



BEDFORD
BOROUGH COUNCIL



Adult Social Care

Age 18+ Home Care Services Cost of Care Exercise Report

October 2022

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Executive Summary

- This report gives details of the approach, results and supporting information of Bedford Borough Council's cost of care exercise with 18+ home care providers' carried out from May 2022 to August 2022.
- The exercise was carried out based on the Department of Health and Social Care's grant conditions for the Market Sustainability and Fair Cost of Care Fund.
- The fund was created by the Department of Health and Social Care as part of its implementation of the government's white paper 'People at the Heart of Care' that sets out a ten year vision for reform of the Adult Social Care System.
- The Council carried out this exercise to secure funding in future years for the Market Sustainability and Fair Cost of Care Fund based on the grant conditions.
- The cost of care exercise result determined by the grant conditions is based on a median calculation of provider's submissions.
- The median results are calculated following data analysis and assurance checks to verify the data submitted by providers.
- The result of the exercise also includes an amount for return on operations based on providers responses and market research.
- The results of the exercise will be considered as an input for the Market Sustainability Plan, with consideration being given to the quality of data submitted by providers and the extent to which the range of provider submitted responses represent the local market.
- The Market Sustainability and Fair Cost of Care Grant guidance is clear that the outcome of 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 negotiation.



1. Provider Engagement

- 1.1 To encourage as many providers as possible to complete the cost of care exercise, the Council planned a multi-pronged approach to inform, encourage and support providers to complete the exercise.
- 1.2 First steps involved conversations with members of Bedfordshire Care Group to inform them of the cost of care exercise in early April, following the release of the grant guidance from the Department of Health & Social Care.
- 1.3 Once the cost of care exercise approach was established, a Provider Engagement event was planned for the 11th May 2022 to inform the whole market about the exercise. Bedfordshire Care Group members were contacted on the 30th April 2022 to provide suggestions on the approach to the meeting. They alerted the market to the upcoming engagement events and to a short provider survey requesting feedback on current market pressures.
- 1.4 Home care providers were invited to the initial engagement event held on Microsoft Teams based on the list of organisations the Council keeps of home care providers in the area. This was cross checked to the capacity tracker and the Council's financial system to make sure all providers were captured, including those who the Council does not commission care with.
- 1.5 The event held on the 11th May 2022 involved:
 - 1.5.1 Providing information on the purpose of the exercise and the grant conditions for Market Sustainability and Fair Cost of Care.
 - 1.5.2 Encouraging providers to take part in the exercise advising that it was their opportunity to influence the cost of care exercise in Bedford Borough.
 - 1.5.3 Providing information on the Excel based data collection tool for the exercise including the support available to complete the tool.
 - 1.5.4 Signposting to external guidance on completing the tool on the local government association's website, and the webinar demonstrations of completing the tool delivered by the developer.
 - 1.5.5 Advising on the support available from the Council that included the production of a detailed guide for providers, a frequently asked questions document and the contact details for the project lead of the exercise to direct any technical queries to.
 - 1.5.6 An initial deadline for the completion of the exercise by the 10th June 2022 allowing providers 4 weeks to complete the exercise.
 - 1.5.7 Attendance of 7 providers.

- 1.6 Following the initial engagement event, providers were contacted by telephone to ascertain who in their organisation would be completing the Excel based tool and to emphasise the importance of completing the exercise. The contact also involved advising providers of the on-going support available from the Council that included one to one support sessions and signposting to the resources shared in the provider engagement event.
- 1.7 All initial telephone contact was recorded in detailed outreach spreadsheets. A RAG rating system was devised to assess the likelihood of participation for each provider and follow up actions were taken based on the contact. This included more regular check-ins with providers who were struggling to complete the tool, offers of one to one support and involving the Manager for Strategic Commissioning and Procurement where there were any issues to resolve.
- 1.8 Regular telephone calls were carried out with providers right up to the submission deadline to find out how they were getting on, as well as regular e-mail communication advising of the deadlines and signposting to resources to help complete the exercise.
- 1.9 Eight providers took up the offer of one to one support sessions where the project lead for the cost of care exercise went through the Excel based tool with them, answered any questions they had and gave advice on how it should be completed.
- 1.10 The initial deadline for the exercise was extended to the 24th June 2022 based on how providers were getting on with the exercise. Out of the 28 invited to participate in the exercise, 9 providers completed returns by the deadline.
- 1.11 To enable as many providers to respond to the exercise as possible, deadline extensions were granted individually with providers. This was based on their feedback from the ongoing monitoring up to the 5th August 2022 at which point there was a risk that the project timescales would not be met if further extensions were given to obtain more responses.
- 1.12 The final number of responses from providers' was 18 out of 28, a response rate of 64%.
- 1.13 Some providers did not respond to phone calls, messages and e-mails encouraging them to take part and others gave reasons for not taking part such as:
 - 1.13.1 The tool being too intrusive and not wanting to share financial information with the Council.
 - 1.13.2 The tool being overly complex to complete for owners.
 - 1.13.3 The tool taking too long to complete and not having the time to do it.
- 1.14 In these circumstances, offers of one to one support were given and the benefits explained to providers, but their views were respected if they did not want to take part as it was not a mandatory exercise.

