WOKINGHAM
BOROUGH COUNCIL

Wokingham Borough Council
Annex B: Cost of Care – Domiciliary Care

October 2022

Executive Summary

Wokingham is an affluent area and as such attracts many care providers who choose to do business in the borough. The local market is characterised by a number of small/medium providers and care workers play an incredible role in serving the most vulnerable members of our borough. Locally, Commissioners have a robust understanding of the care market, working closely with providers to ensure a high quality of care for our residents and service sustainability for providers.

This report covers the analysis of data collected from domiciliary care providers as part of our Cost of Care exercise. The exercise has been undertaken to comply with the requirements of the "Market Sustainability and Cost of Care Fund: Purpose and Conditions 2022 to 2023" originally published by the Department of Health and Social Care (DHSC) in December 2021.

The engagement and data analysis process took place between April and August 2022, with analysis taking up to September 2022. Of 57 Wokingham providers, 11 responses were received for this exercise, generating a response rate of 19% of the local domiciliary care market. Of all providers contracted with the Council (39) 9 responded, generating a response rate of 15.7%. Given the level of time and financial investment, and the use of an independent organisation (C.Co) to lead the exercise, this response rate has been disappointing and whilst some aspects can be used, the overall outcome of this exercise does not represent a Cost of Care in Wokingham.

The median rate of £25.49 which has been reported is significantly higher than the Council rates at the moment (at least 27% higher in some cases) and does not reflect the actual operating cost of delivering care. It is the opinion of the Council, that the current commissioned rate is a more realistic cost of care in the Borough of Wokingham.

The Cost of Care exercise is just one factor when deciding on the correct fees. Local Authorities have been able to discharge both pre- and post-Care Act duties, by use of evidence of an evaluative and not empirical nature; and in particular without undertaking a process of collecting specific cost information.

Nonetheless, the Council will have due regard to the data gained from this exercise and consider it as part of any future fee-setting, but it is important to note that this is alongside any other information that the Council holds such as knowledge of the market, strategic and commissioning priorities and practices and regional benchmarking.

Of importance in the consideration of future fees is the Council's responsibility under the Care Act 2014 to have a balanced market, where people are able to have a choice of high quality, safe and affordable care but where there is not an over

saturation of providers with limited work. The Council is assured that its current process of engaging and then remunerating providers, is open, fair and transparent and welcomes any appeals via the process that is in place as part of the uplift process. However, there is a desire to do more for the sector, and in particular for care workers who deliver support to the most vulnerable people in our borough and strive on a daily basis to improve their quality of life.

1.Introduction

This report covers analysis of data collected from domiciliary care providers for the Cost of Care exercise. The exercise has been undertaken to comply with the requirements of the "Market Sustainability and Cost of Care Fund: Purpose and Conditions 2022 to 2023" originally published by the Department of Health and Social Care (DHSC) in December 2021.

As per Section 5(1) of the Care Act 2014 Local Authorities "*must promote the efficient and effective operation of a market in services for meeting care and support needs with a view to ensuring that any person in its area wishing to access services in the market— (a) has a variety of providers … provide a variety of services; (b) has a variety of high quality services …; (c) has sufficient information to make an informed decision …".*

Section 5(2) provides in part that "*In performing that duty, a local authority must have regard to the following matters in particular— … (b) the need to ensure that it is aware of current and likely future demand for such services and to consider how providers might meet that demand … (d) the importance of ensuring the sustainability of the market (e) the importance of fostering continuous improvement in the quality of such services and the efficiency and effectiveness with which such services are provided …".*

The Care and Support Statutory Guidance requires Authorities to have regard to the following matters in deciding on care home and domiciliary care fees rates:

- §4.31: *"… evidence that … fee levels for care and support services are appropriate to provide the delivery of the agreed care packages with agreed quality of care … allow for the service provider ability to meet statutory obligations to pay at least the national 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 …";*

As stated in the DHSC guidance, the data from this Cost of Care exercise is intended to identify the median cost of delivering care in the Borough rather than act as a fee setting exercise or for providers to set desired rates. The data gained from

this exercise can be one of the factors used to inform any future fee-setting, alongside any other information that the Council may have. The Council can determine the appropriate weighting that is applied in any fee setting exercise.

