

Cost of care exercise report – home care

Data collection

Islington Council, in partnership with the other local authorities in the North Central London sub-region, commissioned Care Analytics, an external cost modelling specialist to undertake the cost of care exercise with the home care market.

The survey was designed by Care Analytics. It is an adapted version of the survey that the company uses to conduct their standard market review service. Their standard market reviews have a wider scope than the cost of care exercise required by the Department of Health and Social Care and therefore the survey included a wider set of questions to enable a thorough analysis of the marketplace.

Providers were asked to submit surveys for cost of care for financial year 2022/23 during July and August 2022. Following this, providers were contacted to address any queries and seek clarification. This process of clarification took place throughout August and September 2022.

Historic cost data was used for non-staff cost categories based on a provider's most recent completed accounts. Each cost was uplifted to a 2022/23 baseline using an appropriate Consumer Price Index. This was done at the most granular level possible to ensure inflation adjustments were as accurate as possible. Each cost line was updated from the middle of their respective financial year to May 2022 (close to the start of the 2022/23 financial year).

Providers were asked to identify any costs that had increased or would increase for 2022/23 to an extent that would not be reflected using Consumer Price Index measures of inflation. Many providers used this opportunity to provide details about structural cost increases. Each provider's costs were updated to reflect any new baseline where data was supplied.

Payroll data was collected from a recent payroll period in the 2022/23 financial year to inform employer national insurance and pension contributions as a percentage of wages. The survey asked detailed questions about homecare delivery and the operating practices of each provider branch. It asked for a detailed breakdown of current back-office staffing and wages/salary by role. It asked a series of questions about care worker pay rates, including supporting information so a reliable average rate of pay could be calculated.

Providers had the opportunity to present their pay structure in whatever format was easiest to them. This is essential for home care owing to the diverse ways home care providers pay their care workers.

The survey collected information about employment terms and conditions so employment on-costs could be accurately calculated. Non-staff operating costs were collected from previous or

current financial years at a granular level. To promote engagement, providers were offered the opportunity to submit financial information in whatever format is exported from their finance system or is already available in their accounts. The data was then standardised into the required format for analysis. Many providers took advantage of this opportunity as it can save considerable time.

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

Provider engagement

The council undertook a range of engagement activity with providers, in partnership with Care Analytics. The council sent email communications to providers to inform them of the purpose of the cost of care exercise. The council also informed them of Islington's shared approach with North Central London boroughs to commission Care Analytics to conduct the exercise on our behalf.

The council circulated frequently asked questions to support providers. Correspondence included confirmation that the data providers submit would be confidential and any reports produced and shared with the Council would be fully anonymised. Providers were given a dedicated Care Analytics email address should they have any queries. The council and Care Analytics held a virtual Information session for providers to provide further support. Care Analytics provided the council with regular updates on numbers of providers who had completed the survey and providers yet to submit data. The council made regular contact with providers to encourage completion. Some providers did not complete the survey by the initial deadline and in response the council extended the deadline by another week.

Providers in scope and response rate

There are 49 home care providers currently providing packages of care to Islington residents. Of the 49 home care providers, 30 were determined to be outside the scope of this exercise, either due to being a specialist home care provider and seeing very limited number of individuals, or because they were based in another North Central London borough and would therefore be included in that borough's exercise. Of the 19 in scope for this exercise, 14 (74% submitted a survey. Two of these surveys were excluded on the grounds of data quality, therefore 12 surveys were used to calculate the cost of care hourly rate.

Submission data

Islington commissioned Care Analytics to undertake the home care survey exercise with providers and analysis of submissions.

Median for each visit length bracket

The below table shows the lower quartile, median and upper quartile of number of appointments per week by visit length (15-, 30-, 45-, and 60-minutes) based on data as of 31 August 2022. Data is based on council planned visit data as this is the most comprehensive and reliable dataset.

There are several providers that only provide a very small amount of care in the borough. This has affected the lower quartile for each visit time bracket. Islington does not commission 15-minute home care visits as part of our Ethical Care Charter commitments. Hence the quartiles and medians amount to 0.

	15 mins	30 mins	45 mins	60 mins	>60 mins	Total
First quartile	0.0	0.0	0.0	0.0	2.0	9.0
Median	0.0	7.0	7.0	14.0	7.0	44.0
Third quartile	0.0	105.0	91.0	81.0	28.0	300.0

Approach to return on operations for the cost of care exercise

The London Borough of Islington has used a 5% markup on operational costs as the methodology for Return on Operations.