- 1.15 Other provider engagement activity included:
- 1.15.1 Survey links sent out for providers to complete to inform the Market Sustainability Plan.
 - 1.15.2 Wider Market Engagement events on the 23rd August 2022 and 7th September 2022 to provide updates on the exercise and inform the Market Sustainability Plan.
 - 1.15.3 The Charging reforms DHSC FAQ link was shared with the care market as a result of engagement sessions and requests by providers on the 28th August 2022.
- 1.16 Overall the Council had a strong provider engagement strategy that involved:
- 1.16.1 Working with the local care group.
 - 1.16.2 Monitoring all providers on an individual basis.
 - 1.16.3 Providing regular updates and referrals to available support resources.
 - 1.16.4 Providing individual support to all providers on request.
 - 1.16.5 Allowing as much time as possible for providers to complete the exercise.
- 1.17 This process was sufficient as at all times providers were informed, encouraged and supported to complete the cost of care exercise. This was checked on an individual basis with all providers to make sure this was the case throughout the cost of care exercise.



2. Cost of Care Exercise Approach

- 2.1 In approaching how to conduct the cost of care exercise, the Council reviewed the Market Sustainability and Fair Cost of Care grant guidance, the links to the resources included in the guidance and had internal discussions with colleagues to assess whether to carry out the exercise in-house or to commission external contractors.
- 2.2 It was assessed that the Council had the relevant skills in-house to conduct the cost of care exercise using the data collection tool resource co-developed by the Local Government Association and ARCC-HR Ltd. There would also be the following benefits:
 - 2.2.1 It would allow the project to start quickly compared to commissioning external support.
 - 2.2.2 It would provide greater oversight of the results of the exercise to the Council.
 - 2.2.3 It would make use of staff knowledge of the local market to enhance the exercise.
 - 2.2.4 It would provide value for money for the Council.
- 2.3 The data collection tool asked for service delivery information such as the number of visits at different call lengths and a breakdown of costs to calculate an overall hourly unit cost for their business.
- 2.4 Providers were asked to complete the data collection tool based on their actual costs and service delivery activity as at April 2022. This ensured that the unit costs collected reflected providers most recent costs and the results did not need to be inflated for the current year.
- 2.5 Information asked for by the data collection tool can be found in Appendix 1

3. Cost of Care Exercise Process: Data Collection & Verification

- 3.1 As part of the provider engagement process, links to the data collection tool were sent to providers who delivered home care in Bedford Borough. On the initial individual contact following the initial engagement event, it was checked whether they had received the link to the data collection tool and resent to them if they hadn't.
- 3.2 Once providers completed the data collection tool, the returns went through a series of assurance checks. The initial assurance checks involved:
 - 3.2.1 Checking visits were recorded in the required 15 minute interval format.
 - 3.2.2 Checking that the template was completed in full.
 - 3.2.3 Checking that employer's national insurance threshold and liability cells were completed with the corrected information for April 2022.
- 3.3 On review of providers' submissions, 3 were excluded from the exercise due to incorrectly completing the form and missing extended deadlines to correct their information.
- 3.4 Once these checks were completed, further checks were done on each provider's data that involved:
 - 3.4.1 Checking visit breakdowns submitted to commissioned care on the Council's system.
 - 3.4.2 Checking travel times and distances were approximately in line with visits commissioned on the Council's system.
 - 3.4.3 Checking the number of service users submitted to the Council's system and the Capacity Tracker.
 - 3.4.4 Checking rates of pay were in line with market levels advertised.
 - 3.4.5 Checking the percentage of staff cover time was in line with the Council's internal services.
 - 3.4.6 Checking business costs to the Council's internal services business costs.
- 3.5 If these checks identified costs that were not in range of the benchmarked data providers were asked if their data was accurate with reasons given as to why the Council thought it might not be.
- 3.6 In total these checks identified 11 providers who adjusted their returns. These were either due to mistakes made when completing the tool or due to more accurate re-calculated figures being provided.
- 3.7 Once all the assurance checks and responses were provided a second phase of checks were completed, benchmarking providers' data to each other's. The statistical method 'Tukey's Rule' was used to identify outliers in the dataset.

- 3.8 Out of the 402 cost data items, 33 data outliers were identified. All providers with data outliers were asked to provide explanations and evidence of the cost if it related to a business cost.
- 3.9 This process led to more data corrections by providers in circumstances where they had not given correct figures by mistake, or had recorded a figure against the wrong cost field that caused it to be an outlier. When the cost was moved, it was no longer an outlier.
- 3.10 A number of outliers were identified due to the differences in the economies of scale of providers where some delivered care to over 100 service users, compared to some who provided care to less than 20. Where providers had a lower number of service users and higher business costs per contact hour, this was treated as a valid explanation for being an outlier and the data was included in the exercise. The grant conditions did not allow for the results to be weighted based on market share, so all provider responses were treated on an equal basis.
- 3.11 Other reasons for outliers included differences in a provider's business model, where different approaches were taken to paying for travel time and costs, the amount of training they provided and whether or not they used lease cars. These outliers were also treated as valid explanations and included in the exercise.
- 3.12 The total number of data items excluded from the exercise was 4, which represented just under 1% of the data submitted that passed the initial assurance checks.
- 3.12.1 Three of the data items were excluded because the providers did not provide any response to the outlier query and the data did not seem plausible when compared to other providers and internal benchmarks.
- 3.12.2 One data item was excluded for head office data costs as the provider did not give a requested breakdown and it was a significant outlier compared to other providers. There was also a risk of duplication of other overhead costs as the detail was not broken down.