Data has been collected from providers utilising the national tools made available to support this exercise and has been validated and analysed in accordance with DHSC guidance available (as at September 2022).

2.Market context

Wokingham is an affluent area and as such attracts many care providers who choose to do business in the borough. Whilst some care providers work closely with the Council due to historical contracts and relationships, there are others who concentrate solely on the self-funder market and a constant flow of new entrants. A significant number of providers work across multiple local authorities, and the local market is characterised by a number of small/medium providers.

There is an appreciation across the Council that Care workers play an incredible role in serving the most vulnerable members of our borough. Commissioners have a robust understanding of the care market, working closely with providers throughout Covid, regular provider forums to promote dialogue and a recent Market Position Statement that has been developed.

Given the challenges in recruitment, we have developed an Adult Social Care Workforce strategy and action plan to identify what actions we need to take to help the workforce and create a retained and motivated workforce. The Council has also been supporting providers over the last 18 months through leading a local recruitment campaign to complement the national Every Day is Different campaign. We pay for adverts on local buses, bus shelters and petrol station nozzles. These direct people to a Council website page that has links to local providers who are keen to recruit. We have produced four short videos with local care providers, carers and cared for which we have added to our website. It is difficult to state how many new carers were bought in as a result of this but based on evidence from the Capacity Tracker it is expected to be approximately 200. However, it also has a wider impact on improving the image of care throughout the borough.

The Council's day-to-day dealings with providers and its tender exercise has given us ample evidence of the appropriateness of existing fee levels to provide the delivery of quality care and allow providers to meet statutory obligations to pay at least the national minimum wage and provide effective training and development of staff. This includes:

(a) A procurement framework for care and support services has been in place since November 2021 and has 15 domiciliary care providers. Approximately 24 providers that did not apply or did not submit a successful application

continue to deliver packages, but they are not able to automatically be selected for new work.

(b) The rates for the framework (£20.03 currently for Central Zone and £20.65 for rural areas) were supported by an independent cost of care exercise that included provider input (completed in 2020).

(c) This cost model utilised the UKHCA cost model as a basis with localised amendments for elements such as travel time and training requirements. 40 providers applied for the framework which is evident that the rates were appropriate for providers to run profitable businesses. Every year an uplift process takes place, which considers a number of factors statutory, national and local issues including Covid 19, infection control, National Living Wage, National Insurance and Consumer Price Index. For 2022/23 Domiciliary Care is recognised to have significant recruitment issues, therefore a 5% uplift was provided taking this into consideration.

(d) The uplift process also takes into account the rates paid by our neighbouring local authorities, in particular Reading. There is an acceptance that there are higher accommodation costs in Wokingham than surrounding local authority areas, but much of the workforce is from other areas and the 5% uplift took this into consideration.

(e) The uplift process offers providers an option to appeal if there are any risks to sustainability that would affect the provision of care. Of the 35 providers given an uplift for the provision of domiciliary care (excluding live in) there were zero appeals which provides assurance that rates are appropriate to enable providers to meet the actual costs of care. (Note: not all providers were given an uplift as some were already above the local acceptable rate).

(f) We monitor provider failures and have experienced very few provider over the preceding two years, despite the impact of COVID-19 within the local area. Over the last 24 months only three domiciliary care providers have exited the market and ceased trading providing further assurance to the appropriateness of existing fee levels. These have been due to:

- Provider 1 had not begun trading and decided to not continue
- Provider 2 had a historical inadequate rating by CQC for a number of years and decided to cease operations
- Provider 3 had been operating for over 20 years and decided to exit the market primarily due to staffing issues and changes in personal circumstances

(g) The most notable provider had 8 local authority funded clients as well as a number of self-funders. When advertised there was significant interest in these packages further evidencing sufficient supply in the market.

(h) Some existing providers have also reported a shortage of work and many are working across a number of different local authorities as well as targeting self-funders. There are also providers who do not carry out any local authority funded work, evidence that there is a sufficient self-funder market to be sustainable. However, since the framework started, we have only used 2 new domiciliary care providers, which was part of the contingency planning to secure more capacity for winter. There has not been a need to reopen the framework. The Council is aware of its responsibility under the Care Act 2014 to have a balanced market, where people are able to have a choice of high quality, safe and affordable care but where there is not an over saturation of providers with limited work.

