



**FOR PUBLICATION**

**DERBYSHIRE COUNTY COUNCIL**

**REPORT TO CABINET MEMBER FOR ADULT CARE**

**19 January 2023**

**Report of the Executive Director - Adult Social Care and Health**

**Adult Social Care Reform and Market Sustainability**  
(Cabinet Member for Adult Care)

**1. Divisions Affected**

Not applicable as this paper relates to gaining permission to publish the findings of cost of care exercises.

**2. Key Decision**

This is not a key decision

**3. Purpose**

- 3.1 Request approval from the Cabinet Member to support the publishing of the findings from the cost of care exercises of care home and home care placements undertaken in the summer of 2022.

**4. Information and Analysis**

- 4.1 As part of the government's adult social care reform agenda, local authorities are required to complete a cost of care exercise on care home placements for people over 65 and the cost of generic homecare services. In addition, authorities are required to publish a Market Sustainability Plan detailing how they plan to work with the care home and home care market.

Many of the required actions detailed in the Adult Social Care Reform Plan, published in September 2021 to introduce a cap on lifetime care costs and to offer extended support for people who self-fund from October 2023 have now been suspended for 2 years. However, the commitment to continue to prepare the care home and home care market for the Adult Social Care Reform will continue.

4.2 A condition of receiving funding to support Social Care Reform, local authorities needed to evidence the work they completed to prepare their markets and submitted the following to Department of Health and Social Care (DHSC) by 14 October 2022:

- cost of care exercises for 65+ care homes and 18+ domiciliary care (submitted as Annex B).
- a draft market sustainability plan, using the cost of care exercise as a key input to identify risks in the local market, with particular consideration given to the further commencement of Section 18(3) of the Care Act 2014)

The DHSC have now confirmed their support for the content of these documents and have requested that the Council publish the Annex B submissions by 1<sup>st</sup> February 2023 and a revised Market Sustainability plan for care homes and home care by 31<sup>st</sup> March 2023.

4.3 As part of the adult social care reform agenda, local authorities are required to complete a cost of care exercise to better understand the local cost of providing care. Adult Social Care commissioned Care Analytics an external organisation to undertake the Cost of Care Exercise. The same organisation has been used across the East Midlands to assist with benchmarking and market shaping.

Care home and home care markets were surveyed using a fee tool to better understand their costs. The DHSC requirement of this exercise was to identify the Median Cost and compare against the current fees paid by the Council. In the original DHSC guidance the Median value is described as a 'Fair' Cost (FCoC) value.

The Council notes the intentions of the cost of care exercise and the potential benefits in terms of greater understanding of the market. However, the Council cannot stress strongly enough that the FCoC

median costs alone are not an appropriate basis to inform Derbyshire County Council's commissioning fee rates.

Whilst it is fair to say that the median is less skewed by high outlier values (as opposed to mathematical averages), the median values themselves can be skewed if the dataset does not comprise an appropriate and representative sample of the existing make-up of providers in the local market. It is also vitally important to recognise (and ensure) that it was not possible via this process to be assured that the data that has been obtained reflects an overall pool of efficient providers as referenced in the requirements of Section 4.31 of the Care and Support Statutory Guidance.

For this reason, we must be clear that the FCoC median costs obtained through this exercise (and reported in appendices 2 and 3) do not have sufficient robustness to provide an absolute basis sufficient to inform any finalised sustainable fee rates for future council commissioning of care homes or home care. The data collected through this process will provide rich intelligence on which to base further work to support future Council commissioning and market shaping. There are significant concerns as to the quality and completeness, relevance and reliability of the data received from Providers. For instance, there has been no opportunity to validate any of the information presented by Providers, all submissions have been made in good faith.

It is our intention to undertake further detailed analysis of the data obtained through the FCoC exercise and the composite of the median costs, in order to help us to assess the appropriateness of the data as a fair and meaningful representation of provider cost structures for those organisations that operate in our local market. The results of this further work will inform the rates on which to base our usual fee rates/commissioning going forwards.

There are risks now in having undertaken this exercise that some Providers maybe under the impression that Councils are obliged via this process to pay the identified Median Value. This is an incorrect interpretation of the guidance. It is nonetheless acknowledged that notwithstanding any misunderstanding that may exist we have gathered detailed information about costs of care and that should not be ignored when considering fee setting.

## **5. Consultation**

5.1 Not required

## **6. Alternative Options Considered**

6.1 There are no alternatives available to the Council as the activity reported in this paper was a government requirement as part of Adult Social Care Reform.

## **7. Implications**

7.1 Appendix 1 sets out the relevant implications considered in the preparation of the report.

## **8. Background Papers**

None identified

## **9. Appendices**

9.1 Appendix 1 – Implications

9.2 Appendix 2 - Annex B Care Homes

9.3 Appendix 3 – Annex B Home Care

## **10. Recommendation(s)**

That the Cabinet Member approves that

- Annex B for Home Care and Care Homes can be made publicly available from 1<sup>st</sup> February 2023.
- The updated Market Position Statements for Care Homes and Home Care can be published by 31<sup>st</sup> March 2023

## **11. Reasons for Recommendation(s)**

11.1 It is a requirement of the Government's Adult Social Care Reform that the findings from the Cost of Care exercises and Market Sustainability Plans for Care Home provision for people over 65 and Generic Home Care provision are made publicly available.

## **12. Is it necessary to waive the call in period?**

12.1 No

Report Author: Colin Selbie

Contact details: [Colin.Selbie@derbyshire.gov.uk](mailto:Colin.Selbie@derbyshire.gov.uk)

## **Implications**

### **Financial**

- 1.1 Compliance with DHSC requirements to undertake the Cost of Care exercise and to publish the Market Sustainability Plans will ensure that the Council meets the Grant criteria for Adult Social Care Reform funding 2022-23 and will be eligible to receive further funds during 2023-24 to assist with Adult Social Care Reform and Market Sustainability.

### **Legal**

- 2.1 s.5 Care Act 2014 places a duty on the Council to promote the efficient and effective operation of a market in services for meeting care and support needs, with a view to ensuring services are diverse, sustainable and high quality for the local population, including those who pay for their own care. In performing that duty, the Council must have regard to the importance of ensuring the sustainability of the market.

Section 4.31 of the Care and Support Statutory Guidance states the following:

When commissioning services, local authorities should assure themselves and have evidence that contract terms, conditions and fee levels for care and support services are appropriate to provide the delivery of the agreed care packages with agreed quality of care. This should support and promote the wellbeing of people who receive care and support, and allow for the service provider's ability to meet statutory obligations to pay at least the minimum wage and provide effective training and development of staff.

