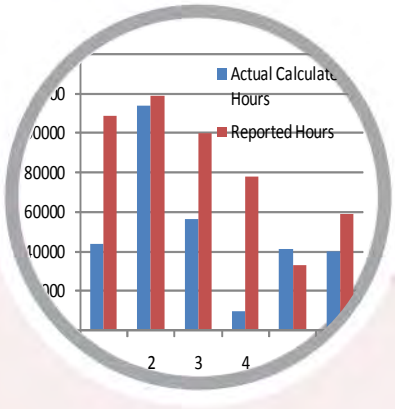
Putting People **First**

Transforming Adult Social Care



Internal vs External Toolkit

Getting to an equivalent service comparison

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Internal vs External Toolkit

Getting to an equivalent service comparison

Prepared by

Mike Charnley-Fisher

David Marsh

Care Services Efficiency Delivery Programme

Key Contact

Mike Charnley-Fisher
Care Services Efficiency Delivery Programme

tel : 07710 381694
email : *mike.charnley-fisher@dh.gsi.gov.uk*

Contents

Executive summary

This In-house vs External Toolkit is designed to enable local authorities to analyse their In-house service provision costs against the equivalent external costs. The toolkit has a number of potential applications, including:

- demonstrating to other parts of the organisation (e.g. council members) what the true equivalent costs are, taking into account costs which would be incurred regardless of whether the service was in-house or not (retained costs);
- forming the basis for a business case for externalising or retaining services;
- identifying potential efficiencies within in-house services; and
- informing internal pricing, where in-house services are 'charged' within the context of a personal budget.

It ensures equivalence via collecting information about:

- The nature of the service being provided – are there differences which would warrant different costs?
- The quality and performance of the service being delivered – does this warrant premiums?
- The detailed breakdown of in-house costs – are there costs which could be avoided? Are there costs which would be there regardless? and
- The equivalent cost were the in-house service to be externalised. Would the in-house services command premium pricing from the external market?

This document explains, in logical steps, how to complete the In-House vs External Toolkit. Two councils have contributed to its development: West Berkshire and the Royal Borough of Windsor and Maidenhead.

RBWM has worked very closely with Regional Improvement and Efficiency agencies to great effect. None more so, than the benefits which it has derived from working closely with CSED in various aspects of adult services. CSED have supported us in relation to a number of initiatives, and we are delighted that we have not only been able to benefit from their knowledgeable support and assistance in our Domiciliary Home Care project but also, hopefully, we have been able to offer something back as we have developed the application of their methodology in our own review of internal Domiciliary Home Care.

CSED are held in particular high regard at RBWM and we would certainly have no hesitation in recommending that any Council, who is embarking on a review of their Home Care with the objective of either improving the service or making efficiencies, or in our case both, should regard the CSED and their tool-kit as the first port-of-call.

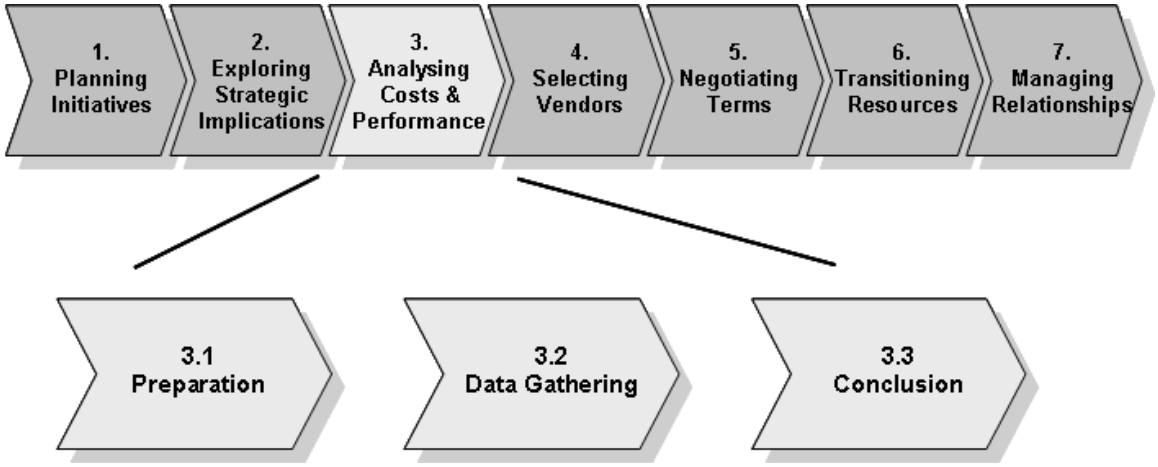
Gary Richardson
Head of Business Development
Royal Borough of Windsor and Maidenhead

Introduction to the toolkit

The toolkit in the context of the overall contracting process

A typical contracting cycle encompasses the following typical sets of activities. Only step 6 (Transitioning Resources) is specific to a transfer of services.

Within the context of this overall cycle, this toolkit focuses on step 3 (Analysing Costs & Performance). It is also specifically relevant to services.



The toolkit breaks step 3 down into the three phases of activity illustrated within the figure. Each of these is in turn sub-divided into 4 steps for the purposes of the methodology.

Thus, the structure of this toolkit may be summarised as follows:

3.1 Preparation		3.2 Data Gathering		3.3 Conclusion	
3.1.1	Appropriate sponsorship	3.2.1	Service comparison	3.3.1	Preparing the story
3.1.2	Pre-meeting	3.2.2	Performance comparison	3.3.2	Validation session
3.1.3	Terms of reference	3.2.3	Equivalent external costs	3.3.3	Feedback
3.1.4	Kick-off meeting	3.2.4	In house retained analysis	3.3.4	Next steps

Customising the toolkit to meet specific requirements

The toolkit is a starting point and will benefit from customisation by each council to suit the particular needs of a particular service. To this end it includes a number of templates in either MS Word or MS Excel format which can be adapted to a specific application.