3.Engagement

In April 2022 providers were advised that one of the first steps in delivering social care reforms was the requirement that councils work with care providers to complete a Cost of Care exercise. Information was shared with providers as early as possible to providers to raise awareness and to encourage input into any exercise.

The Council was keen to use an external organisation, as it was assumed that providers may be more willing to engage in dialogue with and share information with an independent 3rd party. A competitive process was followed in line with the Council Procurement Rules and providers were informed once CIPFA C.Co Ltd (C.Co) had been appointed to carry out the exercise in May 2022. Funding for this was utilised from the Government allocation.

Providers who were CQC registered and predominantly delivered supported living and live in were also informed about the exercise to ensure that should they be delivering domiciliary care they would be able to respond. In summary:

- 64 providers written out to
- 7 excluded (5 live in/complex 2 provider closures)
- 57 total quota
- 39 providers have a contract with the Council
- 25 providers registered in borough, 32 not registered in borough

C.Co committed to working collaboratively and directly with all providers to inform the process. C.Co used the contact list provided by the Council to regularly communicate with the provider market. Providers were given early access to the toolkits through the provision of weblinks within all communications. A series of face

to face and remote workshops were hosted to explore the process in greater detail and present the national templates chosen for the capture and submission of relevant information.

Many of the providers work with the self-funder market and a considerable number with neighbouring authorities, particularly within the Reading area. Accepting that the respective exercises are separate, C.Co and the Council also committed to work closely with Reading Borough Council to make the process easier for shared providers. All sessions were interactive and gave providers the opportunity to further understand the process, seek technical answers regarding the toolkits and to clarify interpretation of the data requested. Providers were encouraged to attend the most convenient workshop to them, regardless of which local authority was hosting. A full list of the workshops is shown below:

Time	Date	Style	Focus	Venue/Link
10:00	14/6/2022	Face to Face	Domiciliary Care	Civic Offices, Shute End, Wokingham RG40 1BN
14:00	14/6/2022	Face to Face	Residential	Civic Offices, Shute End, Wokingham RG40 1BN
10:00	15/6/2022	Face to Face	Both	Civic Offices, Bridge Street, Reading RG1 7AE
14:00	16/6/2022	Remote	Both	Computer or mobile app
10:00	23/6/2022	Face to Face	Residential	Civic Offices, Bridge Street, Reading RG1 7AE
13:00	23/6/2022	Face to Face	Domiciliary Care	Civic Offices, Bridge Street, Reading RG1 7AE
14:00	27/6/2022	Remote	Both	Computer or mobile app
10:00	28/6/2022	Face to Face	Residential	Civic Offices, Shute End, Wokingham RG40 1BN
14:00	28/6/2022	Face to Face	Domiciliary Care	Civic Offices, Shute End, Wokingham RG40 1BN
9:30	29/6/2022	Face to Face	Domiciliary Care	Civic Offices, Bridge Street, Reading RG1 7AE
14:30	29/6/2022	Face to Face	Residential	Civic Offices, Bridge Street, Reading RG1 7AE
10:00	5/7/2022	Remote	Both	Computer or mobile app

Although individual sessions had low attendance numbers, over the course of all sessions approximately 30 different providers across both Reading and Wokingham attended. It was also clear early on that remote (via Teams) attendance was better attended than face to face. Some face to face sessions had no attendees at all. In response, a decision was taken to move the face to face sessions scheduled in the last two weeks of June to remote. Having originally emailed providers with information about these sessions on 31 May 2022, C.Co issued further reminders on

both 23 June and 18 July. These included a clear offer to work directly with providers on a one to one basis in an attempt to increase the overall volume of submissions.

To further support providers in their participation in the Cost of Care exercise, C.Co jointly with the Care Provider Alliance – which includes Care England, also hosted a series of practical sessions. All providers in the Wokingham and Reading areas were written to in July 2022 with a joint letter from Wokingham Director of Adult Social Care Services and Care England.

The Care Provider Alliance actively promoted provider participation in the exercise as a once in a lifetime opportunity for care providers to influence how Social Care services are to be funded. The sessions aimed to help providers with the completion of the tools and to address any questions and queries.

