

## **Annex B: Cost of Care Report – London Borough of Bromley**

### **18+ Domiciliary Care**

#### **1 Introduction**

- 1.1 This report outlines the process followed by the London Borough of Bromley to complete the Cost of Care Exercise for the Market Sustainability and Fair Cost of Care Fund, in partnership with 18+ Domiciliary Care Providers who support people living in Bromley. This includes the borough's approach to analysis of Provider Cost of Care data to produce the information detailed in Annex A.
- 1.2 This exercise presented significant and fundamental challenges, including lack of clarity in the structure and guidance for the exercise and the use of the mathematical median calculation method more suitable for large data sets rather than small sample sizes.
- 1.3 The Council will continue to work in partnership with providers from 2022/23 to agree local fee rates that are sustainable for the Bromley market.

#### **2. Overview of the Process for Completing the Exercise**

##### **2.1 Defining the Scope**

- 2.1.1 The Market Sustainability and Fair Cost of Care Fund 2022 to 2023 Guidance published by the Department of Health and Social Care required Local Authorities to survey a range of providers, representative of the local market, as part of the cost of care exercise, to improve their understanding of the actual cost of delivering care in their area.
- 2.1.2 The care locations to be invited to participate in the exercise were Local Authority:
  - contracted care homes for older people (aged 65+)
  - contracted domiciliary care agencies (for those aged 18+)
- 2.1.3 Although the Guidance excluded care homes that primarily provided specialist care, including learning disability, physical disability, and mental health as well as domiciliary care agencies delivering extra care and supported living, the Council concluded that it was important to undertake a whole market review to understand the actual costs of providing care in Bromley.
- 2.1.4 There are 52 CQC registered care homes in Bromley, for Older People as well as people with Learning Disabilities, Mental Health, and Physical Disabilities. In addition, 87 Domiciliary Care Agencies delivering long-term packages of care to 18 plus Bromley residents, 6 Extra Care Housing Schemes and 12 Learning Disability Supported Living providers (with over 61 individual settings). All were invited to participate in the Cost of Care exercise.

2.1.5 This report documents the Cost of Care exercise completed with the 18+ Domiciliary Care providers. To ensure a representative response, Bromley defined the scope of its market as:

- all providers with registered offices in the London Borough of Bromley, and
- all providers commissioned by the Council to provide care for Bromley residents with registered offices in other boroughs.

## 2.2 Provider Engagement

2.2.1 On 6 June 2022, the Director of Adult Services wrote a letter to the care market outlining the Council's approach to prepare and implement the changes in the Reform. Providers were invited to partner with us and complete the Homecare Cost of Care Toolkit developed by the Local Government Association and ARCC by the 1 July 2022.

2.2.2 Providers were also asked to provide a summary of any significant differences between the rate in the toolkit and the current rate with the Council to help the analysis of the toolkit data.

2.2.3 The Cost of Care exercise was launched on 15 June 2022 by the Director of Adult Services in Bromley in partnership with the Care Provider Alliance. The event helped providers understand the importance of participating in the exercise, and the impact of non-engagement:

- We are less likely to see funding at the level needed to implement the coming Reforms.
- Without funding, providers are likely to face significant financial pressure beyond current levels.

A step-by-step overview of how to complete the Homecare Cost of Care Toolkit was delivered by the Care Provider Alliance.

2.2.4 Members of the Adult Social Care Reform Programme Team with the support of the Care Provider Alliance delivered bespoke group and one-to-one online training sessions from the end June 2022 until beginning August 2022. Some Small to Medium Enterprises found it more challenging to breakdown their costs in the template, therefore required personalised support.

2.2.5 A dedicated shared mailbox was set up to enable providers to contact the Team if they had queries or concerns about the Cost of Care exercise or request a bespoke training session. In addition, the Council circulated updated guidance, information and events invitations relating to the completion of the Cost of Care exercise shared by the Local Government Association, the Care Provider Alliance and the Department of Health and Social Care through it established communication channels included promotion of the bespoke online training session, demonstration videos, frequently asked questions, and online community support.

2.2.6 The Council contacted providers individually by email and telephone where they did not submit their Homecare Cost of Care Toolkit by the specified deadlines (initially 1 July, before extended to 15 July). Bromley extended the final submission deadline five times to ensure providers had sufficient time to complete their cost information; the submission window closed on 15 August.

2.2.7 A fundamental element of the Bromley Cost of Care exercise was the involvement of the Care Provider Alliance, who worked jointly with the Council and our care providers as a partner throughout the provider engagement process.

### 2.3 Quality assurance and data validation

2.3.1 The Council commenced a process of quality assurance and data validation led by the Adult Social Care Reform Programme Team with support from the Central Placement and Commissioning Teams.

