

## **Consultation about Fee rates for 2017/18 for Domiciliary /Home Care**

**23<sup>rd</sup> December 2016**

### **Standard Domiciliary care**

This paper sets out the proposed methodology the Council intends to use to set the fee rates for home care commissioned from April 2017. The Council would request that any feedback to the proposal is received no later **than Friday 13th January 2017**, so that it can make final recommendations to the Council's Cabinet in time for the new financial year in April 2017.

Feedback should be provided to Leighann Holland, Senior Service Quality & Brokerage Officer, [leighann.holland@derby.gov.uk](mailto:leighann.holland@derby.gov.uk) or by telephone – 01332 642942.

### **Proposed fees**

The Council proposes to publish fees on the basis of an hourly rate, however given the introduction of a new outcome based Framework for domiciliary care, our intention is to give customers a weekly Personal Budget that would be available to meet their needs. Although there has been a delay in commencing the new contractual arrangements, we are still committed to awarding all packages of care on that basis for providers working our new terms and conditions.

The Council proposes to inflate the cost model that it has used in previous years with increases based on the following principles:

*For staffing, agency and recruitment costs*, the Council proposes to inflate all wage related costs to reflect the increase in the National Minimum Living Wage from April 2016 for employees over the age of 25. A composite inflationary figure is proposed of 3.64% which is based on the new hourly rate affecting 75% of the workforce (taking into account those already above minimum wage and those under 25).

During the calendar year of 2016, inflation has been extremely low, and in some months, ONS data has indicated negative inflation rates. Although inflation remains low there are indications it will rise during the coming year, the Council proposes to apply a 2.9% inflationary uplift in most general cost areas within the model, including utilities. .

This provides a proposed fee uplift of **3.3%** on the current hourly rates, detailed in the table overleaf.

Appendix 5

<u>COSTS</u>	<u>% of Total Hourly Unit Cost</u>	<u>Suggested Rate</u>	<u>Composite Rate</u>
<b><u>Direct Costs</u></b>			
<b>Staffing Costs</b>	-	-	-
Care Worker Pay	49.6%	3.6%	1.8%
Care Worker On Costs e.g. Employer's NI, holiday pay & pension	12.1%	3.6%	0.4%
Mileage	15.7%	3.6%	0.6%
<b>Total Staffing Costs (Weighted Average)</b>	<b>77.3%</b>		
<b>Non-Staffing Costs</b>			
Branch Salaries	7.5%	2.0%	0.1%
Recruitment & Advertising	0.6%	3.6%	0.0%
Vetting checks	0.4%	3.6%	0.0%
Training	1.8%	3.6%	0.1%
Uniforms & Disposables	1.2%	2.9%	0.0%
Call monitoring	0.0%	2.9%	0.0%
<b>Total Non-Staffing Costs</b>	<b>11.6%</b>		
-			
<b>Total Direct Costs</b>	<b>88.9%</b>		
<b><u>Indirect Costs</u></b>			
<b>Office Costs</b>	<b>3.4%</b>	2.9%	0.1%
<b>Regional Management</b>	<b>0.8%</b>	2.0%	0.0%
<b>Head Office Allocation</b>	<b>4.5%</b>	2.9%	0.1%
-			
<b>Profit</b>	<b>3.0%</b>		
<b>Total Indirect Costs</b>	<b>11.1%</b>		
<b><u>Total Hourly Unit Price (Weighted Average)</u></b>	<b>100.0%</b>		<b>3.3%</b>

\*\* HMRC rate for Operation of Personal Transport Equipment

Appendix 5

Staff inflation			
	75%	241.2329	7.20%
	25%	80.41096	2.00%
		<u>321.6439</u>	
			5.90%
	other		
	Inflation		1.50%
	258.60	4%	269.3595
	82.02	2%	83.65957
	<u>340.62</u>		<u>353.0191</u>
			3.64%