The sessions were held remotely for domiciliary and residential care providers on the following dates:

Time	Date	Style	Focus	Host
12:30pm – 13:30pm	12/07/2022	Remote	Home Care	C.Co & The Care Provider Alliance
13:30pm – 14:30pm	12/07/2022	Remote	Care Homes	C.Co & The Care Provider Alliance
12:00pm - 13:00pm	20/07/2022	Remote	Home Care	C.Co & The Care Provider Alliance
15:00pm – 16:00pm	20/07/2022	Remote	Care Homes	C.Co & The Care Provider Alliance

Throughout the data collection and analysis period, C.Co continued to work directly with providers to support the submission process and to resolve questions, queries, anomalies and obvious errors within the data. 6 domiciliary care providers utilised one to one sessions to support their submission of data through the relevant collection tool.

Individual providers who had yet to submit a completed toolkit were contacted by telephone by the authority to offer support and encourage participation. The exercise was discussed at provider forums in addition to encourage participation.

4. Data Collection and the response rate of the exercise

Domiciliary data collection was carried out using the standard “Homecare Cost of Care Toolkit” developed by ARCC-HR Ltd. The engagement and data analysis process took place between April and August 2022, with analysis taking up to September 2022

11 returns were received from providers making a response rate as follows:

- 11 responses from 57 - 19%

- 39 of the 57 have contract with the Council 68%
- Of these 39, 9 responded
- 15.7% of all contracted providers responded

- 25 providers registered in borough of the 57 - 44%
- 32 not registered in borough - 56%

- Of the 11 who responded
- 5 in borough - 45%
- 6 out of borough - 55%

- 5 of 25 providers registered in borough responded representing 20%

- 4 of 11 providers who responded are registered in borough and have a contract with the Council - 36%

Naturally given the purpose of the exercise, the Council's level of provider engagement and the Council's investment in an independent organisation to carry out the exercise as outlined above, this response rate was disappointing and one which the Council would have hoped and expected to be higher. The Council does not consider that the amount of information it received from providers is sufficient to arrive at an accurate or representative Annex A figure. The Council also believes that some of the information that we have received is inaccurate, or inconsistent with our knowledge and experience of how the local market operates (as outlined below).

Whilst the exercise will provide some useful data that can assist the Council in informing the actual cost of care, the Council is not assured this is a representative sample namely because:

- 80.7% (46) of providers did not respond
- The sample size as mentioned above represents a small percentage of providers who were contacted to submit (19%) or those with a contract with the Council (15.7%)
- Three providers have no or limited work with council despite having contracts
- A further two have no work with the Council
- Six providers represent 56% of all Council funded work (2767 hours)
- Of these 2767 hours, three providers deliver 83% of this work (2296 hours)
- Only two submissions were received from providers operating in the private (self-funder) only market with no Council work
- C.Co have not been able to provide individual rates for the rural areas

All 11 providers who responded were rated by the regulatory body the Care Quality Commission as Good. The Council would expect all providers to deliver a service in line with the Council's vision of safe, appropriate, timely and quality support that prevents, reduces or delays the need for ongoing care; and gives people choice and control, makes a positive difference to their lives and maximises their wellbeing and independence in their local community. It should be noted that this exercise does not identify any providers offering a premium service of a nature or quality which the public purse should reasonably be expected to provide.

3. Approach to data analysis, queries and outliers

The DHSC guidelines require the assessment of the lower quartile, median and upper quartile figures for a range of cost areas which make up the overall cost of domiciliary care per hour care provided. Local authorities were allowed flexibility on the methodology used depending on the most appropriate i.e.

1. the median of the total cost per hour from each return
2. the median of the three key cost areas from each return – careworker costs, business costs, return on operations.
3. the median for each cost category as defined by Annex A, Section 3 of the government guidance.

After consideration of the options, the Council opted to use Option 3 (above). The benefit of this approach is that it allowed the use of as much of the data as possible: outliers could be excluded by cost category only resulting in the more of the submitted data being used in the overall analysis.