2.3.2 The Homecare Cost of Care Toolkit information submitted by the providers was collated and each submission line was reviewed. The following validation considerations were required against each toolkit returned:

- Are we comfortable with the approach the provider has taken?
- Are there any gaps / obvious mistakes (e.g., unit cost of £1000) that indicate you should contact provider/s before going any further?
- How well does the cost information match with the Councils knowledge of the provider and what / how we commission?
- Is there anything we think would help give us a full picture, that you have available or can obtain from a provider/s?
- Are there any elements that don't match and that we want to discuss further with a provider/s?
- What is similar / different about the information from providers?

2.3.3 Where specific cost lines diverged significantly from expected levels and / or other submissions, the Council contacted providers to query this and invited providers to review and re-submit their toolkit information if updates for accuracy were required. For example, where staffing costs varied significantly from expected pay rates, providers were asked to review and verify these costs and re-submit the information with corrections where errors were identified.

2.3.4 Providers were offered the opportunity to have one-to-one support calls with the Reform Programme Team to discuss and address quality assurance and data validation queries, for example the issues identified and confirm if any updates were required.

2.3.5 The Council asked providers to share their market sustainability issues to help inform our understanding of the market pressures from a provider perspective, which provided invaluable insight. Most providers highlighted issues relating to staffing, including recruitment and retention good staff. The views of providers,

alongside market data analysis, helped to provide the steer for Bromley in responding to Section 5 within Annex A – identifying that ‘Workforce Supply’ is the biggest sustainability challenge for the 18+ home care market in Bromley.

The Council will continue to work with Patch providers to address ‘workforce supply’ issues by supporting overseas recruitment.

2.3.6 The data analysis process was led by the Council’s Transformation, Strategy and Performance division, with support Reform Programme Team, which is detailed in Section 4.

### **3. Response Rate of the Exercise**

3.1 In total, 44% (38 out of 87) of Domiciliary Care Providers submitted a return.

3.2 Of which 43% (37 out of 87) were included in the Bromley Cost of Care Exercise.

3.3 The Council is confident that the response rate is representative of the market, as the providers with most care packages (for people who draw on care) and those we commission with submitted returns.

### **4. Cost of Care Data analysis**

4.1 The London Borough of Bromley fully engaged with 18+ domiciliary care providers. As previously mentioned, we extended the timeframe to include late returns and increase the number of providers and provide a larger representative sample.

4.1.2 As the median rate simply selects one value in the middle of the range of prices submitted by providers, this does not guarantee that a median rate will correspond with an accurate market rate. The median calculation is more suitable for large data sets, whereas for small sample sizes the addition or removal of a single value can significantly impact the median. The method does not give weighting to relevant factors such as the actual number of clients supported by a provider.

4.1.3 There are several interdependencies that will significantly impact the costs of providing care. Since the deadline for data submissions closed on 15th August 2022, several new developments have emerged which are relevant to provider costs. These include:

- Energy costs: on 8 September 2022, central government announced a policy to provide financial support for households (“energy price guarantee”) alongside a new 6-month scheme for businesses and other non-domestic energy users. The details of the scheme are yet to be published.
- Inflation: rate of inflation is unpredictable and continuously changing. The inflation rate for 2022/23 is not a reliable benchmark for determining fees in

future financial years; it is necessary to have a dynamic approach to working with providers to understand actual costs.

4.1.4 In line with the guidance the following were calculated for each of the cost lines from the validated returns:

- the count of responses – a count of providers with valid values for the cost line row.
- median costs – mathematical median calculation applied removing cells containing zeros and cells containing missing/unreported data. An exception relates to ‘**surplus / profit contribution**’ where zero is a valid response and these have been included.
- the Lower Quartile cost – created under the same premiss as the median above. Count of responses were noted to determine if sample size is limiting. All cost lines lower quartiles published as sample size of sufficient numbers.
- the Upper Quartile cost – created under the same premiss as the median above. Count of responses were noted to determine if sample size is limiting. All cost lines lower quartiles published as sample size of sufficient numbers.

4.1.5 Providers supplied, as permitted, a ‘free text’ list of ‘overheads’. These have been aggregated by provider to identify the required median and quartiles for a ‘**other overheads**’ cost line.

4.1.6 The following row items were removed from provider submissions as an outlying value that could skew the median for Bromley. All other elements (rows) were retained and contributed to the median calculations.

- A provider was removed from ‘**NI (direct care hours)**’ as was returning a negative cost and skewing the line. This reduced this element (please note fewer ‘**count of observations**’ on the presentation of median and quartiles).

