

## Cost of Care, Annex B

### The cost of providing home care to adults residing in Gloucestershire

The Department of Health and Social Care (DHSC) requires us to report on the cost of care for its social care reform programme. This report describes an exercise, between March and October 2022, to find the cost of providing home care to adults who live in Gloucestershire.

We submitted this report in draft to the Department of Health and Social Care on 14 October 2022.

This revised edition contains the same statistical information. It fixes typographical errors and improves sense and clarity. To avoid doubt, our cost of care results, which are found at the end of this report, are unchanged since October.

This report does not comment on the state of the home care market nor is it a commissioning plan. Gloucestershire's Market Sustainability Plan (Cost of Care Annex C) will be published on 27 March 2023, as required by DHSC. It explains the Council's response to the findings in this report, and to the Government's social care reform programme.

The Council and NHS Gloucestershire aims to publish a long-term plan for care and support, Gloucestershire's "Market Position Statement" in the next financial year (2023-4). Providers will be invited to contribute to the development of this.

## Scope and reference period

### Scope

We invited cost of care returns from organisations registered with the Care Quality Commission (CQC) to provide "domiciliary care" (care at home) according to the Health and Social Care Act (HSCA) "Active Locations" database on 3 August 2022. You can read more about CQC's Active Locations data here [Using CQC data - Care Quality Commission](#)

We found

- 144 home care organisations operating from sites delivering domiciliary care in Gloucestershire (Source: HSCA Active Locations)
- At the time, those sites typically served about 4800 customers on any day (Source: NHS Capacity Tracker, August 2022)
- At the time, Gloucestershire County Council and NHS Gloucestershire typically supported 1300 – 1400 residents with home care on any day
- We excluded eight organisations before the exercise began because they told us that their primary activity was supported living, and domiciliary care was not a significant part of their business
- Sixteen agencies submitted a cost of care return. Of them
  - One, based in Wiltshire, supports residents of Gloucestershire and is included in our results

- One supplied costs from fifty sites in England and was excluded because their submission did not represent the cost of care for residents of Gloucestershire
- Two sent data showing patterns of activity typical of live-in care. Live-in care is not a peripatetic visiting service, but it is care at home. We include their costs and activity.

### Data Collection Tool

We used the ARCC Home Care Costing template, commissioned by the Local Government Association, and its accompanying aggregation tool. For more information, see [Home | Cost of Care Toolkit](#)

### Reference period

The Council began engagement about Fair Cost of Care with the County's care sector in mid-April 2022 when parts of the national guidance, the period for which DHSC wanted unit costs in particular, were uncertain.

At that time, fuel, wages and insurance costs were increasing. We wanted Gloucestershire's results to account for these recent cost pressures and suggested that providers use the most recent 12-month period for which they had reliable accounts. We expect some coincidence with the 2021-22 fiscal year. It is limited due to providers' varying statutory and management accounting periods, and the absence of an inflation uplift field in ARCC's costing template.

The ARCC template does not support the discrete uprating of costs in April 2022 allowed in the CareCubed tool that we used in the care home cost of care exercise. We therefore took relevant inflation estimates—for wages, in particular—from CareCubed to help use estimate how much of home care providers' unit costs might be due to recent inflation. To avoid doubt, we have not adjusted our Annex A, nor the table of responses and quartiles (below), for inflation because we advised providers to do that. This estimation is merely informational, for comparison with the national inflation indices, and will help us budget for contractual fee increases in 2023-24.

### Providers engagement and support

In Spring and Summer of 2022, the Council, the Gloucestershire Care Provider Association (GCPA), and our technical consultant Sphere Advisory Limited, held face-to-face engagement events about Fair Cost of Care. We held two in each of Gloucestershire's six districts, one each for care homes and home care sites.

GCPA and Sphere Advisory also hosted numerous on-line events for providers that could not attend the district seminars. The Council also provided a dedicated help line and hosted [Frequently Asked Questions](#) on its Provider Portal.

Sphere Advisory gave approximately 4 1:1 support sessions with home care agencies with specific questions. We were keen to engage the whole market to ensure that our results represented the costs of providers of all sizes and operating models, and to include providers whose custom is private.

Participants in all these events represented about 40% of home care providers in the County.

In our engagement events, and in all our communications, we encouraged small providers to participate. We wanted to be sure that our median unit cost of home care was not unduly biased by the economies of scale enjoyed by larger sites, and sites that are part of large groups.

Some providers told us that they were reluctant to send the Council so much commercially sensitive data. Concerned that this might reduce participation, the Council appointed an intermediary, Sphere Advisory Limited, to collect and process providers' data and to produce drafts of Annexes A and B.

Our contract with Sphere Advisory includes a Confidentiality Agreement that limits the Council's access only to the providers' results. The Council has no access to providers' entries in the ARCC template, only to the unit costs and measures of activity that we calculated from them. Sphere identifies each site to the Council with a pseudonym. The site it refers to is known only to the provider and to Sphere Advisory.

The Council offered £500 compensation for each site that submitted usable data. Providers with more than one site received a payment for each.

## Risks and Issues in submissions

### Response rate

Providers' participation in the exercise was voluntary. The sample was self-selected.

The response-rate is 11% of providers in scope. This gives concern about margin of error and therefore our confidence in the unit cost.

The interquartile range, however, does suggest coherence; and we believe our median is close to our geographical and statistical neighbours' medians. These additional factors increase our confidence in the results of the home care median unit cost, despite a small sample.