Each return was checked by C.Co in a systematic and consistent way for obvious input errors and for areas where the data seemed out of line with other returns (outliers). Providers were given the opportunity to provide clarifications or verification (including and corrections) to queries raised with them regarding their data submissions. The queries raised with them were followed up by C.Co to ensure providers knew how to respond with corrected data or provide supporting evidence when requested to do so or access to any relevant records for information to be checked.

The cost information which C.Co expected to receive from providers encompasses the range of information regarding cost data as at April 2022. This should therefore have included:-

- National minimum wage at £9.50, giving a minimum carer hourly rate of at least £9.50
- Employer's National Insurance threshold of £9,100

- Employer's National Insurance percentage of 15.05%
- The effects of inflation as at April 2022

As providers grow and expand their business, it is accepted that certain costs will increase. However, it is also widely acknowledged that there should be other costs that should similarly be reduced through these economies of scale. Common issues which prompted queries being raised with Providers included:

- Excessively high or non existent PPE costs
- Incorrect Employer's NI Threshold used
- Incorrect holiday on cost percentage (below the national minimum which equates to 12.07%)
- Excessive or non existent training days per employee
- No entries for other non contact time (eg no sick leave)
- Incorrect allocation of direct care hours across different grades of care staff
- Incorrect calculations of FTE for back office staff/no entries
- Blank entries where data was required for calculations
- Excessively high or non existent figures for return on operations

Where responses were received from providers, any corrected figures were incorporated in the recalculations. Where no response was received from the provider, if the correction was obvious (e.g. holiday percentage oncost) then the correction was made by C.Co manually and the data was included in analysis. If the issue was plausible, (e.g. low mileage per hour, or no payment for travel time) it was assumed to be correct.

Failing either of the above scenarios, the data for that element of costs was excluded from the analysis, but other elements were included and used wherever possible.

The specific outliers which were removed were:

- Direct Care Time removed for three providers because they were all were above £12.70
- Travel Time removed for 1 provider because it was almost twice as high as others
- PPE, Training (staff time), Holiday, Additional noncontact pay costs, Sickness/maternity and paternity pay, Notice/suspension pay excluded for two providers as they were very high
- Back Office costs for 1 provider were excessively low so excluded

Once these outliers were removed from the other two options, only 3 usable data returns were available for analysis, thus evidencing the value of option 3 for use in this exercise.

In addition to querying provider responses, the master data collection form contained an error relating to the calculation of Employer's NI contributions. C.Co flagged this at a national level through Care England and a correction for this error was subsequently agreed with all partners involved in the national exercise and communicated by Care England. An additional corrected release of the toolkit was not issued meaning that the correction had to be applied manually to all submissions by C.Co.

C.Co did not share any provider information with the Council but some providers did choose to send their completed submissions to Commissioners.

4a. The lower quartile/median/upper quartile of number of appointments per week by visit length (15/30/45/60 mins)

Although the Council does not commission visit lengths of 15 minutes the returns show a range of visit lengths which does include 15 minutes. This will be because providers have been operating in other local authority areas where 15 minute calls are commissioned. It has not been possible to remove this data and do the analysis. The table below shows the median and quartile weekly number of each of these four visit lengths which form the majority of visits both by number (96%) and by time (87%). This table shows that the median provider is likely to provide no 15-minute visits, 390 half-hour visits, 136 45-minute visits, and 107 hour-long visits per week, along with a small number of visits of other lengths.

Visit Lengths	**Sample Count**	**Visit numbers**		
		Lower Quartile	**Median**	**Upper Quartile**
15 minutes	11	0	0	58
30 minutes	11	153	390	796
45 minutes	11	10	136	288
60 minutes	11	57	107	198

The Council acknowledges that as part of its role in market management and ensuring compliance with the requirements of the Care Act (2014) it is not the best use of taxpayers' money for the Council to support inefficient providers. The Council expects providers to operate strategically and pick the locations that they work in. Providers must ensure robust scheduling and rostering practices to minimise travel time and ensure that the delivery of care is as efficient as possible. Many providers do this as a normal part of running their business, growth is organic and often concentrated in an area and working across neighbouring authorities and private clients. In most cases the companies rely on local carers and walkers to carry out the service.