It should also allow retention of staff commensurate with delivering services to the agreed quality, and encourage innovation and improvement. Local authorities should have regard to guidance on minimum fee levels necessary to provide this assurance, taking account of the local economic environment. This assurance should understand that reasonable fee levels allow for a reasonable rate of return by independent providers that is sufficient to allow the overall pool of efficient providers to remain sustainable in the long term.

The Government announced the Market Sustainability and Fair Cost of Care Fund and published its purpose and conditions on 16 December

2021 [Market Sustainability and Fair Cost of Care Fund: purpose and conditions 2022 to 2023 - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/consultations/market-sustainability-and-fair-cost-of-care-fund-2022-to-2023)

Further updated Guidance was published on 7 October 2022, intended to support Local Authorities in administering the grant fund [Market sustainability and fair cost of care fund 2022 to 2023: guidance - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/consultations/market-sustainability-and-fair-cost-of-care-fund-2022-to-2023-guidance)

The recommendations in this report are compliant with the requirements of this and subsequent Guidance

### **3. Human Resources**

- 3.1 There are no human resources considerations associated with this report.

### **4 Information Technology**

- 4.1 There are no Information Technology considerations associated with this report.

### **5 Equalities Impact**

- 5.1 Providers are required to adhere to Derbyshire County Council's Equal Opportunities policies.

### **6 Corporate objectives and priorities for change**

- 6.1 This proposal will support local business to recruit and retain staff to provide support to people so that they may continue to live in their own homes to control their personal circumstances and aspirations.

### **7 Other (for example, Health and Safety, Environmental Sustainability, Property and Asset Management, Risk Management and Safeguarding)**

- 7.1 In preparing this report the relevance of the following factors has been considered: human resources, health, environmental, transport, and crime and disorder considerations.

**Appendix 2**

# **Market Sustainability and Fair Cost of Care Fund 2022 to 2023**

**Annex B: Cost of Care Report - Age 65+ care homes  
Derbyshire County Council**



## **Background and context**

The Market Sustainability and Fair Cost of Care Fund ('the fund') sets out funding parameters in support of local authorities to prepare their markets for reform, including the further commencement of Section 18(3) of the Care Act 2014 in October 2023, and to specifically support local authorities to move towards paying providers a fair cost of care.

As a condition of receiving future funding from the fund, local authorities are required to evidence the work undertaken to prepare their markets for wider charging reform and thereby increase market sustainability. This required them to produce:

- Cost of care exercises for 65+ care homes and 18+ domiciliary care
- A provisional market sustainability plan, using the cost of care exercise as a key input to identify risks in the local market, with particular consideration given to the further commencement of Section 18(3) of the Care Act 2014 (which is currently in force only for domiciliary care) – a final plan will be submitted in February 2023
- A spend report detailing how funding allocated for 2022 to 2023 is being spent in line with the fund's purpose

The remainder of this report sets out the approach adopted by [insert name of council] in meeting the conditions of the fund and how the cost of care estimates submitted to DHSC within Annex A have been arrived at.

### **Approach to the exercise**

Derbyshire County Council, alongside several other East Midlands local authorities, commissioned the services of Care Analytics, a specialist in the financial analysis of care markets and the cost of care, to undertake a 'Fair Cost of Care' (FCoC) detailed cost analysis exercise.

All Care Quality Commission registered Care Homes in Derbyshire providing support for people over 65 were initially contacted by the Council's Contracts Department and invited to a briefing session on the proposed Cost of Care Exercise. This included Care Homes that might at that time have had no placements with the council. This meeting was held on the 16 June 2022 and the survey requirements were described to participants by Care Analytics and people were provided opportunity to ask questions. A further Q&A session was held on the 29 June 2022.

Following this meeting the survey was sent to all Providers on 16 June 2022 asking that they consider completing the forms and if they had any questions to contact the Council or Care Analytics. A deadline for receipt of the first forms was set for 8 July 2022. This deadline was subsequently extended to 15 July 2022 to allow Providers to submit their forms and a deadline for managing queries was agreed for 29 August 2022. Responses were received directly by Care Analytics, rather than by the local authority, to address any concerns regarding confidentiality of business data. These returns have been reviewed by Care Analytics, with responses clarified where needed, in order to produce the resulting data analysis of median and quartile costs required from this exercise.

As stated during this period Providers were encouraged to ask questions to ensure that their completed surveys best reflected the costs incurred. A number of Providers were contacted by Care Analytics following submission of their survey as part of a clarification process to ensure that all questions were completed correctly so that the completed surveys could be used as part of the analysis.

### **Interpretation of Annex A results**

At this point it is extremely important that DHSC understands the context of the data that has been reported in Annex A by this authority. Whilst we acknowledge the intentions of the wider exercise, and noting the significant benefits in terms of greater understanding of the market that it has given us, we cannot stress strongly enough that the FCoC median costs alone are not an appropriate basis to inform council commissioning fee rates.

Whilst it is fair to say that the median is less skewed by high outlier values (as opposed to mathematical averages), the median values themselves can be skewed if the dataset does not comprise an appropriate and representative sample of the existing make-up of providers in the local market. Although Derbyshire's survey response resulted in a reasonable sample size (see section below on 'response rates'), this should not be taken as necessarily indicating that the sample was sufficiently representative of the market. It is also vitally important to recognise (and ensure) whether the data that has been obtained reflects an overall pool of efficient providers as referenced in the requirements of Section 4.31 of the Care and Support Statutory Guidance.

We are particularly conscious that different care home operators operating in our local market have different underlying business models. For example, care homes operated by groups have a different level of head office costs than do those operated by independent smaller operations. In addition, newer built care homes will inherently have higher capital investments as opposed to older care homes, where mortgages have been considerably reduced or settled over time. These are both key considerations when setting an appropriate return on capital. We would also need to

fully assess the impact of post-pandemic occupancy levels in care homes and any residual impact that may be having on unit costs (which again would impact the calculation of an appropriate return on operations).

For this reason, we must be clear that the FCoC median costs obtained through this exercise (and reported in Annex A) do not have sufficient robustness to provide an absolute basis sufficient to inform any finalised sustainable fee rates for future council commissioning. The data we have collected through this process will provide rich intelligence on which to base further work to support future council commissioning and market shaping. We will now undertake further detailed analysis of the data obtained through the FCoC exercise and the composite of the median costs, in order to help us to assess the appropriateness of the data as a fair and meaningful representation of provider cost structures for those organisations that operate in our local market. The results of this further work will inform the rates on which to base our usual fee rates/commissioning going forwards. This work will be evidenced in the final market sustainability plan, to be submitted in February 2023.

## **Response rates**

48 care homes submitted a survey to inform both the Council's Cost of Care (CoC) return and the wider analysis of the local care home market that is to follow. All care homes that submitted a survey were within scope of the exercise. 47 of the 48 care home surveys were able to be used in the CoC return.

The survey response from 1 care home was unusable as there were too many incomplete or unanswered questions/sections, even after an extensive query process.