### Complexity, resource-intensity and availability of data

Providers told us that they found the exercise informative and useful. Many reported that they have not previously calculated a unit cost in this way and that it would help to set prices. Some said that the exercise has helped them plan for increasing employment and fuel costs. ARCC's sensitivity analysis tool attracted positive comments.

We heard that the detail required in ARCC's template sometimes exceeded the capability of providers' information systems. Where providers did not have sufficient detail to report a line-item, they estimated. Our advice throughout was that it was better to include a cost using some suitable estimate than to omit it and under-report their costs.

### Personal Protective Equipment

During the exercise the government funded PPE under COVID emergency arrangements. We anticipated that it would become a real cost to providers in due course. We therefore asked providers to impute PPE costs at an estimated normal market price per item. Our suggested prices can be found in Gloucestershire's Cost of Care [Frequently Asked Questions](#), Q13.

## Risks and Issues in computation

We took data from ARCC using its data extraction and aggregation tool, which supplies the data that providers entered, and a calculation of their unit-costs. We used these calculations unadjusted with one significant exception.

## Nil and null

In some instances, ARCC reports a zero cost per hour where there was no activity. The result should be null, not zero. Zeros indicate an “event” and are therefore members of a distribution. Nulls are not events and not counted in measures of distribution. “False zeros” increase the number of events that have no cost. Any N-Tile that includes them (a median or a quartile, for example) will be incorrect. In other words, if we count a zero where there should be nothing, our median unit cost will be too low.

In Annex A and the table of responses, medians and quartiles (below), we distinguish genuine zeros from false zeros and replace the latter with nulls. This results in higher quartile and median unit costs than those produced from ARCC.

## Return on Operations

We have used figures supplied by providers without adjustment, as agreed during our cost of care engagement sessions.

## Calculation of medians

Shortly before the October submission deadline, DHSC amended its guidance about the calculation of medians for subtotals and totals. Formerly, they required medians of line-items to sum to subtotals; and the medians of subtotals to sum the median total unit cost.

Their final guidance relaxed this rule, allowing Councils to choose their method of calculating medians for subtotals and totals.

The leaves with the question, which median is correct?

For example, in Gloucestershire the sum of the median staff cost line-items is £19.15 but the median staffing cost subtotal is £23.96 per week.

The same phenomenon affects subtotals and totals. The sum of the subtotal medians is £31.44. The median total unit cost is £30.70.

We resolve this by following the established statistical convention and calculating medians of line-items, subtotals and totals independently. Our subtotals are medians of the cost for each subset of cost; not the sum of the medians of its members-items. Our totals are medians of all costs, not the sum of the medians of its subtotals.

## Calculation of Council and NHS actual fees rates

We confirm that we calculated Section 4 of Annex A using the Improved Better Care Fund rules, as required in DHSC’s Fair Cost of Care guidance.

## Home care costs per hour in detail

	No. of Contributors	Lower quartile £/hr	Median £/hr	Upper Quartile £/hr
<b>Total Care Worker Costs</b>	<b>15</b>	<b>£20.18</b>	<b>£23.96</b>	<b>£25.24</b>
Direct care	15	£10.60	£11.21	£12.04
Travel time	15	£1.39	£2.13	£2.72
Mileage	15	£0.90	£1.50	£1.76
PPE	14	£0.19	£0.31	£0.66
Training (staff time)	12	£0.17	£0.37	£0.61
Holiday	15	£1.51	£1.68	£1.86
Additional noncontact pay costs	4	£0.24	£0.26	£0.28
Sickness/maternity and paternity pay	15	£0.26	£0.30	£0.59
Notice/suspension pay	3	£0.02	£0.04	£0.08
NI (direct care hours)	15	£0.51	£0.96	£1.22
Pension (direct care hours)	15	£0.34	£0.39	£0.49
<b>Total Business Costs</b>	<b>15</b>	<b>£4.10</b>	<b>£5.68</b>	<b>£6.78</b>
Back-office staff	15	£3.40	£4.90	£7.53
Travel costs (parking/vehicle lease etc.)	4	£0.11	£0.15	£0.37
Rent/rates/utilities	14	£0.30	£0.43	£0.80
Recruitment/DBS	15	£0.12	£0.15	£0.41
Training (third party)	14	£0.05	£0.10	£0.20
IT (hardware, software CRM, ECM)	15	£0.16	£0.29	£0.49
Telephony	14	£0.07	£0.11	£0.18
Stationery/postage	15	£0.01	£0.04	£0.14
Insurance	15	£0.10	£0.12	£0.16
Legal/finance/professional fees	15	£0.08	£0.13	£0.23
Marketing	13	£0.05	£0.12	£0.39
Audit and compliance	11	£0.05	£0.08	£0.12
Uniforms and other consumables	15	£0.03	£0.04	£0.09
Assistive technology	4	£0.04	£0.04	£0.11
Central/head office recharges	7	£0.39	£0.68	£1.19
Other overheads	9	£0	£0.36	£0.51
CQC fees	15	£0.06	£0.11	£0.15
<b>Total Return on Operations</b>	<b>13</b>	<b>£1.37</b>	<b>£1.81</b>	<b>£3.06</b>
<b>TOTAL</b>	<b>15</b>	<b>£27.85</b>	<b>£30.70</b>	<b>£33.32</b>

## Visits of different lengths: effective cost per hour

Visit Length (Minutes)	Median cost	Effective Cost per hour	Number of visits
15	£9.49	£37.96	208
30	£16.31	£32.62	7809
45	£22.45	£29.94	1895
60	£29.36	£29.36	2524
90	£41.60	£27.73	28
120	£50.65	£25.32	166
180	£89.38	£29.79	16
270	£113.06	£25.12	15
540	£305.73	£33.97	3