in August 21 by providers and of these 11 out of the 14 reflected the rates provided in these returns. In addition to this a number were advertising at these rates as of the beginning of October, therefore no inflation was applied to pay costs. For all other costs inflation was based on each cost line using the most appropriate CPI index rates for the 12 months to April 22.

### Overall

There are concerns and limitations regarding the cost data received from providers that impact on the confidence that the fair cost of care rates accurately represents the likely actual average cost of providing care in Trafford. This will later influence on the weight that is

appropriate to place on this in subsequent fee setting. Some of these are outlined below and mentioned in previous sections: -

- Response rates have been received from a relatively small number of providers that the Council commissions its hours from. In addition response rates were predominantly from a particular section of the market – those providers who predominantly work with older people. Despite representation being made to the entire market, the perception seems to have been that this is an exercise looking at older peoples' provision in line with the forthcoming charging reform. Therefore, the data we have is skewed and has led to concerns that this is not a true representation of the market and therefore the calculated fair cost of care rate may not accurately reflect the likely actual average cost of care.

- Regional variation

During the undertaking of the fair cost of care exercise, localities across Greater Manchester and the North-West have engaged in collaborative discussion to inform our approaches to the treatment of cost items and interpretation of fair cost of care guidance.

This work has highlighted a variation in costs above what would be expected or that can be explained through local differences. This adds further to concerns regarding the overall quality and representativeness of the cost information received through the exercise.

- Failure to take account for the benefit of recent Government announcements

Changes in UK fiscal policy announced since the exercise was undertaken will help to reduce provider costs. However, these benefits have not been reflected in the cost information submitted. This includes recent announcements regarding the reversal of the additional 1.25% on employers' national insurance payments and the energy bill relief scheme.

Further work is required in partnership with the local care market to understand the extent that these announcements will positively impact on care costs.

- Impact of extraordinary costs in 2021/22 during the COVID pandemic

Reported costs on some lines will have been impacted by the extraordinary costs incurred by providers during 2021/22 due to the Covid pandemic, supported by one off funding. It has not always been possible through the fair cost of care exercise to identify and isolate these costs, meaning that the reported current cost of providing care risks being distorted and overstated.

- Inconsistent approaches of providers to inflation and the re-basing of 2021/22 costs.

- The extent that available costing tools may have overstated reported costs. This may include:
  - Potential overstatement of pension costs by applying the employer pension contributions to whole earnings rather than those above the lower threshold.
  - The relationship between contact and travel time
  - The default of 12.07% on holiday pay

## Appendix 1: Questions Asked

The following are the questions asked of providers in a survey sent to them for completion:

- 1.) Business Name
- 2.) Are you part of a wider group?
- 3.) Name of the group?
- 4.) Please provide a postcode for the registered office from where you manage the services provided in Trafford
- 5.) Please indicate the number of appointments you undertake in Trafford in a normal week for each of the following visit lengths
  - a. 15 Minutes
  - b. 30 Minutes
  - c. 45 Minutes
  - d. 60 Minutes
- 6.) What is the total number of direct care hours you provide in Trafford in a year?
- 7.) What is the average number of miles between each visit for the work you do in Trafford?
- 8.) What is the average time taken between each visit? (in minutes)
- 9.) What mileage rate do you pay staff?
- 10.) What is the total car parking cost for delivering care in Trafford in a week? (enter your figure in £/week)
- 11.) What is weekly cost for any vehicle leases?
- 12.) What percentage of your work in Trafford comes from the following sources:
  - a. Trafford
  - b. Self-funders
  - c. Other public sector funders
- 13.) How many staff (Full Time Equivalent) do you have working for you in the Trafford area?
  - a. Total Number
  - b. Of those, how many are new recruits in last 12 months
- 14.) Looking across your workforce please let us know how many staff (FTEs) you have working in each of the following roles?
  - a. Management
  - b. Back Office / Admin
  - c. Care Worker
  - d. Senior Care Worker
  - e. Nurse
  - f. Other
- 15.) If other, please state job roles
- 16.) Please let us know the rates of pay you work to for the following roles: (£/hour)
  - a. Care Worker
  - b. Senior Care Worker
  - c. Nurse
- 17.) Please let us know the rates of pay you work to for the following roles at a weekend or bank holiday: (£/hour)
  - a. Care Worker
  - b. Senior Care Worker
  - c. Nurse
- 18.) How much do you pay for agency staff for the same roles during the day? (£/hour)
  - a. Care Worker
  - b. Senior Care Worker



- c. Nurse
- 19.) How has your usage of agency staff changed over the last 18 months?
  - 20.) Please provide the following information about the total staff costs for delivering a service in Trafford – please base on your last full year accounts
    - a. Total salary cost
    - b. Total National Insurance Cost
    - c. Total pension contribution
  - 21.) What is the average leave entitlement for a full-time member of staff (in days)
  - 22.) What is the average number of days training undertaken by a full-time member of staff in a year?
  - 23.) How do you cover staff when they are on leave or training?
  - 24.) What does it cost you per day to cover leave and training?
  - 25.) What is the average number of sick days for a full-time member of staff in your company in a normal year?
  - 26.) What is the total number of days you've paid for notice of suspension in the last financial year?
  - 27.) Please provide the following annual cost information about your business overheads based on your last full years accounts (£ spent in the last full years accounts) - work in Trafford only
    - a. Staff recruitment and retention
    - b. Training and supervision (not including cover)
    - c. Apprenticeship levy
    - d. CQC registration fees
    - e. Rent, rates and utilities
    - f. IT
    - g. Telephony (including broadband)
    - h. PPE
    - i. Consumables
    - j. Stationary and postage
    - k. Cost of finance (loan repayments inc. mortgage)
    - l. Insurance
    - m. Professional fees (legal and accountancy)
    - n. Marketing
    - o. Equipment and Assistive Technology
    - p. Medical supplies
    - q. Agency costs
    - r. Central / head office recharges
    - s. Other
  - 28.) Please provide the following financial information for your Trafford business for the latest full financial year?
    - a. Total Turnover
    - b. Total Overhead
    - c. Profit / Surplus
  - 29.) What hourly rates do you charge for self-funders? (in £/hour)
  - 30.) What has been the inflationary uplift on your costs since your last set of accounts were published? (%)
  - 31.) Please give reasons behind your last answer and provide evidence where possible
  - 32.) How has Covid-19 impacted on your care at home business?

33.)What do you see as the main trends and challenges facing providers over the next three years?