The information submitted by some providers (subsequently not used) demonstrates a huge discrepancy between providers as seen below:

	Provider 1	Provider 2
Travel Time	£5.69	£1.82
Mileage	£2.75	£0.81

4b.The cost per visit for each of 15, 30, 45 and 60 minute visits

It is not possible, given the data collected by this data collection tool, to fully separate out the costs for visits of different lengths. Logically, shorter visits will cost more per care hour. For example, travel distances, time and hence costs are not necessarily shorter for shorter visits, and so proportionately are more per care hour for shorter visits. Similarly, PPE costs will be greater per hour for shorter visits. These are the only two costs that can be separated out per visit rather than per hour to identify separate cost rates for shorter visits.

Once these have been identified per visit, the median (and lower and upper quartile) figures can be applied to the calculation of a Cost of care to identify the separate median costs for 15, 30, 45 and 60 minute length calls as required. Given the size of the tables and the number of options, only median figures are shown below

15-minute calls	**30-minute calls**	**45-minute calls**	**60-minute calls**	**Per Direct Care Hour**
Cost per call				
£8.00	£13.49	£18.98	£24.47	£25.49

The table below shows the total number of visits and care hours by length across the sample returns.

Visit Lengths	**Total Number of Visits**	**Total Care Hours**
	Visit Numbers	**Hours**
15 minutes	467	117
30 minutes	6,372	3,186
45 minutes	2,119	1,589
60 minutes	1,769	1,769
Other Visit Lengths	421	978
Totals	11,148	7,639

This shows clearly that the vast majority of visits are 30 minutes long (57%). The next most common length is 45 minutes (19%) with a further 16% by visits which are 60 minutes long. This means that measured by visit numbers, 92% of visits are in the 30-60 minute length bracket (or 86% by total care hours). The weighted average visit length is calculated by the data collection tool and gives a median weighted average visit length of 38.7 minutes, which supports the total data shown above. The graph

below, which shows the range of weighted average visit length also shows that, with a small number of exceptions, this pattern of delivery is likely common to most providers.

5. Table showing the count of observations, lower quartile, median and upper quartile (where relevant) of all items in Annex A, Section 3

Using the median for each cost category with Option 3 the results are as follows:

Lower Quartile	**Median**	**Upper Quartile**
£ per care hour	**£ per care hour**	**£ per care hour**
22.50	25.49	32.01

At the median rate, this is an increase on existing rates of between 27%-37%.

Sum of each defined cost area	**Sample Count**	**Lower Quartile £ per care hour**	**Median £ per care hour**	**Upper Quartile £ per care hour**
Direct Care	5	10.75	10.76	10.92
Travel Time	6	1.94	2.34	2.52
Mileage	8	0.75	0.97	1.46
PPE	6	0.35	0.42	0.47
Training (staff time)	6	0.20	0.24	0.40
Holiday	4	1.54	1.56	1.63
Additional noncontact pay costs	6	0.00	0.00	0.13
Sickness/maternity and paternity pay	6	0.11	0.17	0.20
Notice/suspension pay	6	0.00	0.00	0.00
NI (direct care hours)	5	1.25	1.26	1.66
Pension (direct care hours)	8	0.41	0.52	0.59
Careworker Costs		**17.30**	**18.23**	**19.98**
Back office staff	4	3.65	4.45	5.52
Travel costs	9	0.01	0.10	0.48
Rent/rates/utilities	9	0.53	0.75	0.96
Recruitment/DBS	9	0.09	0.18	0.59
Training (third party)	9	0.08	0.08	0.18
IT	9	0.13	0.14	0.33
Telephony	9	0.08	0.16	0.32
Stationery/postage	9	0.04	0.15	0.16
Insurance	8	0.23	0.25	0.44
Legal/financial/professional fees	9	0.14	0.16	0.60

Marketing	9	0.03	0.07	0.11
Audit and compliance	9	0.00	0.04	0.08
Uniforms and other consumables	9	0.03	0.06	0.09
Assistive technology	8	0.00	0.00	0.00
Central/head office recharges	9	0.00	0.02	0.80
CQC fees	9	0.08	0.10	0.12
Business Costs		**5.13**	**6.71**	**10.76**
Return on Operations	**4**	**1.13**	**1.21**	**1.39**
Total Cost Per Hour		**23.56**	**26.15**	**32.12**

The low sample count on some categories indicates areas where there have been particular issues with return data, notable areas generally being related to pay, distribution of direct care hours between different staff grades and associated on costs.