4. Approach to Return on Operations

- 4.1 To determine an approach to return on operations, the Council asked providers to submit a mark-up on operations in their cost of care exercises that they determined represented a reasonable, sufficient and sustainable level of reward and return for operating their business.
- 4.2 The Council also undertook research on sustainable profit levels for providers. This included guidance from the Homecare Association's minimum price model for home care report. Their minimum price model is referenced in the government's Care and Support Statutory guidance at section 4.31 for commissioning services at appropriate fee levels.
- 4.3 Based on provider responses and research on sustainable profit levels, the Council determined that a mark-up percentage of 4% is a reasonable and sufficient level for age 18+ home care services.
- 4.4 This is based on the homecare association's advice that a minimum mark-up of 3% is required to operate a sustainable business that is included in their minimum price model. The amount is increased though on the advice that it is difficult to maintain financial resilience at this level. It is also increased on consideration of provider responses of which 50% were within 1% or below a 4% mark-up.
- 4.5 This judgment has been made taking into account the need for a sustainable market and the need to achieve best value for the taxpayer.



5. Cost of Care Exercise Results

- 5.1 The cost of care exercise result determined by the grant conditions is based on either the total of each median cost line or the total of the median subtotals per cost category of provider submissions and the amount determined for return on operations.
- 5.2 The table below shows the results of the cost of care exercise, including the lower quartile, median and upper quartile values. The result is calculated based on the total of the median subtotals per cost categories of £23.96 per contact hour.

Table 5.1 18+ Home Care Cost of Care Exercise Results

Age 18+ Home Care Cost of Care Exercise Results			
Cost Description	Lower Quartile	Median	Upper Quartile
Careworker Costs			
Direct Care	10.21	10.56	11.12
Travel Time	1.01	1.58	2.28
Mileage	0.92	1.19	1.87
PPE	0.25	0.44	0.70
Training (staff time)	0.24	0.39	0.45
Holiday	1.43	1.56	1.67
Additional Non-Contact Pay Costs	0.00	0.00	0.00
Sickness / Maternity & Paternity Pay	0.31	0.39	0.65
Notice/Suspension Pay	0.00	0.00	0.00
NI (direct care hours)	0.83	1.05	1.30
Pension (direct care hours)	0.21	0.35	0.44
Total Careworker Costs	16.92	17.93	19.08
Business Costs			
Back Office Staff	2.59	3.75	5.24
Travel Costs (parking / vehicle lease etc.)	0.01	0.14	0.25
Rent / Rates / Utilities	0.29	0.41	0.65
Recruitment / DBS	0.03	0.08	0.11
Training (3rd party)	0.03	0.06	0.14
IT (hardware, software CRM, ECM)	0.19	0.25	0.38
Telephony	0.05	0.12	0.17
Stationery / postage	0.01	0.04	0.06
Insurance	0.10	0.14	0.16
Legal / finance / professional fees	0.03	0.05	0.13
Marketing	0.03	0.04	0.05
Audit and compliance	0.02	0.02	0.04
Uniforms and other consumables	0.02	0.04	0.07
Assistive Technology	0.00	0.00	0.00
Central / head office recharges	0.13	0.18	0.52
Other Overheads	0.00	0.00	0.00
CQC Fees	0.06	0.09	0.10
Total Business Costs	4.09	5.11	6.86
Total Return on Operations at 4%	0.84	0.92	1.04
Total Cost Per Hour	21.85	23.96	26.98

- 5.3 The subtotal amounts for careworker costs and business costs are the lower quartile, median and upper quartile subtotal amounts of provider responses. They therefore do not total the individual cost line amounts.
- 5.4 On review of the two median calculation methods for the exercise, the Council decided to use the total of the median cost category subtotals calculation method. The process for reviewing the median per line calculation method is detailed in appendix 2. The reasons for choosing the median cost category subtotal calculation method were as follows:
- 5.4.1 It allows for all provider's different business models to be treated as a whole in the exercise, understanding that individual cost lines in the model are related to other cost lines in their submissions rather than looking at specific lines in isolation.
- 5.4.2 As an example, some providers pay for lease cars for workers travel between visits that other providers do not. The median per line calculation method made this either a standard cost for lease cars or a cost that wouldn't represent the specific cost.
- 5.4.3 It means that judgements of whether to include or exclude zero costs in the median calculation do not influence the result and all approved data was included in the calculation.
- 5.5 In order to calculate the subtotal medians, the 4 excluded data items based on the assurance checks were replaced with median values for each line they related to.
- 5.6 The effects on excluding 4 outlying data items from the exercise is shown in the table below. The chosen method and result is the final row of the table of £23.96.

Table 5.2 Effect of Excluded Data on the Result of the Exercise

Effect of Excluded Data on the Result of the Exercise			
Calculation Method	Zero Values Included or Excluded in Median Calculation	Treatment of Four Data Outliers Excluded from the Exercise	Result
Total of Cost Category Subtotal Medians	N/A	Included	24.02
Total of Cost Category Subtotal Medians	N/A	Replaced with Median Values for Cost Line	23.96

- 5.7 The table below shows further supporting information on important cost drivers in the cost of care exercise carried out.