47 out of 147 (32%) older adult care homes in Derbyshire ultimately submitted a usable survey. (The 147 homes excluded 23 council-operated homes as they are not part of the CoC exercise).

Usable surveys were received from 22 out of 71 (31%) older adult nursing homes and 25 out of 76 (33%) older adult residential care homes (excluding the 23 council-run older adult care homes).

20 of the 22 older adult nursing homes that submitted responses had nursing residents at the time of submission. The other two homes with no nursing residents were therefore only used in the residential analysis.

18 out of the remaining 20 older adult nursing homes reported a significant number of residential residents and so have been used for both the residential and nursing analysis. Where nursing homes reported only a handful of residential residents (without nursing), all residents were classified as nursing.

## **Sample composition**

Although more submissions would have been welcome the Council received a balance of usable surveys from Nursing and Residential Homes. There seemed to be a spread of occupancy probably reflective of the wider market, and seemingly a good mix of homes based on the age of the care home.

However, compared to the overall market, the sample is overly weighted towards groups with very few independently operated care homes completing the survey. This is significant and is the reason why the median costs for both central overheads and repairs & maintenance are reflective of larger groups rather than independents and small stable groups. The survey results are therefore not reflective of the business structure of whole market and consequently the values in the Cost of Care results need to be approached with caution.

## **Approach used for return on capital and return on operations**

It is acknowledged within the supporting documentation from DHSC that there is an amount of discretion around both return on operations and return on capital with limited guidance on how to approach this complex area for CoC reporting. As already mentioned, the market is made up of Care Providers with very different business structures with a high number of owner managed businesses and fewer 'propco' structures where the process separates the property asset is separated from the trading business.

The result is by splitting consideration of return on operation and return on capital, you inevitably end up with a result that is not indicative of the whole market.

A value of 5% for a return on operations was used as the Council believes this is a plausible mark-up. The return on operations calculation is a mark-up on operating costs and has been calculated by applying 5% to the sum of operating costs submitted. However, it must be noted that this calculation and values were used solely for this Cost of Care exercise.

Return on capital is a different type of calculation. The reported capital value of the care home as submitted in the surveys, was multiplied by the return on capital percentage, and then divide by 52 weeks. For example, a care home worth £100,000 per bed with a 5.2% return on capital is £5,200 per year. This is then £100 per bed week.

It was then necessary to adjust for both (i) vacant beds (+5% to 10%) and for (ii) depreciation of equipment and furniture (an additional circa £20 per resident week is reasonable, though it would be considerably higher in high-specification care homes).

It was not necessary to include depreciation of buildings, land, amortisation of goodwill, or the cost of major works, as these costs are covered by the capital value of the care home. Counting them separately would therefore be double counting.

A 6% return on capital was used against the value of the reported capital value of the care homes as submitted in the surveys. An assumed £15,000 was then added to the capital value for the value of equipment, furniture, etc. within the care home (essentially to reflect depreciation). The data was also adjusted to an assumed 90% occupancy as an average vacancy factor.

The Council acknowledges that reporting the median capital costs has a huge error margin in terms of practical usage, as it will usually be generous for many care homes (especially older established homes) that are currently in operation, whilst potentially understating the capital costs for newer facilities.

It is also acknowledged that the capital value of the median care home room in the market is likely to be substantially higher than the capital value of the median room that can be commissioned by the council. This reflects the high proportion of 'self-funder' placements and placements where a third party is paid where rates are higher than the Council's usual cost of care. These higher self-funder placements are more frequently made in homes with higher median capital value than the Council would normally place in.

### **Lower quartile, median and upper quartile costs**

A table setting out, for each service type, details showing the count of observations, lower quartile, median and upper quartile (where relevant) of all items in Annex A, Section 3 is included as **Appendix 1** to this report.

To be included in the FCoC analysis, a care home had to report one or both of all their staffing costs and all their non-staffing costs. Where the total observation count is higher than the respective counts for staffing or non-staffing, this will be due to a handful of care homes which only reported either their staffing or their non-staffing data, but not both.

### **Annex A, Section 3**

The full table in Annex A, Section 3 is included as **Appendix 2** to this report and sets out the median values for each care type.

### **Basis of data collection**

The data from providers was collected during July and August 2022. The financial year was 2022/23. In some instances, historic cost data was used for non-staff cost categories, based on the providers most recent completed financial accounts. Each such cost was then uplifted to a 2022/23 equivalent baseline using an appropriate CPI index. This was done at the most granular level possible so that inflation adjustments are as accurate as possible.

Providers were also asked to identify any costs that had (or would) increase for 2022/23 to an extent that would not be reflected using CPI measures of inflation. Many providers took advantage of this by providing details about structural cost increases, notably utilities and insurance. Each provider's costs were updated to reflect any new baseline where data was supplied.

Payroll data was collected from a recent payroll period in the 2022/23 financial year to inform employer national insurance and pension contributions as a percentage of wages.

For future years, in order to uplift the FCoC cost model:

- Staffing costs would be uplifted using a combination of the National Living Wage (for lower paid staff) and any other reasonable method (for higher paid staff). Such a methodology would need to reflect any pay differentials where necessary to reflect different roles/responsibilities of staff.
- Non-staff costs would be uplifted using an appropriate CPI index.
- Any inflation methodology would also need to take into account structural changes relevant to care home costs.

### **Description of the questions asked/template used as part of the data gathering exercise**

The survey was designed by Care Analytics. It is an adapted version of the survey that they have used to conduct their existing market review service. As Care Analytics market reviews have a wider scope than the FCoC exercise required by DHSC, the survey includes a wider set of questions. This will enable a thorough analysis of the marketplace to be undertaken after the current FCoC process.

The survey asks detailed questions about the care home's facilities and residents. It then asks for a detailed breakdown of current staffing, wage rates by role, employment terms and conditions, and use of agency staff. Non-staff operating costs are collected from previous or current financial years at a granular level. Finally, there are a range of free text questions that providers can answer in their own words to inform the market review.

To promote engagement, providers were offered the opportunity to submit financial information in whatever format was exported from their finance system or was already available in their accounts. Care Analytics then standardised the data into the required format for analysis. Many providers took advantage of this opportunity as it saved them considerable time.

To support the data submissions received from providers via the survey, two financial years' worth of accounts data were also requested, in order to help identify outlier costs or exceptional spends in any one particular year. This then allowed for informed treatment for the purpose of the exercise.

We have standardised non-staff costs to fit the necessary structure of the FCoC Annex A template. This is not an exact science as costs are recorded in diverse ways in finance systems. Wherever possible, we have sought not to leave costs as 'other', as this makes meaningful comparison between homes difficult.