The DHSC returns also require underlying data which is shown below:

Underlying Data	Sample Count	Lower Quartile	Median	Upper Quartile	Minimum	Maximum
Carer basic pay per hour (£)	9	10.10	10.50	12.00	10.00	13.00
Minutes of travel per contact hour (mins)	9	10.97	12.37	15.10	9.81	20.75
Mileage payment per mile (£)	9	0.25	0.30	0.37	0.20	0.45
Total direct care hours per annum (Hours)	9	17,784	25,220	35,152	5,564	78,052

6a Careworker Costs

Costs are significantly impacted by the basic hourly rate paid to careworkers. From the returns, all providers pay a minimum of £9.55 as a basic hourly rate rising to a maximum of £14.45, with a median figure of £10.50. There will be providers who pay a higher rate but do not pay for travel time. The pay cost per hour of direct care will be higher than the basic hourly rate as this will encompass some care provided by more senior staff at higher rates.

Close analysis of the robustness of staffing costs is particularly important, given that such costs make up a significant proportion of the cost of delivering care services. The Council is satisfied that the carer pay submitted is reflective of what is being paid in the market place, and there are aspirations from the Council to ensure that where possible and in line with budgetary considerations we continue to pay a higher

rate, recognising not just the increased cost of living costs but also the fantastic work that care workers do.

The findings show the median for careworker costs as £18.23. With the Council paying £20.03-£20.65 it is inconceivable to consider that providers are able to deliver the office costs, business costs and a return on operations for £1.80 (or 10%).

6b Business Costs

Many providers will define these costs differently. They will also experience different levels of expenditure on each cost area within business costs depending on their particular circumstances. For example, a member of a larger group may have group/head office costs, while an independent provider may have higher back office or professional support costs.

6c Return on Operations - justification of the proposed approach to return on operations

The returns asked for a percentage Return on Operations (ROO), which is normally calculated as a percentage of the total of Careworker and Business Costs. This data was captured from providers, in line with the approach to validation, providers were asked to clarify their responses as appropriate. The figures received from the Wokingham providers range from 0% to 12%. Applying a blanket percentage to ROO is challenging as many organisations are structured differently with smaller organisations having owner/managers who may not be salaried and hence ROO expectations can be higher, and those larger organisations with a higher turnover may have ROO much lower.

The Homecare Association Minimum Price for Homecare 2022-2023 utilises a surplus margin of 3% as an absolute minimum and recognises that at 3% it may make it difficult to ensure financial resilience or to enable investment in the workforce, innovation or technology. The Council has been using this rate as part of its uplift process, however in line with the guidance medians have been informed and the median ROO is 5% which is felt to be considerably higher.

7. Annex A Section 3 Table

This is shown below based on Option 3

Cost of care exercise results - all cells should be £ per contact hour, MEDIANS.	**18+ domiciliary care**
Total Careworker Costs	**£18.03**
Direct care	£10.76
Travel time	£2.06

Mileage	£1.10
PPE	£0.36
Training (staff time)	£0.25
Holiday	£1.56
Additional noncontact pay costs	£0.00
Sickness/maternity and paternity pay	£0.17
Notice/suspension pay	£0.00
NI (direct care hours)	£1.26
Pension (direct care hours)	£0.51
Total Business Costs	**£6.41**
Back office staff	£4.45
Travel costs (parking/vehicle lease et cetera)	£0.07
Rent/rates/utilities	£0.70
Recruitment/DBS	£0.10
Training (third party)	£0.08
IT (hardware, software CRM, ECM)	£0.14
Telephony	£0.12
Stationery/postage	£0.08
Insurance	£0.24
Legal/finance/professional fees	£0.16
Marketing	£0.07
Audit and compliance	£0.04
Uniforms and other consumables	£0.06
Assistive technology	£0.00
Central/head office recharges	£0.00
Other overheads	£0.00
CQC fees	£0.10
Total Return on Operations	**£1.05**
TOTAL	£25.49