Table 5.3 Supporting Information on Important Cost Drivers in the Calculations

Supporting Information on Important Cost Drivers in the Calculations	
Supporting Information Description	Age 18+ Home Care
Number of approved responses from providers	15
Number of providers eligible to respond	28
Response rate for exercise	54%
Average carer basic pay per hour per response	£10.06
Average minutes of travel per contact hour per response	10
Average mileage payment per mile per response	£0.33
Average total direct care hours per annum per response	36,694



6. Cost of Care Exercise Result: Cost per Visit Length

- 6.1 The results of the exercise are based on a contact hour unit cost but the majority of home care visits are delivered as either 15, 30, 45 or 60 minute calls. The lower quartile, median and upper quartile visit lengths providers submitted at these visit lengths are shown in the table below.

Table 6.1 No. of Visits Submitted per Week by Providers

No. of Visits Submitted per Week by Providers				
Visit Lengths	Lower Quartile	Median	Upper Quartile	Percentage of Visits at Median Call Lengths in Proportion to Total Median Calls
15 minutes	14	35	98	5%
30 minutes	214	480	915	71%
45 minutes	75	87	242	13%
60 minutes	16	77	163	11%
Total	319	679	1,418	100%

- 6.2 For each home care visit travel costs are incurred that affect the cost of providing home care services. Where visit lengths are short, travel times are relatively larger to deliver these calls in proportion to the contact time delivered.
- 6.3 To calculate the cost of providing calls per visit length, the median travel cost per visit has been calculated and applied consistently to the different call lengths. All other costs have been added on top of the travel cost in proportion to the visit length to work out the cost per visit. The costs per visit length shows the higher cost of delivering shorter calls consistent with the median cost per contact hour in the table below.

Table 6.2 Cost per Visit Length Consistent with Median Cost per Contact Hour

Cost per Visit Length Consistent with Median Cost Per Hour		
Visit Lengths	Cost of Care Exercise Median Cost Per Visit	Pro-Rata Hourly Unit Cost per Visit Length
15 minutes	£7.06	£28.24
30 minutes	£12.23	£24.46
45 minutes	£17.40	£23.20
60 minutes	£22.57	£22.57

7. Value of Information Collected & Fee Setting

- 7.1 This section will give further context and insight on the data, representation and process of the exercise to inform how much weight can be given to the value of the information collected and the results for fee setting.
- 7.2 Through the provider engagement and cost of care exercise processes, the Council ensured that providers had the support available to complete the exercise and developed a detailed process of assurance checks to enhance the quality of data from providers.
- 7.3 The approved responses covered 54% of providers in the market which leaves 46% of provider's costs not accounted for in the exercise. If the remaining 46% had participated the result of the exercise would be different. The range of responses before profit was £12.96 per hour, which shows both the range of provider's business models and issues with the quality of the data submitted. The result does not therefore give a comprehensive median cost for the whole market.
- 7.4 Providers of varying size participated with some supporting over 100 service users compared to smaller providers supporting less than 20. Economies of scale judged by Council expenditure with a provider in 2021/22 had a moderate negative correlation score of -0.48 with a provider's unit cost. This score excluded one provider as they had two data items excluded from the exercise and a poorer quality return that did not make their unit cost as representative.
- 7.5 Council expenditure will not include self-funders, but information collected from the exercise found that all providers apart from one had more Council funded service users than self-funders. Providers overall average number of self-funders compared to local authority funded services users was 33%.
- 7.6 The effect of economies of scale on unit costs are also shown by the average weighted unit cost of providers who the Council commissions its most services with. The weighted average unit cost by expenditure submitted by four of the top six Council providers was £22.08 with a 4% return on operations, which is £1.88 less than the result of the exercise. The other two providers were not included in the calculation as they did not participate in the exercise.
- 7.7 The results of the exercise were based on the median costs that treated each provider with the same weight and therefore did not account for a provider's market share. In order to achieve value for money for the tax payer, the Council's market shaping activities include implementing a framework that assists providers to achieve economies of scale, as well as having separate geographical lots to aid clustering of home care packages to enable lower sustainable unit costs for providers.
- 7.8 As the Council commissions most of its new services through the framework, it would take into account these factors that enable a lower unit cost as well as ensuring residents have a variety of high quality services to choose from when setting fees at appropriate sustainable levels, compared to the methodology of this exercise.

- 7.9 The quality of providers' returns varied considerably for the exercise but the Council worked with providers to check and verify their data. Of the approved returns, eleven out of the fifteen providers made corrections to their data as part of the assurance checks.
- 7.10 The amount of corrections made to the data in the exercise suggests there may still be incorrect data that will have an influence over the result. There were concerns over travel distances and times from providers due to the variation in the percentage of travel time per contact hour being 27%. A number of providers made changes to the travel time and distance fields but responses to questions did not include evidence from call monitoring systems that would have helped to validate the data.
- 7.11 A sense check to the Council system for commissioned care travel times found some moderate discrepancies for a few providers but most providers were close to the expected travel times. The responses to the travel time field affected multiple cost items relating to care workers pay, so was a key input for the exercise.
- 7.12 The exercise also found significant discrepancies for a couple of providers between the result of their returns and the Council price paid of over £9 an hour, this suggested that the returns may be incorrect or that the business was unlikely to be a going concern. More time was spent checking details of the returns with these providers that did result in changes but questions still remained about the overall validity of their returns.
- 7.13 The quality of providers' returns, including completeness and reliability as well as the explanations for specific cost variances to benchmarks and the quality of evidence submitted, is not graded in the methodology of this exercise but would be given weight in the context of setting appropriate sustainable fee levels.