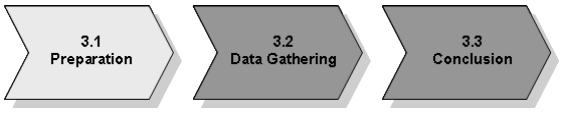
Using the templates

All of the templates illustrated in the MS Word version of this document are embedded objects. This means that, in addition to the separate MS Excel files, you may double-click on any of the illustrations to get access to the underlying spreadsheet. (This feature is obviously not available in the Adobde pdf format version).

The Examples

The examples used within this toolkit are illustrative. Whilst based on live examples, all of the figures have been edited to retain the illustration but remove the linkage to the original data.

Analysing Costs & Performance



Step 3.1: Preparation

Like all project management activities, good preparation can make the difference between success and failure. Given that the topic itself can create concerns with the staff involved, and that much of the data required for the analysis is of a sensitive nature, it is critical that this work has the support and buy-in of the functions involved.

Expanded on below, preparation consists of:

- Appropriate sponsorship;
- A pre-meeting;
- Establishing a terms of reference; and
- A kick-off meeting

3.1.1: Appropriate Sponsorship

Before any work begins its vital to ensure that the appropriate project support is in place. It is worth taking the time to chose an appropriate sponsor for the project. This should usually be at Assistant Director or even Director level since the work requires support from across the directorate and from senior managers from other parts of the organisation. For the purposes of this document, we refer to this latter collective senior management group as the Stakeholder Group. The precise makeup of the group should be discussed and agreed with the project sponsor. Typical positions to include are:

- Relevant Assistant Director
- Head of Adult Social Care, and also (if appropriate) Heads of Occupational Therapy, Physical, Mental and Learning Disabilities
- Head of Care Management Data or relevant senior manager from IT
- Head of Commissioning / Provider Costs
- Head of Finance
- Head of Performance
- Nominated Project Manager

3.1.2: Pre-meeting

The pre-meeting will usually involve the Sponsor and a sub-set of the Stakeholder Group (specifically the manager responsible for the service under discussion and the Project Manager designate).

The purpose of the pre-meeting is to ensure that the organisation is clear about where it is in terms of readiness to undertake the work. Any discussion involving a comparison between internal and external services, if inappropriately handled, can lead to significant concerns from the staff under review. The outcome of the work will almost certainly involve change of some form or another (otherwise there is little point in carrying out the exercise).

With this in mind, Appendix A includes a 'readiness checklist'. Its purpose is to ensure clarity of objective, to capture how far down the track you have already gone and, importantly, the extent to which the exercise can be communicated.

A typical agenda for this meeting, which is likely to last about an hour, will include:

- An explanation of the current situation from the perspective of the Sponsor.
- A walk through the readiness checklist. Check each section, understand where the council is and make sure that you challenge yourself against each section. An extract from this checklist is illustrated below.
- Identify primary contacts to seek access and support from other departments for data collection. Reports and data will be required from various departments and it will help the project team if an agreement is reached at a senior level before they engage in this activity; and
- Confirmation of the Project Manager (this individual should be respected across the organisation, since it is important to be able to open doors and unlock any potential barriers to access to data).

CSED : In-house vs External (or Reorganisation) Readiness Checklist

Reasons for considering reorganising/externalising								
	Enhance effectiveness by focussing on what you do best	Not important		Minor objective		Major objective		Primary objective	
	Increase flexibility to meet changing requirements	Not important		Minor objective		Major objective		Primary objective	
	Enable a broader transformation agenda	Not important		Minor objective		Major objective		Primary objective	
	Improve service user satisfaction	Not important		Minor objective		Major objective		Primary objective	
	Improve operating performance (productivity)	Not important		Minor objective		Major objective		Primary objective	
	Obtain expertise and skills	Not important		Minor objective		Major objective		Primary objective	
	Improve management and control	Not important		Minor objective		Major objective		Primary objective	
	Reduce investments in assets (& free up resources for other uses)	Not important		Minor objective		Major objective		Primary objective	
	Reduce costs through provider superior performance and lower cost structure	Not important		Minor objective		Major objective		Primary objective	
	Turn fixed costs into variable costs (increase flexibility)	Not important		Minor objective		Major objective		Primary objective	
	Overcome resistence to change	Not important		Minor objective		Major objective		Primary objective	
	Stated organisation policy	Not important		Minor objective		Major objective		Primary objective	
	Other :	Not important		Minor objective		Major objective		Primary objective	

Check list summary – are you ready to proceed?	Yes / No
Review the checklist as outlined above. You will need most of your answers to fall in the right hand side column to proceed. Make sure your comfortable with the result and communicate it through your existing communication channels to all relevant parties. It would be worth considering strategies to bolster areas that score poorly.	

If you are not ready, delay the work.

3.1.3: Terms of reference

Given the need to access many parts of the organisation, it is essential that the Project Manager has a clearly agreed terms of reference which can be used to communicate the rationale and approach being taken for the project.

Using the output from the pre meeting, prepare an initial Terms of Reference document. A template for this is included in Appendix B, populated to illustrate the intended use of each heading. Use the template as a guide and amend it to suit your specific requirements. Once this document has been drafted, circulate it to the Stakeholder Group for their review and sign-off.

The terms of reference covers the following:

- Overall goal;
- Specific primary objective/s
- Specific secondary objective/s
- Specific deliverables;
- Required inputs; and
- Engagement timetable

3.1.4: Kick-Off Meeting

Kick-off meetings are used to initiate data collection activities with individual departments. It is worthwhile assembling the senior manager responsible for the department (the full Stakeholder Group) and the individuals required to actually collect the data; this will ensure that everyone has a shared understanding of the data collection requirements and timeframes and that if there are any questions or concerns, they are raised in an open environment.