Appendix 1

Total:  
Less FNC:

The following shows values of

Cost of care exercise results - all cells should be £ per resident per week, MEDIANS.
<b>Total Care Home Staffing</b>
Nursing Staff
Care Staff
Therapy Staff (Occupational & Physio)
Activity Coordinators
Service Management (Registered Manager/Deputy)
Reception & Admin staff at the home
Chefs / Cooks
Domestic staff (cleaning, laundry & kitchen)
Maintenance & Gardening
Other care home staffing (please specify)
<b>Total Care Home Premises</b>
Fixtures & fittings
Repairs and maintenance
Furniture, furnishings and equipment
Other care home premises costs (please specify)
<b>Total Care Home Supplies and Services</b>
Food supplies
Domestic and cleaning supplies
Medical supplies (excluding PPE)
PPE
Office supplies (home specific)
Insurance (all risks)
Registration fees
Telephone & internet
Council tax / rates
Electricity, Gas & Water
Trade and clinical waste
Transport & Activities
Other care home supplies and services costs (please specify)
<b>Total Head Office</b>
Central / Regional Management
Support Services (finance / HR / legal / marketing etc.)
Recruitment, Training & Vetting (incl. DBS checks)
Other head office costs (please specify)
<b>Total Return on Operations</b>
<b>Total Return on Capital</b>
<b>TOTAL</b>

Supporting information on important cost drivers used in the calculations:
Number of location level survey responses received
Number of locations eligible to fill in the survey (excluding those found to be ineligible)
Number of residents covered by the responses
Number of carer hours per resident per week
Number of nursing hours per resident per week
Average carer basic pay per hour
Average nurse basic pay per hour
Average occupancy as a percentage of active beds
Freehold valuation per bed

	£691	£819	£919
	1st quartile	Median	3rd quartile
Count of answers	All residential placements (excluding nurses)	All residential placements (excluding nurses)	All residential placements (excluding nurses)
45	£434.06	£468.63	£507.08
45	£287.29	£305.50	£332.74
37	£11.11	£14.71	£18.91
45	£30.20	£36.48	£44.00
37	£10.55	£13.07	£16.71
44	£19.95	£25.23	£29.56
45	£46.85	£63.31	£80.95
44	£8.68	£12.52	£16.06
42	£25.00	£38.84	£52.86
15	£7.80	£12.23	£23.85
42	£21.16	£24.19	£36.51
27	£2.76	£6.42	£12.90
43	£98.58	£117.54	£134.39
43	£27.76	£30.62	£34.33
38	£7.78	£9.61	£15.01
37	£0.64	£0.85	£2.18
15	£2.70	£4.27	£6.67
40	£3.08	£5.07	£8.49
43	£6.31	£7.77	£8.47
41	£3.24	£3.55	£4.10
43	£1.13	£1.67	£2.08
39	£1.02	£1.28	£1.70
43	£26.38	£35.35	£40.22
42	£2.86	£4.31	£5.73
37	£0.91	£2.28	£5.63
40	£3.64	£5.96	£12.52
43	£22.93	£66.49	£81.51
23	£8.77	£15.03	£33.99
35	£2.64	£4.41	£21.52
40	£1.73	£4.34	£6.68
23	£37.46	£50.68	£64.94
	£29.03	£34.58	£38.79
	£81.28	£92.95	£104.48
	£690.89	£819.03	£919.12
Count of answers	All residential placements (excluding nurses)	All residential placements (excluding nurses)	All residential placements (excluding nurses)
45	45	45	45
1,192	1192	1192	1192
45	22.5	25.2	26.9
45	£9.89	£10.08	£10.45
45	83.3%	89.5%	97.2%
29	£55,445	£65,554	£75,551

## care homes with Nursing

hire

Total:  
Less FNC:

£968      £1,098      £1,288  
£759      £889      £1,079  
1st quartile      Median      3rd quartile

Cost of care exercise results - all cells should be £ per resident per week, MEDIANS.	
<b>Total Care Home Staffing</b>	
Nursing Staff	
Care Staff	
Therapy Staff (Occupational & Physio)	
Activity Coordinators	
Service Management (Registered Manager/Deputy)	
Reception & Admin staff at the home	
Chefs / Cooks	
Domestic staff (cleaning, laundry & kitchen)	
Maintenance & Gardening	
Other care home staffing (please specify)	
<b>Total Care Home Premises</b>	
Fixtures & fittings	
Repairs and maintenance	
Furniture, furnishings and equipment	
Other care home premises costs (please specify)	
<b>Total Care Home Supplies and Services</b>	
Food supplies	
Domestic and cleaning supplies	
Medical supplies (excluding PPE)	
PPE	
Office supplies (home specific)	
Insurance (all risks)	
Registration fees	
Telephone & internet	
Council tax / rates	
Electricity, Gas & Water	
Trade and clinical waste	
Transport & Activities	
Other care home supplies and services costs (please specify)	
<b>Total Head Office</b>	
Central / Regional Management	
Support Services (finance / HR / legal / marketing etc.)	
Recruitment, Training & Vetting (incl. DBS checks)	
Other head office costs (please specify)	
<b>Total Return on Operations</b>	
<b>Total Return on Capital</b>	
<b>TOTAL</b>	

Count of answers	All nursing placements	All nursing placements	All nursing placements
20	£642.73	£712.10	£842.53
20	£163.00	£247.49	£301.50
20	£289.51	£311.79	£343.48
18	£12.64	£15.18	£18.44
20	£32.28	£40.67	£60.21
18	£10.87	£13.57	£18.26
20	£17.42	£22.03	£25.63
20	£59.20	£70.77	£83.25
20	£10.11	£13.02	£17.63
19	£26.68	£43.38	£56.07
7	£16.14	£20.70	£27.34
19	£21.25	£26.03	£36.27
13	£1.70	£8.28	£12.90
19	£110.83	£123.34	£133.89
19	£26.52	£30.31	£31.87
16	£7.06	£12.52	£22.09
17	£0.66	£0.80	£3.48
5	£3.11	£3.11	£5.07
16	£3.51	£5.07	£7.91
19	£7.53	£7.77	£9.07
18	£3.24	£3.61	£4.72
19	£1.04	£1.26	£1.78
18	£0.88	£1.43	£2.09
19	£28.88	£39.47	£40.69
19	£4.23	£5.31	£6.10
16	£0.66	£1.30	£3.40
16	£5.79	£8.58	£12.52
19	£61.22	£73.39	£79.73
7	£6.97	£15.04	£42.91
17	£2.69	£3.29	£24.06
19	£3.42	£6.14	£7.91
11	£42.46	£56.72	£64.94
	£42.07	£47.61	£55.61
	£84.92	£98.08	£120.22
	£968.45	£1,097.91	£1,288.06

Supporting information on important cost drivers used in the calculations:	
Number of location level survey responses received	
Number of locations eligible to fill in the survey (excluding those found to be ineligible)	
Number of residents covered by the responses	
Number of carer hours per resident per week	
Number of nursing hours per resident per week	
Average carer basic pay per hour	
Average nurse basic pay per hour	
Average occupancy as a percentage of active beds	
Freehold valuation per bed	

Count of answers	All nursing placements	All nursing placements	All nursing placements
20	20	20	20
71	71	71	71
20	448	448	448
20	23.9	25.7	26.9
	8.1	9.0	10.3
20	£9.87	£9.99	£10.38
	£17.69	£18.56	£19.41
20	69.8%	84.2%	92.9%
11	£58,595	£70,000	£89,194

To be included in the CoC analysis, each care home had to report at a minimum all their staffing costs or all their non-staffing costs. If the total observation count is higher than the respective counts for staffing or non-staffing, this will be because of a handful of care homes who only reported either staffing or non-staffing data. It was decided to include these data as they were still valid for the purpose of this exercise.