- 7.14 As well as providers' actual costs of delivering services when setting fee levels, the Council also takes a number of factors into account to assess appropriate sustainable fee levels such as:
- 7.14.1 The number of local market exit and entries of providers at current prices paid.
 - 7.14.2 CQC quality ratings of providers.
 - 7.14.3 Benchmarking to other local authority fee levels.
 - 7.14.4 The current position of under or oversupply in the market.
 - 7.14.5 Inflationary pressures for providers.
- 7.15 Based on the factors identified, the overall weight the Council gives to the exercise is influenced by:
- 7.15.1 The range in the quality of responses with some needing more detailed and open access to providers' financial information to be confident that the data is sufficient to use as an input for fee setting. The median methodology assisted in increasing the quality of the data but the poorer quality data will have influenced the result.
 - 7.15.2 The median methodology did not weight providers' market shares and that is an important factor to consider for fee setting in relation to the how the Council has shaped the market to provide sustainable services.
 - 7.15.3 Benchmarking the results with other data sources for providers' costs whilst taking into account local circumstances that influence costs.
- 7.16 For these reasons, the Council gives the result of the exercise a low weight when assessing the setting of fees at appropriate levels in conjunction with the factors set out in 7.12 and its legal duties under the Care Act and Market Sustainability and Fair Cost of Care.
- 7.17 The Market Sustainability and Fair Cost of Care Grant guidance is clear that the outcome of 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 negotiation.

8. Approach to Uplifting the Results in Future Years for Inflation

- 8.1 In future years, the median cost of care exercise result will be uplifted based on appropriate indices or other metrics relevant to specific cost lines. Indices or metrics considered will include:
- 8.1.1 The Consumer Price Index including owner occupiers' housing costs (CPIH) for supplies and services. This index will be considered as it is the Office of National Statistics lead inflation index due to it being the most comprehensive.
 - 8.1.2 The National Living Wage set by Central Government and Average Weekly Earnings Tables produced by the Office of National Statistics for pay costs.



Appendix 1 - Home Care Data Collection Tool

I. Cost-Plus Homecare Model

Version: 2.21
Release Date: 01/02/2022

Directors of
adass
adult social services

Local
Government
Association

in partnership
ARCC

KEY / LEGEND

FREE TEXT / CHOICE

Denotes input for free text or option to choose via drop-down box

###

Denotes any value required for calculation in the model. Input as directed via floating comment boxes

Calculation

Cells with red bold border include a comment 'flag' which appears when hovering over

NOTE: Click and drag floating comment boxes/"tooltips" to the side to prevent note boxes from blocking cells.

A. Care Hours & Visits Breakdown

Enter the **number of visits per week** at each visit length conducted. Enter the visit type name as required in the column in **green**.
The below table calculates the weekly hours delivered and weighted average visit length for cost calculation.

	Total Visits Breakdown	Visit Length (mins)	No. Visits per week	Contact Hrs per week	Travel Hrs per week	Travel % of Total
Visit Type Breakdown	Visit Type 1			0	0	-
	Visit Type 2			0	0	-
	Visit Type 3			0	0	-
	Visit Type 4			0	0	-
	Visit Type 5			0	0	-
	Visit Type 6			0	0	-
	Visit Type 7			0	0	-
	Visit Type 8			0	0	-
	Average Visit Length	-	0	0	0	-

B. Travel Time & Mileage Expenses

Enter the **average annual number of service users** for the number of visits and care hours identified in Section A above.
Enter the **average travel time (in minutes) per visit**, based on the annualised number of visits delivered above in Section A.
Enter the **average travel distance (in miles)** and the **per-mile expense cost** attached to each visit.
If the provider, branch or area being modelled includes a mixture of mileage expenses (for drivers) and other travel-related expenses (i.e. walkers or bus); enter a reflective blended rate for mileage and alternative travel expenses pay; where costs are incurred.
The below table calculates the total hours of travel time accrued based on the annualised visits and the total annual mileage cost.

	Travel	per visit	per annum	Cost (£)
Travel	Average travel distance (miles)	0	miles	£0
	Average travel time per visit (mins)	0	hrs	-
	Mileage/travel expenses pay (p/mile)	£0.00	£0	£0.00
	Calculated Average travel speed (mph)	-		£0

C. Branch and Volume Summary

Enter the **average annual number of service users** for the number of visits and care hours identified in Section A above.
The below table calculates the total annual hours of direct care (contact) and travel accrued based on Sections A and B above.
To calculate the number of branches required (for multi-branch service volumes), select the variable you wish to use for the maximum branch capacity.

	Key Volume Indicators (Service users, Visits, Contact & Travel Time)	per week	per month	per annum
Total Volume	Average number of service users	0	0	0
	Visits	0	0	0
	Average service user hours (F2F)	#DIV/0!	#DIV/0!	#DIV/0!
	Direct Care (F2F) hours	0	0	0
	Travel hours	0	0	0
	Total (contact + travel) hours	0	0	0

Branch Capacity	No. Service users	Key Volume Indicator
Choose variable to calculate >>		
Input the value for the selected variable below		
Service users p/branch		0
Weekly contact hours		#DIV/0!
Monthly contact hours		#DIV/0!
Weekly visits		#DIV/0!
Total branches required		#DIV/0!