**4.2 Tables 1 and 2 demonstrate the lower quartile/median/upper quartile of number of appointments per week by visit length 15/30/45/60 mins)**

Table 1:

Number of appointments per week by visit length:	count of observations	lower quartile	median	upper quartile
0-15 minutes	4		8	
16-30 minutes	34	198	469	944
31-45 minutes	32	36	80	207
46-60 minutes	31	24	77	155
61-75 minutes	3		19	
76-90 minutes	6	6	16	21
91+ minutes	13	10	15	24

*Reserved:*

Table 2:

Number of appointments per week by visit length:	count of observations	lower quartile	median	upper quartile
15 minutes	3		9	
30 minutes	34	198	469	944
45 minutes	31	34	83	211
60 minutes	31	24	77	155

### 4.3 Justification of the proposed approach to return on operations

4.3.1 The Council has used the median rate for return on operations of 3.4%, which is slightly above the minimum surplus profit level of 3% recommended by the United Kingdom Home Care Association (UKHCA) in their 'Minimum price for home care' guidance for 2022-23.

### 4.4 One table for each care type, with each showing the Count of observations, lower quartile, median and upper quartile (where relevant) of all items in Annex A, Section 3

4.4.1 Annex A and B presentations align with section totals as the median value of the provider submissions.

4.4.3 Table 3: **Annex B presentation: Cost of care exercise results for age 18+ domiciliary care – median and quartile section totals.**

**Cost of care exercise results for age 18+ domiciliary care**

Cost of care exercise results - £ per contact hour, MEDIANS.	count of observations	lower quartile	median	upper quartile
<b>Total Careworker Costs</b>	<b>37</b>	<b>£19.16</b>	<b>£22.26</b>	<b>£23.56</b>
Direct care	37	£10.39	£11.05	£11.64
Travel time	35	£1.01	£1.68	£2.95
Mileage	30	£0.50	£0.60	£0.79
PPE	27	£0.31	£0.51	£1.02
Training (staff time)	25	£0.25	£0.41	£0.65
Holiday	36	£1.45	£1.54	£1.86
Additional noncontact pay costs	14	£0.04	£0.10	£0.21
Sickness/maternity and paternity pay	31	£0.14	£0.44	£0.81
Notice/suspension pay	15	£0.03	£0.07	£0.13
NI (direct care hours)	34	£0.40	£0.84	£1.15
Pension (direct care hours)	36	£0.41	£0.43	£0.51
<b>Total Business Costs</b>	<b>36</b>	<b>£2.29</b>	<b>£4.06</b>	<b>£5.33</b>
Back office staff	36	£3.24	£4.05	£6.13
Travel costs (parking/vehicle lease et cetera)	23	£0.03	£0.06	£0.12
Rent/rates/utilities	36	£0.31	£0.46	£0.89
Recruitment/DBS	36	£0.06	£0.13	£0.24
Training (third party)	34	£0.04	£0.10	£0.16
IT (hardware, software CRM, ECM)	37	£0.14	£0.22	£0.39
Telephony	37	£0.05	£0.14	£0.29
Stationery/postage	35	£0.03	£0.06	£0.11
Insurance	37	£0.07	£0.12	£0.25
Legal/finance/professional fees	36	£0.07	£0.11	£0.32
Marketing	33	£0.03	£0.05	£0.12
Audit and compliance	27	£0.03	£0.05	£0.14
Uniforms and other consumables	35	£0.02	£0.03	£0.09
Assistive technology	14	£0.02	£0.05	£0.08
Central/head office recharges	11	£0.04	£0.08	£0.22
Other overheads	14	£0.09	£0.18	£0.34
CQC fees	37	£0.08	£0.11	£0.15
<b>Total Return on Operations</b>	<b>37</b>	<b>£0.40</b>	<b>£0.90</b>	<b>£2.04</b>
<b>TOTAL</b>	<b>37</b>	<b>£23.35</b>	<b>£27.37</b>	<b>£32.09</b>

Supporting information on important cost drivers used in the calculations:	count of observations	lower quartile	median	upper quartile
Carer basic pay per hour	37	£10.00	£11.00	£11.05
Minutes of travel per contact hour	35	6	9	18
Mileage payment per mile	37	£0.20	£0.35	£0.45
Total direct care hours per annum	37	10166	22000	42497

**4.5 The full table in Annex A, Section 3, with one column of median values for each care type**

- 4.5.1 Representing section totals and total as mathematical median of provider returns.
- 4.5.2 Table 4: Annex A presentation: Cost of care exercise results for age 18+ domiciliary care – sum section totals