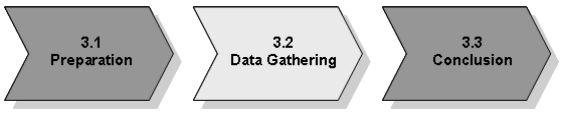
We would recommend contacting all members of the full Stakeholder Group and invite them and the individuals most likely to be involved to the meeting. The first part of the terms of reference provides a useful basis for an email which is also likely to include:

- Overview of the project goals and objectives.
- Reasons for seeking their attendance.
- Location & agenda.

The output from the meeting should aim to:

- Get buy-in to the terms of reference and answer any questions;
- Agree named individuals to provide data; and
- Agree time scales.

It should be possible to get hold of most of the required information with relatively little effort. The key here is to get the best information which is readily available immediately rather than initiate an in-depth data extraction process. Initial conclusions are usually able to be made based on experience and routinely available management information. The final output from this initial exercise will highlight where assumptions have had to be made and should recommend in-depth analysis only where required as part of any follow-up actions.



Step 3.2: Data Gathering

This section provides a summary of the four data templates and the type of information required to populate each one. Full versions of the templates are included in Appendix C. The templates also include information on the type of information required and where that information might be sourced.

3.2.1: Service Comparison

This data template captures the differences in the nature of service provision across your service providers.

The purpose of the template is to ensure that service providers are compared on a like-for-like basis, and that costs can be normalised to reflect any differences.

The specific care types may be as long or as short as you like – Appendix C includes examples used by two councils.

Homecare Providers	Supplier A	Supplier B	Supplier C	Supplier D	Supplier E	Supplier F	Supplier G	Supplier H	Supplier I	Supplier K	Supplier L	Supplier M	In-House
	Local	Nat	Nat	Local	Local	Regional	Local	Nat	Local	Local	Local	Regional	In-House
Specialist Care Types													
Medication		4								4			4
Peg Feeds	4	4			4	4				4	4	4	4
Dementia Care		4		4						4			4
Bowel Management	4	4											4
Colestomy	4	4	4	4	4		4		4	4	4	4	4
Acquired Brain Injury		4											
Re-Ablement					4					4			4
24/7 Cover													
Work unsociable hours													
Covers remote locations													
No. Clients (All Groups)	95	74	20	20	32	41	43	20	103	192	91	43	240
Clients (Elderly)	87	54	17	18	26	32	38		88	159	83	32	
Clients (LD)	0		2		1	1	1	20	1	1		1	
Clients (MH)	1		1			2			3	4		1	
Clients (PD)	7	20		2	5	6	4		11	28	8	9	
Average Wkly Hrs (Spot)	125.25	1181.50	146.25	22.50	285.75	697.25	377.75	229.00	205.25	434.25	276.75	264.25	1517.00
Average Wkly Hrs (Contract Zone 1)									350.00	486.50	313.50		
Average Wkly Hrs (Contract Zone 2)									177.50	312.50			
Average Wkly Hrs (Contract Zone 3)	356.75			113.75								709.26	
Total Average Hours per Week	**482.00**	**1181.50**	**146.25**	**136.25**	**285.75**	**697.25**	**377.75**	**229.00**	**732.75**	**1233.25**	**590.25**	**973.51**	**1517.00**
Contracted Hours pw (Zone 1)									350	350	350		
Contracted Hours pw (Zone 2)									300	300			
Contracted Hours pw (Zone 3)	400			200								200	
M-F 15 minute calls per week	71	103	45	11	20	14	56		124	145	77	4	636
M-F 30 minute calls per week	423	348	159	146	164	189	327		720	1089	426	421	1346
M-F 45 minute calls per week	70	63	12	14	55	34	89		101	225	63	52	488
M-F 60 minute calls per week	83	590	9	13	82	389	38	239	79	168	181	528	27
W/E 15 minute calls per week	25	36	18	4	8	4	22	0	46	54	30	2	
W/E 30 minute calls per week	148	143	59	58	62	78	116	0	270	399	160	160	
W/E 45 minute calls per week	24	22	2	4	22	10	30	0	36	81	19	26	
W/E 60 minute calls per week	19	248	2	4	26	138	10	0	14	42	28	95	
No. of Intensive Packages (over 10 hrs)													

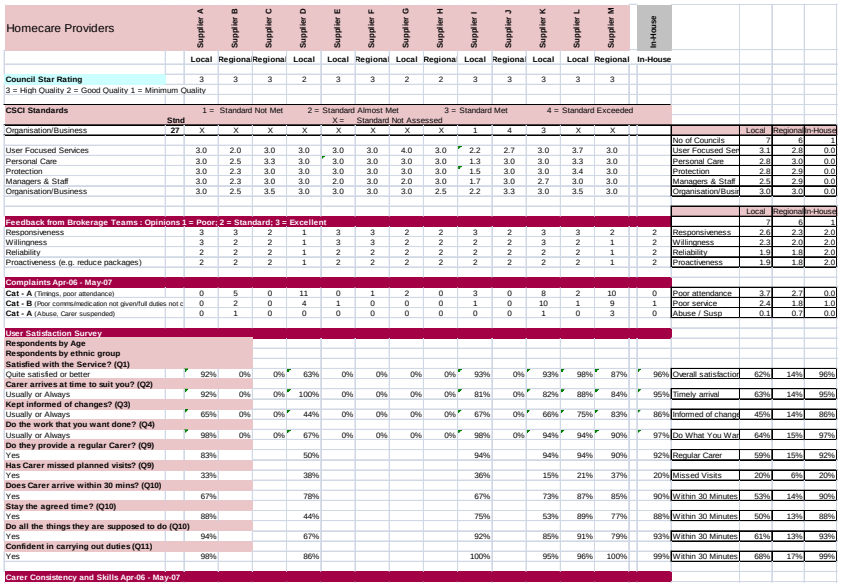
The high level volumes and contract utilisation figures are useful to gain an understanding of the volumes and nature of business each provider (whether in-house or external) is handling.