## Appendix 2

### Annex A, Section 3 with one column of median values for each care type

	Total:	£794	£845	£1,072	£1,123
	Less FNC:			£863	£914
<b>Cost of care exercise results - all cells should be £ per resident per week, MEDIANS.</b>					
<b>Total Care Home Staffing</b>		<b>£444.36</b>	<b>£492.91</b>	<b>£687.79</b>	<b>£736.41</b>
Nursing Staff				£247.49	£247.49
Care Staff		£281.22	£329.77	£287.48	£336.10
Therapy Staff (Occupational & Physio)					
Activity Coordinators		£14.71	£14.71	£15.18	£15.18
Service Management (Registered Manager/Deputy)		£36.48	£36.48	£40.67	£40.67
Reception & Admin staff at the home		£13.07	£13.07	£13.57	£13.57
Chefs / Cooks		£25.23	£25.23	£22.03	£22.03
Domestic staff (cleaning, laundry & kitchen)		£63.31	£63.31	£70.77	£70.77
Maintenance & Gardening		£12.52	£12.52	£13.02	£13.02
Other care home staffing (please specify)					
<b>Total Care Home Premises</b>		<b>£38.84</b>	<b>£38.84</b>	<b>£43.38</b>	<b>£43.38</b>
Fixtures & fittings		£12.23	£12.23	£20.70	£20.70
Repairs and maintenance		£24.19	£24.19	£26.03	£26.03
Furniture, furnishings and equipment		£6.42	£6.42	£8.28	£8.28
Other care home premises costs (please specify)					
<b>Total Care Home Supplies and Services</b>		<b>£117.54</b>	<b>£117.54</b>	<b>£123.34</b>	<b>£123.34</b>
Food supplies		£30.62	£30.62	£30.31	£30.31
Domestic and cleaning supplies		£9.61	£9.61	£12.52	£12.52
Medical supplies (excluding PPE)		£0.85	£0.85	£0.80	£0.80
PPE		£4.27	£4.27	£3.11	£3.11
Office supplies (home specific)		£5.07	£5.07	£5.07	£5.07
Insurance (all risks)		£7.77	£7.77	£7.77	£7.77
Registration fees		£3.55	£3.55	£3.61	£3.61
Telephone & internet		£1.67	£1.67	£1.26	£1.26
Council tax / rates		£1.28	£1.28	£1.43	£1.43
Electricity, Gas & Water		£35.35	£35.35	£39.47	£39.47
Trade and clinical waste		£4.31	£4.31	£5.31	£5.31
Transport & Activities		£2.28	£2.28	£1.30	£1.30
Other care home supplies and services costs (please specify)		£5.96	£5.96	£8.58	£8.58
<b>Total Head Office</b>		<b>£66.49</b>	<b>£66.49</b>	<b>£73.39</b>	<b>£73.39</b>
Central / Regional Management		£15.03	£15.03	£15.04	£15.04
Support Services (finance / HR / legal / marketing etc.)		£4.41	£4.41	£3.29	£3.29
Recruitment, Training & Vetting (incl. DBS checks)		£4.34	£4.34	£6.14	£6.14
Other head office costs (please specify)		£50.68	£50.68	£56.72	£56.72
<b>Total Return on Operations</b>		<b>£33.36</b>	<b>£35.79</b>	<b>£46.40</b>	<b>£48.83</b>
<b>Total Return on Capital</b>		<b>£92.95</b>	<b>£92.95</b>	<b>£98.08</b>	<b>£98.08</b>
<b>TOTAL</b>		<b>£793.54</b>	<b>£844.52</b>	<b>£1,072.39</b>	<b>£1,123.43</b>
<b>Supporting information on important cost drivers used in the calculations:</b>					
Number of location level survey responses received		45	45	20	20
Number of locations eligible to fill in the survey (excluding those found to be ineligible)				71	71
Number of residents covered by the responses		1192	1192	448	448
Number of carer hours per resident per week		23.2	27.2	23.7	27.7
Number of nursing hours per resident per week				9.0	9.0
Average carer basic pay per hour		£10.08	£10.08	£9.99	£9.99
Average nurse basic pay per hour				£18.56	£18.56
Average occupancy as a percentage of active beds		89.5%	89.5%	84.2%	84.2%
Freehold valuation per bed		£65,554	£65,554	£70,000	£70,000

For this exercise the difference between standard and enhanced was reflected in the staffing allocated. This is not sensitive enough to the different types of enhanced provision that each different provider services offer. This relied on Providers self reporting their own enhanced care which needs further understanding. This exercise was not designed to provide a more detailed view of definitions and or differences between standard and enhanced care

**Appendix 3**

**Annex B: Cost of Care Report – Home Care**

**Derbyshire County Council**

## **Background and context**

The Market Sustainability and Fair Cost of Care Fund ('the fund') sets out funding parameters in support of local authorities to prepare their markets for reform, including the further commencement of Section 18(3) of the Care Act 2014 in October 2023, and to specifically support local authorities to move towards paying providers a fair cost of care.

As a condition of receiving future funding from the fund, local authorities are required to evidence the work undertaken to prepare their markets for wider charging reform and thereby increase market sustainability. This required them to produce:

- Cost of care exercises for 65+ care homes and 18+ domiciliary care
- A provisional market sustainability plan, using the cost of care exercise as a key input to identify risks in the local market, with particular consideration given to the further commencement of Section 18(3) of the Care Act 2014 (which is currently in force only for domiciliary care) – a final plan will be submitted in February 2023
- A spend report detailing how funding allocated for 2022 to 2023 is being spent in line with the fund's purpose

The remainder of this report sets out the approach adopted by Derbyshire County Council in meeting the conditions of the fund and how the cost of care estimates submitted to DHSC within Annex A have been arrived at.