D. Personal Protective Equipment (PPE)

Enter the **cost per unit of PPE**, as well as the **total required units per visit**, and the **proportion (%) of annual visits** which attract PPE.
The below table calculates the total annual cost of PPE based on the number of visits, usage requirements and unit costs.

	Personal Protective Equipment (PPE)	Cost p/unit	Items req'd per visit	% PPE Calls	Annual Units	Cost (£)
PPE	Face Mask				0	£0
	Gloves				0	£0
	Visor				0	£0
	Apron				0	£0
	Total Unit Costs £				0	£0

E. Direct Pay Rate Card & Costs

1. Enter the **base pay rate** for each type of carer/direct worker.

2. Enter the **% uplift on the base pay rate for enhancements** (by default this is based on weekend [Enhanced #1] and bank holiday [Enhanced #2] hours).

3. Enter the **% of visits (care hours)** delivered by each staff type per annum.

The **weighted base cost** (against the allocation of direct hours delivered by each staff type) are used for non-contact related pay costs as well.

The **total direct pay costs** are multiplied by the number of care & travel hours per annum (in Section C) delivered by each type of staff member at the relevant proportion of enhanced hours.

Direct Pay Breakdown	Direct Staff Hourly Rate Breakdown ⁽¹⁾	Basic £ (Weekday)	Enhanced 1 (Weekend)	Enhanced 2 (Bank Holiday)	% Call Allocation	Total Hours
	Enhancement Uplift %					
	Carer		-	-	100.0%	0
	Senior Carer		-	-		0
	Registered Nurse		-	-		0
	Enhancement (Short Notice/Unsocialable)		-	-		0
	Salaried Staff (Supervisor/Team Leader)		-	-		0
	Annual % of Hours	69.3%	28.5%	2.2%	100%	0
	Apportioned Hours p/annum	0	0	0	0	

Total Direct Pay	Total Direct Pay Costs (incl. travel)	Basic (Weekday)	Enhanced 1 (Weekend)	Enhanced 2 (Bank Holiday)	Total Call Allocation £	Weighted Contact £/hr
	Carer	£0	-	-	£0	-
	Senior Carer	£0	-	-	£0	-
	Registered Nurse	£0	-	-	£0	-
	Enhancement (Short Notice/Unsocialable)	£0	-	-	£0	-
	Salaried Staff (Supervisor/Team Leader)	£0	-	-	£0	-
	Total Direct Pay Cost p/annum	£0	£0	£0	£0	-

F. Non-Contact Related Pay Costs

Enter the **additional hours** (as a % premium) to be paid on top for non-contact related working time.

For suspension, maternity/paternity, and additional non-contact pay, this is calculated as a % of annualised contact & travel hours.

Holiday pay is calculated as a % of all contact & travel time PLUS non-contact related pay costs.

Enter the number of FTE training & supervision days per worker/direct care staff per annum.

The below table calculates all on-costs based on the total hours required, the blended hourly rate in Section E and the total staff in Section G (below).

Non-Contact Pay	Total Non-Contact Pay Costs	% Total	Total Hours per annum	Cost £ per annum
	Holiday Pay		0	-
	Sick Pay		0	-
	Suspension Pay		0	-
	Maternity / Paternity Pay		0	-
	Shift apportionment (paid breaks)		0	-
	Additional Non-Contact Pay		0	-
	Training & Supervision Days (FTE days per staff)		0	-
	Total Contact + Non-Contact Pay Cost p/annum		0	£0

Key Cost Information		Unit
Weighted Contact £/hr		-
Weighted non-Contact £/hr		#DIV/0!
Direct Weighted Staff Cost £/hr		#DIV/0!
Total Direct Staff Pay Cost £		£0
Total Direct Staff On-Cost £		#DIV/0!
Total Back Office Staff Costs + On-Cost £		£0
Total Overheads		£0
PPE Cost £ / visit		#DIV/0!

G. Direct Staffing Costs, Employer's NI & Pension on-costs

Enter the total number of workers/direct care staff required per annum to deliver the paid working hours above. The below calculates the average hours p/staff member p/week.

Adjust the Employer's NI threshold for the relevant financial year (see note 3). The below table calculates the amount of hours p/week of earnings above & below the ENI threshold.

Enter the required pension contribution for all paid worker time. Enter the % opt-out for direct care workforce where applicable.

Staff Hours, ENI	Employer's NI	Variable	Total Hours	Hrs per staff per annum	Hrs per staff per week	Total Direct Pay Cost £	Avg. Staff Cost (£/annum)
	Total average care staff per annum ⁽²⁾		0	#DIV/0!	#DIV/0!	£0	#DIV/0!
	Employer's NI threshold (per annum) ⁽³⁾		#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	ENI £/annum
	ENI liability (volume above threshold)		#DIV/0!	#DIV/0!	-	#DIV/0!	#DIV/0!

Pensions	Employer's Pension Contributions	Variable	Total Hrs for Pension	Avg. Pay Cost £ / Hr	Pension Contribution
	Staff opt-out % (direct care delivery)		0	#DIV/0!	#DIV/0!
	Pension %		Use for back office pension % ?		Yes

H. Back Office Pay Costs (Overheads)

Enter the staff required at each grade/job function for back office functions. Where salaried staff have been identified in Section E, enter only the apportionment to back office FTE/functions below.