This matrix can be useful in itself. Quite often patterns emerge which can inform future strategy. For example, it is usually the case that at least some of the external providers will be providing services which are directly equivalent to the in-house team – are there providers who would be able to take on reablement and rapid response, for example? There may be patterns which highlight the specialist roles of some of the smaller providers – could some of these specialist services be used in a more imaginative way with complex cases? and so on.

3.2.2: Performance Comparison

The purpose of this data template is to establish the difference in performance and/or quality between your service providers.

This might explain the reasons behind inconsistencies in fees being paid to different service providers for a seemingly similar service.



Homecare Providers	Supplier A	Supplier B	Supplier C	Supplier D	Supplier E	Supplier F	Supplier G	Supplier H	Supplier I	Supplier J	Supplier K	Supplier L	Supplier M	In-House
	Local	Regional	Regional	Local	Local	Regional	Local	Regional	Local	Regional	Local	Local	Regional	In-House
Council Star Rating	3	3	3	2	3	3	2	2	3	3	3	3	3	
3 = High Quality 2 = Good Quality 1 = Minimum Quality														
CSCI Standards	1 = Standard Not Met			2 = Standard Almost Met			3 = Standard Met				4 = Standard Exceeded			
Stnd					X = Standard Not Assessed									
Organisation/Business 27	X	X	X	X	X	X	X	X	1	4	3	X	X	
User Focused Services	3.0	2.0	3.0	3.0	3.0	3.0	4.0	3.0	2.2	2.7	3.0	3.7	3.0	
Personal Care	3.0	2.5	3.3	3.0	3.0	3.0	3.0	3.0	1.3	3.0	3.0	3.3	3.0	
Protection	3.0	2.3	3.0	3.0	3.0	3.0	3.0	3.0	1.5	3.0	3.0	3.4	3.0	
Managers & Staff	3.0	2.3	3.0	3.0	2.0	3.0	2.0	3.0	1.7	3.0	2.7	3.0	3.0	
Organisation/Business	3.0	2.5	3.5	3.0	3.0	3.0	3.0	2.5	2.2	3.3	3.0	3.5	3.0	
Feedback from Brokerage Teams : Opinions 1 = Poor; 2 = Standard; 3 = Excellent														
Responsiveness	3	3	2	1	3	3	2	2	3	2	3	3	2	2
Willingness	3	2	2	1	3	3	2	2	2	2	3	2	1	2
Reliability	2	2	2	1	2	2	2	2	2	2	2	2	1	2
Proactiveness (e.g. reduce packages)	2	2	2	1	2	2	2	2	2	2	2	2	1	2
Complaints Apr-06 - May-07														
Cat - A (Timings, poor attendance)	0	5	0	11	0	1	2	0	3	0	8	2	10	0
Cat - B (Poor comms/medication not given/full duties not c	0	2	0	4	1	0	0	0	1	0	10	1	9	1
Cat - A (Abuse, Carer suspended)	0	1	0	0	0	0	0	0	0	0	1	0	3	0
User Satisfaction Survey														
Respondents by Age														
Respondents by ethnic group														
Satisfied with the Service? (Q1)														
Quite satisfied or better	92%	0%	0%	63%	0%	0%	0%	0%	93%	0%	93%	98%	87%	96%
Carer arrives at time to suit you? (Q2)														
Usually or Always	92%	0%	0%	100%	0%	0%	0%	0%	81%	0%	82%	88%	84%	95%
Kept informed of changes? (Q3)														
Usually or Always	65%	0%	0%	44%	0%	0%	0%	0%	67%	0%	66%	75%	83%	86%
Do the work that you want done? (Q4)														
Usually or Always	98%	0%	0%	67%	0%	0%	0%	0%	98%	0%	94%	94%	90%	97%
Do they provide a regular Carer? (Q9)														
Yes	83%			50%					94%		94%	94%	90%	92%
Has Carer missed planned visits? (Q9)														
Yes	33%			38%					36%		15%	21%	37%	20%
Does Carer arrive within 30 mins? (Q10)														
Yes	67%			78%					67%		73%	87%	85%	90%
Stay the agreed time? (Q10)														
Yes	88%			44%					75%		53%	89%	77%	88%
Do all the things they are supposed to do (Q10)														
Yes	94%			67%					92%		85%	91%	79%	93%
Confident in carrying out duties (Q11)														
Yes	98%			86%					100%		95%	96%	100%	99%
Carer Consistency and Skills Apr-06 - May-07														

	Local	Regional	In-House
No of Councils	7	6	1
User Focused Ser	3.1	2.8	0.0
Personal Care	2.8	3.0	0.0
Protection	2.8	2.9	0.0
Managers & Staff	2.5	2.9	0.0
Organisation/Busi	3.0	3.0	0.0

	Local	Regional	In-House
	7	6	1
Responsiveness	2.6	2.3	2.0
Willingness	2.3	2.0	2.0
Reliability	1.9	1.8	2.0
Proactiveness	1.9	1.8	2.0
Poor attendance	3.7	2.7	0.0
Poor service	2.4	1.8	1.0
Abuse / Susp	0.1	0.7	0.0
Overall satisfaction	62%	14%	96%
Timely arrival	63%	14%	95%
Informed of change	45%	14%	86%
Do What You Wan	64%	15%	97%
Regular Carer	59%	15%	92%
Missed Visits	20%	6%	20%
Within 30 Minutes	53%	14%	90%
Within 30 Minutes	50%	13%	88%
Within 30 Minutes	61%	13%	93%
Within 30 Minutes	68%	17%	99%

Note that, in this example, the comparison extends beyond regulatory / external inspection ratings to include specific statistics covering:

- Brokerage team feedback;
- Complaints; and
- User survey results.