Supporting information on important cost drivers used in the calculations:	**18+ domiciliary care**
Number of location level survey responses received	11
Number of locations eligible to fill in the survey (excluding those found to be ineligible)	57
Carer basic pay per hour	£10.50
Minutes of travel per contact hour	12.3
Mileage payment per mile	£0.33
Total direct care hours per annum	31,564

8.Future Uplifts

The Council must ensure that through this exercise the costs that are submitted are representative of a care market for which it is reasonable to expect the public purse to fund. The median range of £25.49 submitted is significantly above the actual Council rate paid of £20.03 in April 2022 (plus additional for rural areas). In contradiction to the requirements of the exercise, it is evident that in many cases desired rates as opposed to the actual costs of care may have been submitted.

The Council is committed to paying a fair rate of pay for care and in particular to ensure that staff delivering care benefit from this. However, Adult Social Care has been historically underfunded and the Council is only able to commit within the parameters of the funding available to it, any future uplifts awarded by the Council need to be considered in line with budget availability and affordability.

People at the Heart of Care introduce a number of additional duties on the local authority. These reforms have not been matched by the required funding needed to meet the demand on the system. The reforms outlined within this consultation will have a significant impact on local government and place additional pressure on our ability to meet our statutory requirements. The timescales within these reforms further exacerbates this pressure and are fundamentally unworkable. We do not have the required infrastructure, workforce or funding to meet the reforms set out.

The Council, whilst using data from the cost of care exercise to inform the uplifts, will also be placing weight on a number of other factors to discharge Care Act duties, including use of evidence of an evaluative and not empirical nature in deciding on domiciliary care fees rates. The cost of care exercise is not intended to be a replacement for the fee setting element of local authority commissioning processes or individual contract renegotiation. The cost of care is one factor that informs the Council's approach to fees and primary factors will include:

a. experience of local closures, or relative lack of closures, along with the reasons for any such closures;

b. evaluation that there is current oversupply in the market, or that present rates have contributed to over supply;

c. experience that providers are still entering the market; including by acquisition. This may include consideration of the nature and type of new providers opening, and which part of the market those are focused on;

d. rates paid by other comparable local authorities and whether there is anything to explain why the cost of providing care in the local authorities own area should be materially higher than elsewhere in the region;

e. consideration of open book accounting and of management accounts from providers, or any other specific information requested, and any refusal to permit review of management accounts;

f. taking account of the position of those providers with whom it was able to reach agreement and the evidence that they had provided as to how they had determined that the proposed rates would enable them to meet the actual costs of care;

g. change or lack of change in CQC ratings over time, as evidence of the quality provided over a period of time;

h. localised cost movements by matters such as the locally advertised rates for jobs in the sector, rates of local job vacancies, and patterns or rates of staff turnover. The Skills for Care, National Minimum Data Set for Social Care also provides reliable and potentially relevant information on cost movements.

It is fundamental that the starting point for any future uplifts is realistic and representative of the current position of the market. As in previous years the Council will give consideration to factors such as:

a. All care worker costs increased annually by the same percentage increase as the national living wage. However, national insurance and pension costs will also have to be varied to reflect any change in statutory requirements and thresholds.

b. Mileage: Increase by April CPI figure for category 07, Transport

c. PPE: Increase by April CPI figure for category 03, Clothing and Footwear (alternatively CPI figure for category 06.1, Medical Products, Appliances, and Equipment)

d. National Insurance: Increase by the same percentage increase as the national living wage and also by the percentage change in employer's NI contribution rate

e. Pension: Increase by the same percentage increase as the national living wage and also by any percentage change in the minimum required employer's pension contribution

f. All Business costs with the exception of those detailed below: increase annually by the increase in CPI

g. Travel: Increase by April CPI figure for category 07, Transport

h. Rents, Rates and Utilities: Increase by April CPI figure for category 04.5, Electricity, Gas and Other Fuels

i. Insurance: Increase by April CPI figure for category 12.5, Insurance

j. Return on Operations: Weighted average based on the above figures.

The uplift process gives providers an opportunity to appeal if they feel that the amount is insufficient to continue in a sustainable way and Commissioners will engage in dialogue with individual providers on a one to one basis.