This is expressed as the number of FTE staff and the gross pay per/hr (calculated as FTE at 37.5 hrs/week).

The table calculates the total pay costs (including Employer's NI and pension on-costs) for the back office, using the on-costs information in Section G above.

Indirect (Back Office) Staff Pay	Staff Grade / Title	FTE Staff (37.5 hrs/week)	Gross Pay (£ / hr)	FTE Salary Cost	Net FTE Cost	Employer's NI	Manual Pension %	Pension Cont.	Gross Cost	All Branches
	Registered Manager			£0	£0	£0		£0	£0	#DIV/0!
	Team Leader / Supervisor / Deputy Manager			£0	£0	£0		£0	£0	#DIV/0!
	Care Co-ordinators / Scheduling			£0	£0	£0		£0	£0	#DIV/0!
	Administration (Finance / Operations)			£0	£0	£0		£0	£0	#DIV/0!
	Back Office Staff			£0	£0	£0		£0	£0	#DIV/0!
	Back Office Staff			£0	£0	£0		£0	£0	#DIV/0!
	Back Office Staff			£0	£0	£0		£0	£0	#DIV/0!
	Back Office Staff			£0	£0	£0		£0	£0	#DIV/0!
	Total Back Office Staff Costs	0.0			£0	£0		£0	£0	#DIV/0!

I. Additional Back Office Pay Costs

Additional Pay-related costs can be entered below. Apprenticeship Levy is calculated automatically based on the pay bill threshold and % levy amount in the 'Setup' boxes below.

If Apprenticeship Levy is charged centrally, include any branch apportionments in 'Central Staff Apportionment' below..

Add'l Staffing Costs	Additional Staffing Element	£ / period	Period	Cost per annum (£)
	On-Call		Quarterly	£0
	Central Staff Apportionment		Monthly	£0
	Apprenticeship Levy	-	Annually	-
	Total Back Office Staff Costs			£0

All Branches
£0

Enter the cost of non-pay (fixed) overheads and select the period [weekly, 4-weekly, monthly, quarterly, or annually] from the drop-down boxes. Ensure the costs are entered excl. VAT (if a VAT-registered business). Use the "Additional Overhead" rows as required. Include any capital costs, depreciation, amortisation, contribution to central overheads or shareholder returns as required below. The table calculates the total annualised non-pay overhead cost per branch.

All Branches
£0

[illegible]

Apprenticeship Levy	
Pay Threshold	Levy %
£3,000,000	0.5%

The profit/surplus contribution is expressed as EBIT (Earnings Before Interest & Tax) and before any operating dividends or shareholder returns. This excludes any capital costs, depreciation, contribution to central overheads or shareholder returns already costed in Section I above.

A single rectangular block with a black border, containing the text "#DIV/0!" in black font on a white background.

(1) National Minimum Wage rates for 2021/22 onwards: <https://www.gov.uk/national-minimum-wage-rates>

(2) 1,950 hours annualised equates to 1x FTE week for an individual incl. holidays (at 37.5 hrs p/week). Adjust level of staff based on average working hours p/person

(3) NI Contribution Rates for 2021/22 onwards:
<https://www.gov.uk/government/publications/rates-and-allowances-national-insurance-contributions/rates-and-allowances-national-insurance-contributions>

(4) CQC Registration Fees are calculated automatically according to the CQC fees calculator for community social care organisations
<https://www.cqc.org.uk/guidance-providers/fees/fees-calculator>

Volume of Care Hours (Units) per annum	0
Hourly Breakdown	Cost £ %
Direct Care	- -
Travel Time	#VALUE! -
Mileage	- -
PPE	- -
Training (staff time)	- -
Holiday	- -
Additional Non-Contact Pay Costs	#DIV/0! -
Sickness/Maternity & Paternity Pay	- -
Notice/Suspension Pay	- -
Nl (direct care hours)	- -
Pension (direct care hours)	- -
Back Office Staff	- -
Travel Costs (parking/vehicle lease etc.)	- -
Rent / Rates / Utilities	- -
Recruitment / DBS	- -
Training (3rd party)	- -
IT (Hardware, Software CRM, ECM)	- -
Telephony	- -
Stationery / Postage	- -
Insurance	- -
Legal / Finance / Professional Fees	- -
Marketing	- -
Audit & Compliance	- -
Uniforms & Other Consumables	- -
Assistive Technology	- -
Central / Head Office Recharges	- -
Overhead #1 Example	- -
-	- -
-	- -
-	- -
-	- -
-	- -
-	- -
-	- -
CQC Registration Fees(4)	- -
Surplus / Profit Contribution	- -
Total Cost Per Hour	#VALUE! -

[illegible]

Wages & Salaries	#VALUE!	-
Overheads and other COS	-	-
Surplus / Profit	-	-
Total	#VALUE!	-

£0.00	-	-
£0.00	-	-
£0.00	-	-
£0.00	-	-

Appendix 2 - Review of Median per Cost Line Calculation Method

As part of deciding on which median calculation method to use, the Council went through a process of comparing the total of the median per cost line method and the total of the median per cost category sub-totals. This was to ensure that the most appropriate calculation method was chosen to provide the most accurate and representative data.