Final median

The median based on this cost of care exercise is £19.79, with lower quartile being £18.61 and upper quartile being £21.25.

Breakdown by quartile	Hourly cost
Lower quartile	£18.61
Median	£19.79
Upper quartile	£21.25

The below table is a detailed breakdown of how the median has been calculated.

Cost items	Hourly cost
Total care worker costs	£14.43

Cost items	Hourly cost
Direct care	£10.01
Travel time	£1.45
Mileage	£0.01
Personal protective equipment (PPE)	£0.10
Training (staff time)	£0.20
Holiday	£1.38
Additional non-contact pay costs	£0.00
Sickness/maternity and paternity pay	£0.11
Notice/suspension pay	£0.03
National Insurance (direct care hours)	£1.05
Pension (direct care hours)	£0.20
Total business costs	£4.42
Back-office staff	£2.01
Travel costs (parking/vehicle lease etc)	£0.09
Rent/rates/utilities	£0.35
Recruitment/DBS checks	£0.08

Cost items	Hourly cost
Training (third party)	£0.06
IT (hardware, software CRM, ECM)	£0.12
Telephony	£0.08
Stationery/postage	£0.06
Insurance	£0.07
Legal/finance/professional fees	£0.11
Marketing	£0.03
Audit and compliance	£0.03
Uniforms and other consumables	£0.04
Assistive technology	£0.10
Central/head office recharges	£0.59
Other overheads	£0.10
CQC fees	£0.06
Total Return on Operations	£0.94
Total	£19.79

Cost per visit for each of 30-, 45- and 60-minute visits

The below table is a detailed breakdown of the cost per visit broken down by the time brackets.

Cost items	30 mins	45 mins	60 mins
Total care worker costs	£16.16	£14.97	£14.38
Direct care	£10.01	£10.01	£10.01
Travel time	£2.66	£1.78	£1.33
Mileage	£0.03	£0.02	£0.01
Personal protective equipment (PPE)	£0.19	£0.13	£0.10
Training (staff time)	£0.22	£0.20	£0.20
Holiday	£1.52	£1.41	£1.36
Additional non-contact pay costs	£0.00	£0.00	£0.00
Sickness/maternity and paternity pay	£0.13	£0.12	£0.11
Notice/suspension pay	£0.03	£0.03	£0.03
National Insurance (direct care hours)	£1.16	£1.08	£1.04
Pension (direct care hours)	£0.22	£0.20	£0.20
Total business costs	£4.42	£4.42	£4.42

Cost items	30 mins	45 mins	60 mins
Back-office staff	£2.01	£2.01	£2.01
Travel costs (parking/vehicle lease et cetera)	£0.09	£0.09	£0.09
Rent/rates/utilities	£0.35	£0.35	£0.35
Recruitment/DBS checks	£0.08	£0.08	£0.08
Training (third party)	£0.06	£0.06	£0.06
IT (hardware, software CRM, ECM)	£0.12	£0.12	£0.12
Telephony	£0.08	£0.08	£0.08
Stationery/postage	£0.06	£0.06	£0.06
Insurance	£0.07	£0.07	£0.07
Legal/finance/professional fees	£0.11	£0.11	£0.11
Marketing	£0.03	£0.03	£0.03
Audit and compliance	£0.03	£0.03	£0.03
Uniforms and other consumables	£0.04	£0.04	£0.04
Assistive technology	£0.10	£0.10	£0.10

Cost items	30 mins	45 mins	60 mins
Central/head office recharges	£0.59	£0.59	£0.59
Other overheads	£0.10	£0.10	£0.10
Care Quality Commission fees	£0.06	£0.06	£0.06
Total Return on Operations	£1.03	£0.97	£0.94
Total	£21.61	£20.36	£19.74

Summary

The council is committed to ensuring a sustainable home care market in Islington. The cost of care exercise has reinforced the robustness of the council's approach to fee setting to ensure sustainable rates. The outcome of this exercise is not intended to be a direct replacement for the fee setting element of the council's commissioning process or individual contract negotiations. It is expected that actual fee rates may differ as a result of sound judgement, evidence and local negotiation. The outputs of this exercise will be one element to inform future negotiations, taking into consideration other known market factors including inflation, demand, capacity, benchmarking, quality and importantly affordability for the local authority and availability of funding.