It the case of most social care services, this list could be expanded to include things like:

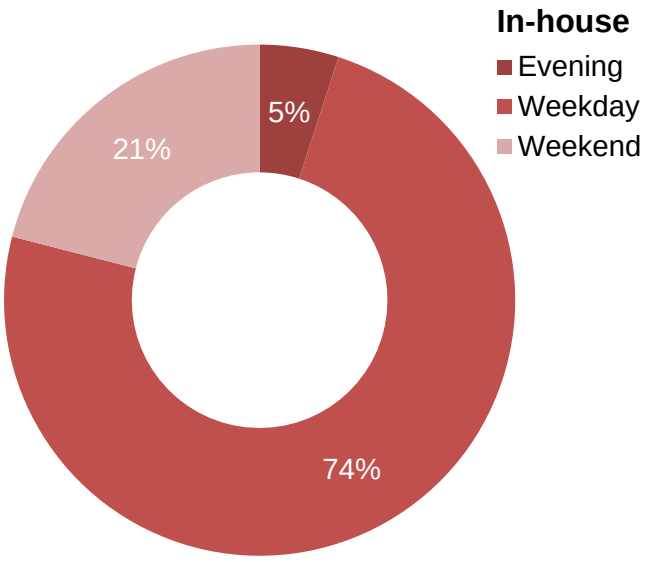
- Invoicing accuracy;
- Number of placement rejections; and
- The council's own rating system.

Such differences could then be factored into the internal vs external comparison.

This analysis can also be used to factor into provider feed-back mechanisms such as contract reviews. For a number of councils this may be the first time overall performance has been brought together all in one place.

3.2.3: Equivalent External Costs

Now that our related product, Tool for Rapid Analysis for Care Services (TRACS), has matured we would normally use TRACS to analyse the impact of moving internal services to the external market.



The idea is to normalise external costs to reflect the mix of services being provided by the in-house service and thus reflect any premium prices which may be in place.

In this illustration, the council paid premium rates to the external market for out-of-hours services. They believed that the in-house team did more out-of-hours calls than their external colleagues and that the external unit rate should be increased to reflect this difference.

As can be seen from the figure, when it came to the analysis, it was found that the external market actually supplied more out-of-hours services. If the in-house services were added to the external mix it would have had the opposite effect of decreasing the comparable unit rate. This highlights another benefit of the approach – it serves to correct any misplaced perceptions regarding the services.

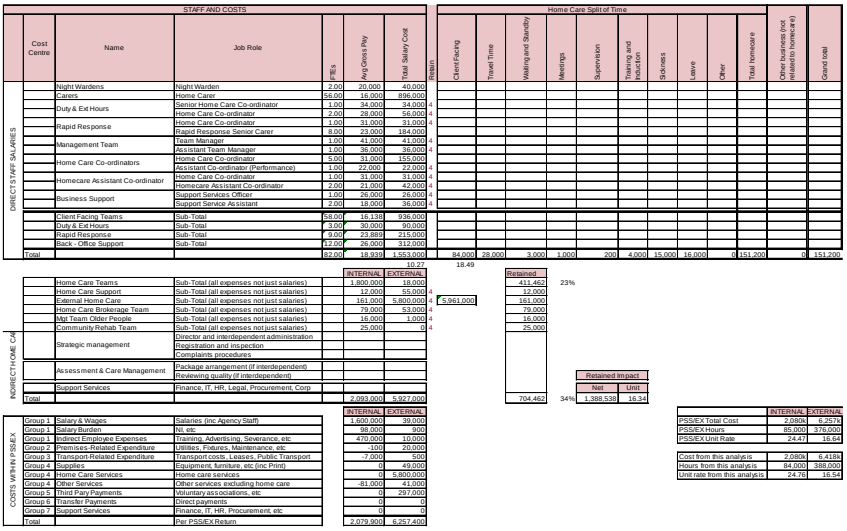
The easy things to factor into the analysis include:

- The mix of out-of-hours activity;
- The mix in visit length (shorter visits are often relatively more expensive);
- The geographical spread of activity (distance to get to the service user); and
- The service mix (i.e. if there are special services which have an obvious linkage to premium prices).

It is obviously more difficult for the quality and performance dimensions to be factored into a numerical analysis. Judgements will usually have to be made in the final analysis about the 'value' of such dimensions.

3.2.4: In-house Retained Analysis

This is a key part of the analysis, and potentially most useful from the perspective of making internal efficiencies.



The matrix aims to achieve two things:

- It pulls together, in one sheet, the individuals, teams, activities and associated costs which usually get incorporated within the cost of the in-house service; and
- It provides the mechanism to identify 'retained costs'

The easy bit is filling in the teams which constitute the in-house service, the number of staff and overall direct labour costs (the top left of the matrix).

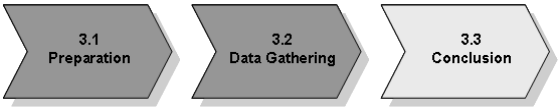
More difficult is the activity. However, our experience is that, even if there is no time monitoring system in place, with the right people engaged in the room, it is possible to complete a good enough picture of how the teams spend their time within a two hour facilitated workshop.