When reviewing the total of the median per cost line method it included deciding whether to include or exclude zero values for each cost line in the calculation, as per the Department of Health and Social Care's advice.

In deciding whether to include or exclude zeros in the median calculation per cost line the following factors were considered:

- If zeros were excluded in the calculation, could this risk duplication in calculating the totals. Eg. Where providers' submissions did not include costs for travel time against that specific cost line, as it was more appropriate to record it against a different cost line in the tool to reflect their actual costs. In this instance when zeros are excluded, it risks duplicating providers' travel costs.
- If most providers had submitted a cost against that line, that it would represent a standard cost and therefore be unfair to include zeros in the calculation.
- Using the homecare association pricing model, to judge whether the results were standard costs and in line with that price model whilst considering local factors.



Cost lines that had zero values in the submissions are shown in the table below with reasons for why the calculations included or excluded zeros in the median per line calculation.

Appendix 2: Table 1 – Justifications for including or excluding zeros in the median per cost line calculation

Justifications for Including or Excluding Zeros in the Median per Cost Line Calculation			
Cost Line	Number of Zero Values Recorded in Exercise	Include or Exclude Zeros in Median Calculation Per Line	Reason for Inclusion or Exclusion of Zeros
Travel Time	3	Include	Costs were recorded against different cost lines where it more accurately reflected the cost, include zeros to avoid risk of duplication.
Mileage	1	Exclude	Most providers submitted a cost and from benchmarking it is a standard business cost.
Additional Non-Contact Pay Costs	12	Include	Most providers did not submit a cost and from benchmarking cost not identified as standard.
Sickness / Maternity & Paternity Pay	1	Exclude	Most providers submitted a cost and from benchmarking it is a standard business cost.
Notice / Suspension Pay	13	Include	Most providers did not submit a cost and from benchmarking much lower amount identified compared to excluding zero calculation.
Travel Costs	6	Exclude	Most providers submitted a cost and from benchmarking it is a standard business cost.
Rent / Rates / Utilities	1	Exclude	Most providers submitted a cost and from benchmarking it is a standard business cost.
Training (3rd Party)	4	Exclude	Most providers submitted a cost and from benchmarking it is a standard business cost.
IT	1	Exclude	Most providers submitted a cost and from benchmarking it is a standard business cost.
Legal / Finance / Professional Fees	2	Exclude	Most providers submitted a cost and from benchmarking it is a standard business cost.
Marketing	1	Exclude	Most providers submitted a cost and from benchmarking it is a standard business cost.
Audit & Compliance	4	Exclude	Most providers submitted a cost and from benchmarking it is a standard business cost.
Uniforms & Other Consumables	1	Exclude	Most providers submitted a cost and from benchmarking it is a standard business cost.
Central / Head Office Recharges	10	Exclude	Expect providers with Head Office to have this cost and due to overall business costs being lower than benchmarking data.

The results of the median per cost line calculation method are shown in the table below along with the effect of excluding four data outliers from the exercise.

Appendix 2: Table 2 – Effect of Calculation Method & Excluded Data on the Result of the Exercise

Effect of Calculation Method & Excluded Data on the Result of the Exercise			
Cost Line	Zero Values Included or Excluded in Median Calculation	Treatment of Four Data Outliers Excluded from the Exercise	Result
Total of Median per Cost Line	All zero values included	Included	23.45
Total of Median per Cost Line	All zero values excluded	Included	25.16
Total of Median per Cost Line	Individual decisions per cost line with justifications in Appendix 2: Table 1	Included	23.86
Total of Median per Cost Line	All zero values included	Excluded	23.44
Total of Median per Cost Line	All zero values excluded	Excluded	25.15
Total of Median per Cost Line	Individual decisions per cost line with justifications in Appendix 2: Table 1	Excluded	23.83

References

Market Sustainability and Fair Cost of Care Grant Guidance

<https://www.gov.uk/government/publications/market-sustainability-and-fair-cost-of-care-fund-2022-to-2023-guidance/market-sustainability-and-fair-cost-of-care-fund-2022-to-2023-guidance>

Age 18+ Home Care Data Collection Tool for Cost of Care Exercise

<https://www.local.gov.uk/our-support/sector-support-offer/care-and-health-improvement/commissioning-and-market-shaping/cost-of-care-toolkit>

Care Act Statutory Support Guidance

<https://www.gov.uk/government/publications/care-act-statutory-guidance/care-and-support-statutory-guidance>

Homecare Association Minimum Price Model 2022-23

<https://www.homecareassociation.org.uk/resource/homecare-association-minimum-price-for-homecare-2022-2023.html#:~:text=The%20Homecare%20Association%20%28formerly%20United%20Kingdom%20Homecare%20Association%2C,National%20Minimum%20Wage%20and%20National%20Living%20Wage%20increase>

Office of National Statistics Consumer Price Index including owner occupied housing Inflation Tables, UK: July 2022

<https://www.ons.gov.uk/economy/inflationandpriceindices/bulletins/consumerpriceinflation/latest#consumer-price-inflation-data>

Office of National Statistics Average Weekly Earnings in Great Britain Tables: August 2022

<https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/bulletins/averageweeklyearningsingreatbritain/latest>

National Living Wage Rates

<https://www.gov.uk/national-minimum-wage-rates>

Notes

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