### **Approach to the exercise**

The local authority, alongside several other East Midlands local authorities, commissioned the services of Care Analytics, a specialist in the financial analysis of care markets and the cost of care, to undertake a 'Fair Cost of Care' (FCoC) detailed cost analysis exercise. All providers operating in the domiciliary home care market within the area of the local authority were sent a detailed survey designed to capture the necessary operational and contextual detail to draw out the inherent costs of delivering care in the local market. Responses were received directly by Care Analytics, rather than by the local authority, in order to address any concerns regarding confidentiality of business data. These returns have been reviewed by Care Analytics, with responses clarified where needed, in order to produce the resulting data analysis of median and quartile costs required from this exercise.

Provider engagement sessions were set up for providers to attend, in order to go through the survey template and wider FCoC process with the support of Care Analytics.

## **Interpretation of Annex A results**

At this point it is extremely important that DHSC understands the context of the data that has been reported in Annex A by this authority. Whilst we acknowledge the intentions of the wider exercise, and noting the significant benefits in terms of greater understanding of the market that it has given us, we cannot stress strongly enough that the FCoC median costs alone are not an appropriate basis to inform Derbyshire County Council's commissioning fee rates.

Whilst it is fair to say that the median is less skewed by high outlier values (as opposed to mathematical averages), the median values themselves can be skewed if the dataset does not comprise an appropriate and representative sample of the existing make-up of providers in the local market. Although Derbyshire's survey response resulted in a reasonable sample size of contracted Providers (see section below on 'response rates'), this should not be taken as necessarily indicating that the sample was sufficiently representative of the market. It is also vitally important to recognise (and ensure) that it was not possible via this process to be assured that the data that has been obtained reflects an overall pool of efficient providers as referenced in the requirements of Section 4.31 of the Care and Support Statutory Guidance.

For this reason, we must be clear that the FCoC median costs obtained through this exercise (and reported in Annex A) do not have sufficient robustness to provide an absolute basis sufficient to inform any finalised sustainable fee rates for future council commissioning of home care. The data we have collected through this process will provide rich intelligence on which to base further work to support future Council commissioning and market shaping. It is our intention to undertake further detailed analysis of the data obtained through the FCoC exercise and the composite of the median costs, in order to help us to assess the appropriateness of the data as a fair and meaningful representation of provider cost structures for those organisations that operate in our local market. The results of this further work will inform the rates on which to base our usual fee rates/commissioning going forwards. This work will be evidenced in the final market sustainability plan, to be submitted in February 2023.

## **Response rates**

48 Care Quality Commission registered Home Care providers in Derbyshire providing support for people over 65 were initially contacted by the Council's Contracts Department and invited to a briefing session on the proposed Cost of Care Exercise. This meeting was held on the 16<sup>th</sup> June 2022 and the survey requirements were described to participants by Care Analytics and people were provided opportunity to ask questions. A further Q&A follow up session was held on 28 June 2022 for Providers.

Following this meeting the survey was sent to all Providers on 16 June 2022 asking that they consider completing the forms and if they had any questions to contact the Council or Care Analytics. A deadline for receipt of the first forms was set for 8 July 2022 This deadline was subsequently extended to 15 July 2022 to allow Providers to submit their forms with a further deadline of 9<sup>th</sup> September 2022 to allow Providers to respond to follow up queries. The Council continued to contact providers by phone and email to encourage participation. Several smaller providers expressed difficulty with this ask as they do not have access to finance staff who could interpret costs as requested in the survey.

As stated during this period Providers were encouraged to ask questions to ensure that their completed surveys best reflected the costs incurred. Several Providers were contacted by Care Analytics following submission of their survey as part of a clarification process to ensure that all questions were completed correctly so that the completed surveys could be used as part of the analysis.

### **Response Rate**

Surveys were received from 26 providers that are currently contracted to work with the Council out of a total of 48 providers which is 54% return rate.

All the surveys were deemed within scope of the cost of care exercise and so none were excluded on these grounds. However, three surveys were excluded on the grounds of data quality. These three surveys contain a great deal of useful information that will contribute to our understanding of the local market and costs on a selective basis but we were unable to use them for this exercise. One was only partially completed, whilst the other two surveys had areas of uncertainty that impacted the calculated unit costs too much to be included.

Consequently, we have been able to use 23 homecare surveys (47%) in the Council's cost of care return. All but one of the surveys have full unit-cost calculations for both care worker costs and for other business costs. The other survey is only included for care worker costs as the provider refused to provide any

finance data relating to their business costs. However, we have included them as the information they did provide was of a high standard.

### **Assumptions Used**

When calculating each provider's care worker unit cost, there are several areas where assumptions have been made, as the associated costs are either too difficult to calculate reliably or they are variable over time and so must be standardised to some extent.

The following standardised assumptions for the FCoC returns was used:

- For statutory holiday (applicable to almost all providers), a 12% employment on-cost has been applied. This is a generous assumption for many providers, as costs will often be lower where providers calculate holiday pay based on strict interpretations of entitlements where employees work overtime (which is most employees given the preponderance of zero-hour contract in the sector).
- For the FCoC, a 3.0% standardised assumption (of total care worker time) is applied for combined paid training time (1.75%), sickness (1.0%), and notice/suspension pay (0.25%). The apportionment of the 3.0% could vary over time for each provider.

It is suggested that the total of 15% for these combined on-costs is a reasonable assumption for a market median. However, it is acknowledged that some providers will incur higher costs if they have more extensive paid training or a higher-than-usual number of staff off sick whereas others will undoubtedly incur lower costs.

### **Return on operations (surplus)**

In undertaking this analysis, it was recognised that return on operations cannot all be taken out of the respective business as profit. The surplus is also needed by a Provider to pay for investment back into the business and exceptional costs that will inevitably arise from time to time this helps with the sustainability of the business and the more widely the market.

For this cost of care exercise a value of 5% has been used by the Council for return on operations. The Council's view is that our payment rules also indirectly include some surplus which would not be identified in the Cost of Care modelling. For instance, providers are paid for commissioned time not how long a worker may stay at a service, any calls cancelled at short notice are still paid and retainer payments are made when people are admitted to hospital. Providers should use this funding to

pay their staff for inconvenience, however it is unclear if staff are paid and or if they are asked to undertake other duties.

The Council also notes the balance of the local provider market, in particular the size of local homecare branches, and whether providers are owner-operated or corporate businesses (franchises) which impacts on the costs of running the business.

### **Data quality and survey composition**

Although 23 surveys have been included in Cost of Care results, it does not mean that the information is fully robust. Many of the surveys have significant reliability issues in some areas, with several providers not responding to clarification questions. However, it was agreed that setting the qualifying threshold for data quality too high would result in the sample size becoming too small. In summary, if the survey submitted was coherent and it was possible to calculate a reliable unit cost, the survey has been used (even if some of the costs seemed unrealistic or are highly inefficient by typical industry standards).