The final inputs, which require the support of the finance team, are the high level make-up of allocated costs.

Once completed the matrix is used to identify 'retained costs' – those costs which would still be left if the service was externalised. Retained costs fall into three categories:

- Costs related to teams which are included within the in-house figures. For example, Brokerage or Performance Management teams are often included as internal, but would still be needed to manage an external service;
- Costs related to activities which will be retained. For example inputs into service development or contributions to other management activities would still be needed in one form or another; and
- Costs which are allocated to the in-house figures by the accounting process which would still be retained. For example contributions to corporate functions, premises and other fixed costs.

Whilst it is appropriate to include such costs in a service-to-service comparison, when forming part of a business case for externalising a service, such costs should be separately identified.



Step 3.3: Conclusion

A report is drafted that brings together the data analysis, draws conclusions, and recommends the externalisation or retention of in-house services. A generic report template is provided below as a suggested guide, plus a suggested approach for validating and obtaining agreement to the report's recommendations. Please modify the report template to suit your specific needs.

3.3.1: Preparing the story

Who is the audience? What do they expect to see? Your immediate audience for the report is the project sponsor, however the sponsor will also need to share the report, so it's worth considering where the report will ultimately end up and therefore the format, level and content that you draft.

Reports in PowerPoint are quicker and easier to draft than in Word, and are a better format for conveying your message using graphs and tables. A good method for removing the detail from the document is to tell a short story in the main document and use appendices for the detail to back the story up (like this document).

Suggested report template:

1. Project Goal: state the overall objective(s) that you set out to achieve.
2. The Issue: use this section to describe the issue(s) that you set out to fix. For example, PSS/EX reported unit costs of internally-provided home care might be higher than those of external providers.
3. Facts & Figures: you will need to include a section detailing (at a reasonably high level) the data behind the Issue. The major purpose of this section is to build a case for change based on the data. Well laid-out data will often tell its own story, so it's important to explore the data for highlights or aberrations and to structure this section so that it leads the reader to a logical conclusion. Use high level data only; if you need to include more detail, use an appendix.

   As an example, below is the data analysis (headings only) used by one local authority for this section of the report for their homecare services:

   a. Internal Spend: broken up by key profit & loss line items, including income, and details including spend across the in-house service areas (if they exist), for example normal in-house spend versus rapid response or reablement. Include a Totals column here too.
   b. Internal Activity: provide a comparison of the hours worked within the different in-house service areas.

c. Cost per Hour (Gross): this is the total cost for the in-house service split by service area, divided by the number of hours recorded for each. This will provide a cost per hour for each service area.

d. Internal Dom Care – Actual & Reported Hours: Use a graph to plot actual hours of service provision against the hours reported in the PSS/EX returns. Experience shows that there will be differences here, perhaps significant.

e. Cost per Hour – Gross versus Net: Use this section to split-out management on-costs from the in-house service numbers, to get direct client-facing time. Then calculate the cost per hour splitting our management on-cost time.

4. Service Comparison with External Providers: Here the internal service is benchmarked with the external providers.

5. Staff and Costs: In this section list the positions, FTE numbers, gross and total pay for the in-house service. Include the management team for a complete picture.

6. Client Facing versus 'Non-Value Added' Time and/or Costs: Please see the In-House Retained Costs Template. The chart illustrated below is not untypical for in-house homecare. Note the relatively high sickness levels (good in comparison to some councils). Is this a symptom of exposure to illness or a function of poor morale? (evidence from one councils suggests that the latter can be a major factor). What could be done to reduce the travel time?

7. Transfer versus Retained Costs: Similar to 6 above, please see the In-House Retained Costs Template included in Appendix C for a suggested way to detail this information.

8. Potential for Long Term Gain: Use a single page to describe your recommendations for change. Use subsequent pages, if required, to highlight the reasons behind your recommendations. Keep this section high level; the detail is provided in the appendices if required.

9. Potential for Short Term Gain: This is a single pager that lists, at a high level, the major areas that this report highlights as having the potential for short term gains. This is quite important, senior management will want to see a fast return for their investment in a changed strategy. The short term gains should build towards the attainment of the long term gains outlined in the previous section.

10. Conclusion: You might want to include a single page that states, very briefly, the goal, issue, and recommendations.

3.3.2: Validation Session

To help engender buy-in to the report it is worth re-assembling the stakeholder group and talking them through the report at a high level, including the recommendations. During this session any high level concerns or issues can be dealt with by the larger team, with the project sponsor present.

- Start with the project sponsor, and talk him/her through the report and the conclusions that you've drawn. Modify the report as required before you proceed to the Validation Session.
- Discuss with the sponsor who should be on the report's distribution list for comment. Try to keep the group small; it is very difficult to manage a large group for this kind of exercise.
- Assemble the stakeholder group and any other people identified to critique the report, and talk them through the report at a high level, with the Project Goal, the Issue and the Recommendations highlighted.
- Ask the group for feedback, and document the comments and concerns. Resolve as many concerns as possible within the group. To that end, it is vital that this session includes the project sponsor.
- Close the session and inform the group that you will be issuing the updated draft report for comment. Tell them how long they will have to respond to the draft.

3.3.3: Feedback

Allowing stakeholders to provide feedback to the report is a formal way of conducting a dialogue across a group of people, and is a powerful tool for obtaining group-wide agreement to an issue or proposition.

- Incorporate the feedback from the Validation Session then issue the report as a draft to the stakeholder group. Ensure that there is a clear deadline for stakeholders to respond. Issue a reminder a few days ahead of the deadline.
- Incorporate stakeholders' comments into the report. If you don't agree with a comment or suggestion, discuss with the relevant stakeholder and escalate to the project sponsor if necessary. All stakeholder questions, concerns and comments should be addressed before the final report is issued.
- Remember, the purpose of the validation session is to ensure that the stakeholder group agrees with the report before it is issued as a final.