**Cost of care exercise results for age 18+ domiciliary care**

<b>Cost of care exercise results - £ per contact hour, MEDIANS.</b>	<b>18+ domiciliary care</b>
<b>Total Careworker Costs</b>	<b>£22.26</b>
Direct care	£11.05
Travel time	£1.68
Mileage	£0.60
PPE	£0.51
Training (staff time)	£0.41
Holiday	£1.54
Additional noncontact pay costs	£0.10
Sickness/maternity and paternity pay	£0.44
Notice/suspension pay	£0.07
NI (direct care hours)	£0.84
Pension (direct care hours)	£0.43
<b>Total Business Costs</b>	<b>£4.06</b>
Back office staff	£4.05
Travel costs (parking/vehicle lease et cetera)	£0.06
Rent/rates/utilities	£0.46
Recruitment/DBS	£0.13
Training (third party)	£0.10
IT (hardware, software CRM, ECM)	£0.22
Telephony	£0.14
Stationery/postage	£0.06
Insurance	£0.12
Legal/finance/professional fees	£0.11
Marketing	£0.05
Audit and compliance	£0.05
Uniforms and other consumables	£0.03
Assistive technology	£0.05
Central/head office recharges	£0.08
Other overheads	£0.18
CQC fees	£0.11
<b>Total Return on Operations</b>	<b>£0.90</b>
<b>TOTAL</b>	<b>£27.37</b>

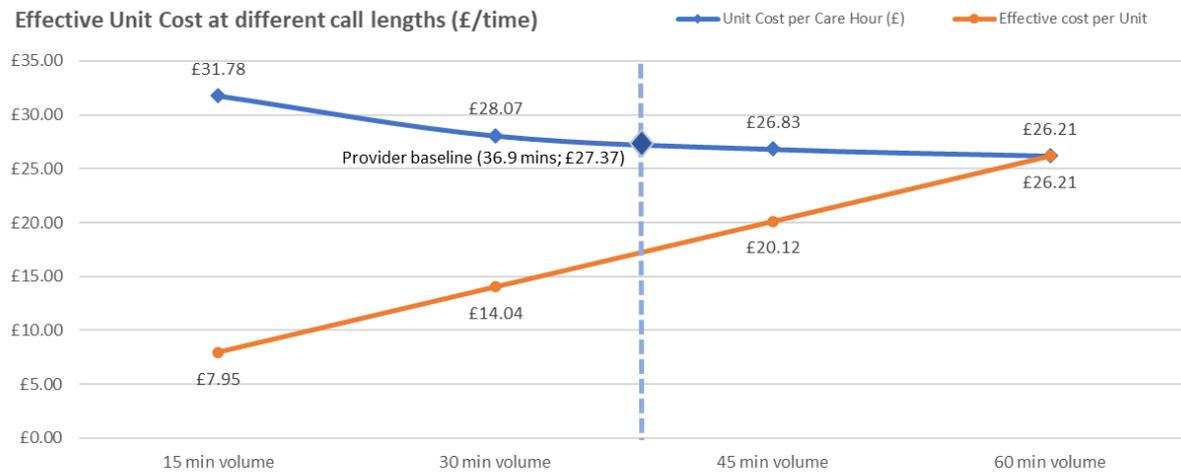
<b>Supporting information on important cost drivers used in the calculations:</b>	<b>18+ domiciliary care</b>
Number of location level survey responses received	37
Number of locations eligible to fill in the survey	87
Carer basic pay per hour	£11.00
Minutes of travel per contact hour	9
Mileage payment per mile	£0.35
Total direct care hours per annum	1114162

**4.5 Table 5 and 6 are consistent with the identified cost per contact hour, the cost per visit for each of 15, 30, 45 and 60 minute visits (shorter visits have larger relative travel times so cost relatively more)**

Table 5:

<b>Visit length:</b>	<b>cost per visit</b>
15 minutes	£31.78
30 minutes	£28.70
45 minutes	£26.83
60 minutes	£26.21

Table 6:



**4.6 A clear statement of when the results were collected (the base price year) and how they will be uplifted in future for inflation. Local authorities may wish to assign a relevant inflation index to each costing line, such as the consumer price index, average earnings, the National Living Wage and so on**

4.6.1 Providers were asked to submit 2021/22 costs as the base years and uplifted for 2022/23. The cost of care rate is based on data collected from providers during 2022/23.

4.6.2 The Council's Domiciliary Care contracts that started in August 2021 specified the method for uplifting each element of the rates, using a combination of National Living Wage for most direct staff costs, and Consumer Price Index for all other elements.

However, the outcome of the cost of care exercise is not intended to be a replacement for the fee setting element of the local authority commissioning process or individual contract negotiations.

It is expected that actual fee rates will be informed by the cost of care, which is the median value rate the Council will be moving towards, and may differ due to such factors as rurality, personalisation of care, quality of provision and wider market circumstances, as well as the outcome of future procurement processes.

**4.7 A full description of the questions asked/template used as part of the exercise**

4.7.1 As previously stated, the Council used the Homecare Cost of Care Toolkit developed by the Local Government Association and ARCC as the template for the exercise.