It should also be noted that the analysis of the homecare surveys was complicated by the large rural areas which impacts on travel time and the visit-based payments which the Council makes to reflect the cost differences of operating both across the urban-rural continuum and for visits of different lengths. These factors mean that there is more diversity in the marketplace with provider's organisational structures and costs being different depending on their location and balance of urban versus rural activity.

Other considerations that suggest that the cost of care median value identified via this exercise is not an accurate reflection of cost.

- Some providers are only operating in rural areas. Their costs often cannot be usefully compared to providers only operating in urban areas.
- Many providers in the survey sample pay mileage within their contact-time rate of pay. This makes it difficult to assess the true value of care worker pay, as mileage can be both very high and variable in rural areas.
- The survey sample includes several providers who are currently delivering far fewer hours than last year. This will raise unit costs, as well as making it harder to understand what is happening; as for example, back-office staff may be delivering larger amounts of frontline care, which is difficult to disaggregate unless clearly identified.

- Six of the 23 providers with usable surveys have head office costs of more than £1.10 per hour, including two above £2.30 per hour. The extent to which these represent legitimate operating costs is impossible to tell without a level of forensic work that is infeasible for this type of exercise.
- Most of the providers have both council and private customers. However, many of the providers are only delivering 5-10% of their hours for private customers. At these levels, there is no real possibility of large systematic subsidies, even if it is true that the providers charge more to private clients.
- For a couple of providers, it was believed that they may be overreporting their care worker pay (reporting the top of their pay range as applying to all staff). This was left as stated as we could not get clarification.
- Reported results include surveys of varying degrees of reliability for instance providers that (i) are in transition (growing or contracting), and (ii) have business models that may be considered to be inefficient by typical industry standards.

### **Care worker rates of pay**

The analysis of care worker pay and conditions also showed major differences between Providers. This variation in approach makes it difficult to draw accurate cost of care data from the median value identified. What it suggests is that more work needs to be undertaken with Providers to better understand their costing models to ensure that they are sustainable.

For instance, most providers pay a contact-time rate of pay, though many also pay a per visit amount on top. These range from £0.40 per visit to £1.80 per visit. However, there is usually no mileage paid in addition, so it is not always clear what the pay rate is in practice. Contact-time rates of pay range from £10.50 per hour to circa £15.25 per hour.

Furthermore, owing to individual differences in travel times from week to week, care workers paid on a contact-time rate will see fluctuations in their effective working-time rate of pay.

### **Council payment rules**

The current Council policy is to pay providers on commissioned hours (the value of the purchase order, not the time spent at calls).

This means there is a varying amount of non-delivery for which the providers are paid without incurring the full associated delivery cost. This can apply to both visit shortening and cancelled visits.

The impact of this factor is hard to estimate as the variation between commissioned and actual delivery will vary among providers and from week to week. The Council does operate a recording system which is used to encourage providers to work to the commissioned time.

The degree to which the provider financially benefits from non-delivery will depend on whether they pay the care workers based on planned visits on the weekly rota, actual visits delivered based on planned time, or actual logged minutes of contact time based on call-monitoring data.

Unfortunately, in terms of the Cost of Care calculation, there is no way to make an adjustment for income from non-delivery (other than reducing the return on operations). The Cost of Care return assumes that the contact time and chargeable time are identical.

## **Inflation**

All non-staff operating costs were uplifted to May 2022 (around the start of the current financial year). Inflation is much less of an issue for homecare compared to care homes, as most costs for homecare providers only tend to only increase once a year (such as staffing, rent, CQC fees, insurance which the Council considered in fee setting for 2022/23).

Known inflationary costs will be considered as part of the Council's fee setting exercise for 2023/4. The findings from this Cost of Care survey will inform this fee setting exercise.

Since the survey was undertaken the Council has made an increased payment against each of the travel rates paid in acknowledgement of the inflationary pressure on fuel.

## **Personal Protective Equipment (PPE)**

The reported PPE costs are in our view a reasonable indication of costs for 2022-23, whilst the government portal remains open. However, if the portal closes as suggested next year, the cost implications will need to be considered in any subsequent fee setting exercise and the level of cost will depend on government guidelines on mask usage and mask unit costs at the time. The Council and

Providers will hope that future funding settlements will address this new cost for Providers.

### **Annex A – Cost of Care lower, median and upper quartile costs**

A table setting out details showing the count of observations, lower quartile, median and upper quartile (where relevant) of all items in Annex A, Section 3 is included as **Appendix 1**.

### **Annex A – Cost per Visit - lower, median and upper quartile**

The full table in Annex A, Section 3 is included as **Appendix 2** to this report and sets out the median values for each care type. This includes (consistent with the cost per contact hour of Annex A), the cost per visit for each of 15, 30, 45 and 60 minute visits.

### **Lower quartile/median/upper quartile of number of appointments per week by visit length (15/30/45/60 mins)**

	15 mins	20 mins	25 mins	30 mins	35 mins	40 mins	45 mins	50 mins	55 mins	60 mins
First quartile	17.0	44.0	0.0	189.0	0.0	16.0	36.0	0.0	0.0	17.0
Median	37.0	124.0	6.0	379.0	0.0	28.0	72.0	0.0	0.0	34.0
Third quartile	92.0	249.0	24.0	594.0	9.0	53.0	127.0	14.0	0.0	56.0

#### **Notes**

Data on the 03/10/2022

Data is based on all council call-monitoring data as of this date.

### **Description of the questions asked/template used as part of the data gathering exercise**

The survey was designed by Care Analytics. It is an adapted version of the survey that they have used to conduct their existing market review service. As Care Analytics market reviews have a wider scope than the FCoC exercise required by DHSC, the survey includes a wider set of questions. This will enable a thorough analysis of the marketplace to be undertaken subsequent to the current FCoC process.

The survey asks detailed questions about home care delivery and the operating practices of each branch. It also asks for a detailed breakdown of current back-office staffing and wages/salary by role and a series of questions about care worker pay rates, including supporting information, so that a reliable average rate of pay can be calculated. The survey also collects information about employment terms and conditions, so that employment on-costs can be accurately calculated. Providers had the opportunity to present their pay structure in whatever format was easiest to them. This is essential for home care owing to the diverse ways home care providers pay their care workers.

Non-staff operating costs were collected from previous or current financial years at a granular level. To promote engagement, providers were offered the opportunity to submit financial information in whatever format was exported from their finance system or was already available in their accounts. Care Analytics then standardised the data into the required format for analysis. Many providers took advantage of this opportunity as it saved them considerable time.

Finally, providers had the opportunity to answer a variety of questions in their own words to inform the market review.