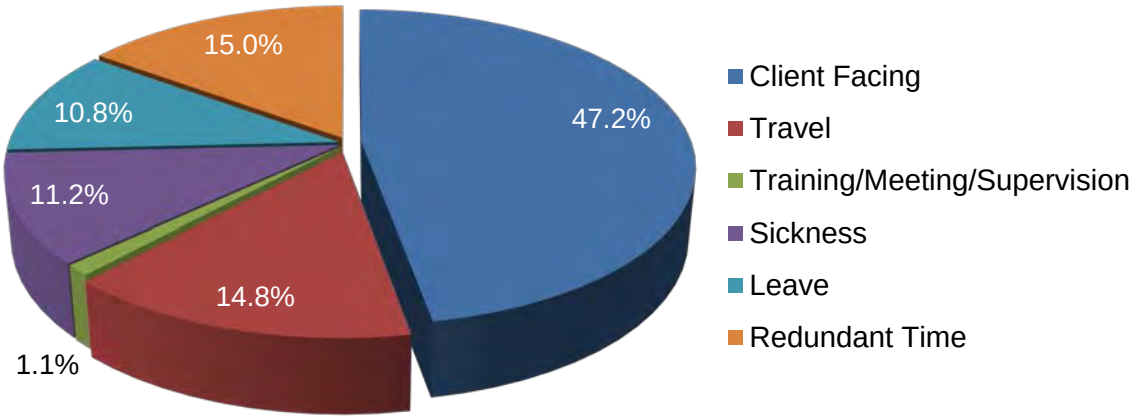
3.3.4: Next Steps

Once the report is issued as a final, the project sponsor can use it with the appropriate management groups and/or members for ultimate signoff to the recommendations.

It is highly likely that the report will recommend more in-depth analysis in certain areas where there are gaps and/or assumptions have had to be made. As stated earlier on, we would recommend you do a first pass of the toolkit relatively quickly and follow-up with in-depth analysis of the relevant areas later rather than try and do everything in detail immediately.

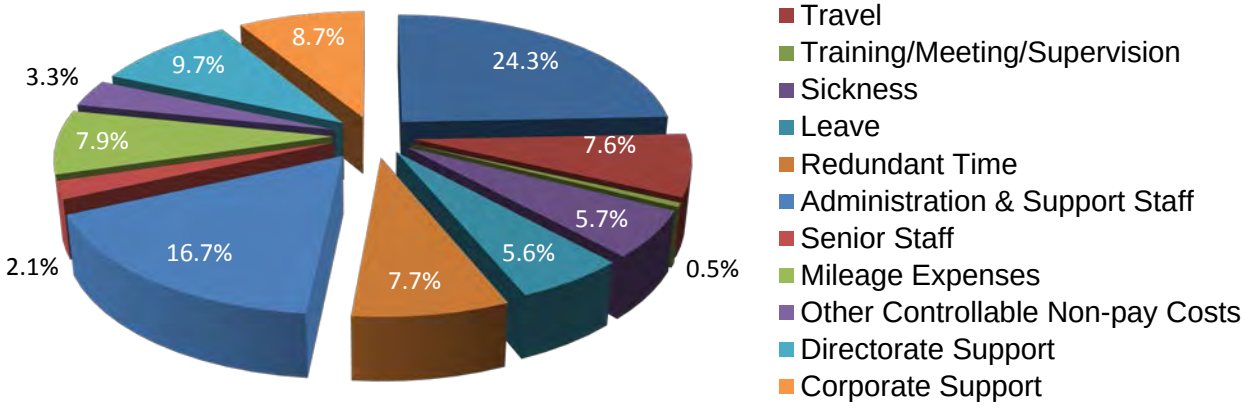
Efficiency Opportunities

The analysis of how the in-house service is spending its time is a useful starting point for investigating opportunities to improve efficiency.



In the above example, less than 50% of the direct in-house team is spent facing clients. This figure is not untypical.

When converted to costs and added to administration and support staff and non-pay costs, the picture is even more illuminating:



From an efficiency perspective, the following questions can be asked:

- Could the time lost to travel be reduced by better optimisation of the schedule? All to often we see placements made with minimal regard to the time to get from one client to another
- Could sickness levels be reduced? Whilst the nature of the work exposes care workers to more sources of illness, one council found that a lot of 'sickness' fell around bank holidays in one part of the organisation – symptomatic of either loose management and/or low morale. They were able to halve sickness levels. From a cost perspective, individuals were receiving double rate whilst 'sick'. This was compounded by the need for extra cover for this sickness which was also at double rate (Costing this council 4 times the normal rate during these periods).
- Could the amount of redundant time be reduced? In this example, when clients no longer required care for whatever reason, it was taking considerable time to reorganise time slots to make better use of the paid gaps in a carer's schedule.
- Could the administration & support staff burden be reduced? Are they doing things better done, or, even worse, already being done, by the carers themselves? Could mobile technology help with the 'paperwork'?
- Is the cost of mileage appropriate? We have come across instances where, in addition to the benefits of a car they also get the full mileage allowance normally given to those without a car.

Council employed care staff are normally on a better salary package than their external counterparts, being paid for travel time, holidays and sickness as well as getting a higher hourly rate. Our experience is that this difference accounts for between £3 and £5 per hour. The difference between in-house service costs and external service costs is typically in excess of £10 per hour. This means that in many councils there is an opportunity to make efficiencies of around £5 an hour and, in some cases, up to £10 per hour, by better management of their in-house home care service.