## **Summary**

The FCoC median costs obtained through this exercise (and reported in Annex A) do not in the Council's view offer sufficient robustness to provide an absolute basis sufficient to inform any finalised sustainable fee rates for future Council commissioning of home care. However, it is accepted that the data we have collected through this process will provide rich intelligence on which to base further work to support future Council commissioning and market shaping.

The County Council's commissioning of home care could significantly change over the next few years as it implements its commissioning strategies to promote a sustainable market that is able to respond to increased demand. As a result, provider costs will potentially change depending on how the Council commissions home care. Further detailed work will be needed with Providers to better understand costs and their activity to create greater certainty.

## **Appendix 1 Cost of Care Median Values**

The following table was recorded in Appendix A of the Department of Health and Social Care Return. For this calculation the sub-total for total care worker costs was achieved by directly calculating from each providers unit cost calculation. This is the most accurate way of reflecting sub-total costs

Cost of care exercise results - all cells should be £ per contact hour, MEDIANS.	Response rates by question	1st quartile	Median	3rd quartile
<b>Total Careworker Costs</b>	<b>23</b>	<b>£14.51</b>	<b>£15.32</b>	<b>£16.88</b>
Direct care	23	£9.81	£10.23	£10.89
Travel time	23	£1.25	£1.54	£2.00
Mileage	23	£0.01	£0.06	£0.84
PPE	15	£0.02	£0.06	£0.23
Training (staff time)	23	£0.20	£0.20	£0.23
Holiday	23	£1.36	£1.42	£1.62
Additional noncontact pay costs	2	£0.09	£0.10	£0.11
Sickness/maternity and paternity pay	23	£0.11	£0.12	£0.13
Notice/suspension pay	23	£0.03	£0.03	£0.03
NI (direct care hours)	23	£0.92	£0.96	£1.14
Pension (direct care hours)	23	£0.20	£0.22	£0.24
<b>Total Business Costs</b>	<b>22</b>	<b>£5.39</b>	<b>£6.22</b>	<b>£6.92</b>
Back office staff	22	£2.49	£2.86	£4.18
Travel costs (parking/vehicle lease et cetera)	13	£0.02	£0.08	£0.23
Rent/rates/utilities	22	£0.33	£0.42	£0.59
Recruitment/DBS	16	£0.03	£0.11	£0.26
Training (third party)	17	£0.05	£0.13	£0.20
IT (hardware, software CRM, ECM)	20	£0.10	£0.15	£0.29
Telephony	19	£0.07	£0.12	£0.17
Stationery/postage	22	£0.07	£0.10	£0.18
Insurance	21	£0.07	£0.09	£0.12
Legal/finance/professional fees	19	£0.13	£0.21	£0.31
Marketing	15	£0.03	£0.04	£0.11
Audit and compliance	4	£0.04	£0.05	£0.05
Uniforms and other consumables	20	£0.05	£0.08	£0.16
Assistive technology	4	£0.02	£0.07	£0.12
Central/head office recharges	11	£0.40	£1.10	£1.42
Other overheads	21	£0.10	£0.27	£0.43
CQC fees	18	£0.08	£0.09	£0.12
<b>Total Return on Operations</b>		<b>£0.99</b>	<b>£1.08</b>	<b>£1.19</b>
<b>TOTAL</b>		<b>£20.89</b>	<b>£22.61</b>	<b>£24.99</b>
<b>Supporting information on important cost drivers used in the calculations:</b>	<b>Response rates by question</b>	<b>1st quartile</b>	<b>Median</b>	<b>3rd quartile</b>
Number of location level survey responses received	23	23	23	23
Number of locations eligible to fill in the survey (excluding t	48	48	48	48
Carer basic pay per hour	23	£9.69	£10.08	£10.70
Minutes of travel per contact hour	23	7.4	8.8	11.6
Mileage payment per mile	14	£0.29	£0.38	£0.44
Total direct care hours per annum	23	37,684	54,434	81,547

## Appendix 2 Cost of Care Data Collected

The following table shows the cost per visit using the Cost of Care data collected. This shows the sub-total for total care worker costs by summing the individual lines.

This is for practical reasons as there are complications trying to recalculate every provider's unit costs for different visit lengths

Cost of care exercise results - all cells should be £ per contact hour, MEDIANS.	15 minutes	30 minutes	45 minutes	60 minutes
<b>Total Careworker Costs</b>	<b>£17.79</b>	<b>£15.29</b>	<b>£14.46</b>	<b>£14.04</b>
Direct care	£10.23	£10.23	£10.23	£10.23
Travel time	£3.58	£1.79	£1.19	£0.90
Mileage	£0.13	£0.06	£0.04	£0.03
PPE	£0.14	£0.07	£0.05	£0.04
Training (staff time)	£0.24	£0.21	£0.20	£0.19
Holiday	£1.66	£1.45	£1.37	£1.34
Additional noncontact pay costs	£0.23	£0.12	£0.08	£0.06
Sickness/maternity and paternity pay	£0.14	£0.12	£0.12	£0.11
Notice/suspension pay	£0.03	£0.03	£0.03	£0.03
NI (direct care hours)	£1.12	£0.98	£0.93	£0.91
Pension (direct care hours)	£0.26	£0.23	£0.22	£0.21
<b>Total Business Costs</b>	<b>£6.22</b>	<b>£6.22</b>	<b>£6.22</b>	<b>£6.22</b>
Back office staff	£2.86	£2.86	£2.86	£2.86
Travel costs (parking/vehicle lease et cetera)	£0.08	£0.08	£0.08	£0.08
Rent/rates/utilities	£0.42	£0.42	£0.42	£0.42
Recruitment/DBS	£0.11	£0.11	£0.11	£0.11
Training (third party)	£0.13	£0.13	£0.13	£0.13
IT (hardware, software CRM, ECM)	£0.15	£0.15	£0.15	£0.15
Telephony	£0.12	£0.12	£0.12	£0.12
Stationery/postage	£0.10	£0.10	£0.10	£0.10
Insurance	£0.09	£0.09	£0.09	£0.09
Legal/finance/professional fees	£0.21	£0.21	£0.21	£0.21
Marketing	£0.04	£0.04	£0.04	£0.04
Audit and compliance	£0.05	£0.05	£0.05	£0.05
Uniforms and other consumables	£0.08	£0.08	£0.08	£0.08
Assistive technology	£0.07	£0.07	£0.07	£0.07
Central/head office recharges	£1.10	£1.10	£1.10	£1.10
Other overheads	£0.27	£0.27	£0.27	£0.27
CQC fees	£0.09	£0.09	£0.09	£0.09
<b>Total Return on Operations</b>	<b>£1.20</b>	<b>£1.08</b>	<b>£1.03</b>	<b>£1.01</b>
<b>TOTAL</b>	<b>£25.20</b>	<b>£22.58</b>	<b>£21.71</b>	<b>£21.27</b>