Unfortunately we see some councils externalising their service in one way or another in the hope that this will be fixed by a third party. There is a saying in the world of outsourcing : "Never outsource a mess". We would strongly recommend that any council considering externalising their services first analyse their service and improve its efficiency prior to such externalisation.

Appendix A: Readiness Checklist

CSED : In-house vs External (or Reorganisation) Readiness Checklist

Reasons for considering reorganising/externalising	Enhance effectiveness by focussing on what you do best	Not important		Minor objective		Major objective		Primary objective	
	Increase flexibility to meet changing requirements	Not important		Minor objective		Major objective		Primary objective	
	Enable a broader transformation agenda	Not important		Minor objective		Major objective		Primary objective	
	Improve service user satisfaction	Not important		Minor objective		Major objective		Primary objective	
	Improve operating performance (productivity)	Not important		Minor objective		Major objective		Primary objective	
	Obtain expertise and skills	Not important		Minor objective		Major objective		Primary objective	
	Improve management and control	Not important		Minor objective		Major objective		Primary objective	
	Reduce investments in assets (& free up resources for other uses)	Not important		Minor objective		Major objective		Primary objective	
	Reduce costs through provider superior performance and lower cost structure	Not important		Minor objective		Major objective		Primary objective	
	Turn fixed costs into variable costs (increase flexibility)	Not important		Minor objective		Major objective		Primary objective	
	Overcome resistence to change	Not important		Minor objective		Major objective		Primary objective	
	Stated organisation policy	Not important		Minor objective		Major objective		Primary objective	
	Other :	Not important		Minor objective		Major objective		Primary objective	
Commitment to change	Proposed timescales to completion	Within next 6 months		Within next 12 months		Within next 18 months		Within next 24 months	
	Level of commitment to change	Exploring only		Recognised need		Commitment to change		Commitment to outsource	
	Alternatives considered	Not thought about them		Alternatives exhausted		Informally explored		Formally evaluated	
	Level of organisational alignment to objectives for reorganising	Don't know		Within dept		Across executive		Across organisation	
	Level of internal knowledge about consideration to reorganise	Dept core team only		Executive management		X-functional core team		Widely know n	
	Level of union/staff engagement	None		Informal discussions		Formal notification		Full participation	
Mobilisation status	Mobilisation of reorganisation team	No-one yet allocated		Nominated project mgr		Nominated key leads		Mobilised project team	
	Status of planning	Nothing formal		High level outline		Detailed draft		Approved plan	
	Level of market analysis / readiness to accommodate change	Nothing yet done		Experience led assess.		High level analysis		Detailed analysis	
	Level of market place awareness of option to reorganise	None		Signalled possibility		Preliminary discussions		Initiated tendering	
Scope definition	Contract structure readiness (if externalising)	Nothing yet done		Previous experience		Outline terms		Full contract package	
	Status of definition of scope under review	Verbally defined		Written outline		Draft specification		Approved specification	
	Status of definition of organisation under review	General principles		Affected departments		Affected groups		Affected individuals	
	Status of analysis of service users affected by review	Not yet assessed		Volumes know n		Groups identified		Individuals identified	
	Status of communications planning	Not yet started		Stakeholders identified		Planning started		Comms plan available	
Data readiness	Organisation / scope	Not yet started		Intent notified		Collection underw ay		Most data available	
	Finance	Not yet started		Intent notified		Collection underw ay		Most data available	
	HR / personnel	Not yet started		Intent notified		Collection underw ay		Most data available	
	Contracts/Commissioning	Not yet started		Intent notified		Collection underw ay		Most data available	
Approach	Likely level of internal cooperation with 3rd party	Not know n		Resist / obstruct		Low priority compliance		High priority willingness	
	Level of agreement to proposed agenda	Not acceptable		Major changes		Minor changes		OK as is	
	No Go areas identified	Not thought about them		Identify during visit		Will prepare before visit		Already know n	

Appendix B : Terms of Reference

Please modify this document depending on your specific needs.

Location :
Date :
Sponsor :
Facilitator/s :

Overall Goal :

- To demonstrate the added value and equivalent cost of in-house home care services when compared with the current external service provision

Specific Primary Objective/s :

- To document services currently delivered by the in-house teams compared with the external market in terms of nature and mix (volume) of service category (including level of cover, out of hours comparisons, etc)
- To document and cost the amount of time spent by the in-house team (during financial year 06/07) on:
  - direct service delivery activities
  - indirect service related activities (travel, operational planning, etc)
  - other activities not directly related to home care service delivery (split by service volume related / independent of volumes)
- Identify the changes already in implementation for 07/08 and estimate the likely impact on 08/09 costs
- To document and cost the amount of time spent by the council in managing the external market and the amount of time built (explicitly or implicitly) into contracts for indirect service related activity
- To document relative performance and quality of in-house and external providers, where possible, in terms of:
  - Inspection reports
  - User survey feed-back
  - Complaints
  - Reliability (missed visits, etc)
  - Responsiveness (acceptance / rejection of requests to deliver service)
  - Transaction efficiency

Specific Secondary Objective/s:

- To identify potential opportunities for efficiency improvement;
- To simulate alternative future scenarios:
  - Change in focus on in-house services
  - Change in mix of external services

Appendix B : Terms of Reference (continued)

Specific Deliverables:

- Service comparison matrix (with associated volumes)
- Activity / responsibility time / cost matrix
- PSS/EX internal and external home care related cost breakdown analysis (identifying service dependencies and fixed costs)
- Relative performance matrix ('balanced scorecard' principles) for in-house provision and external providers
- High level report with findings, opportunities and recommendations
- Populated version of the CSED TRACS database (for scenario planning)

Required Inputs :

- Download of individual care packages:
  - by provider, start date, end date, postcode-sector, service type (at pricing level), hours (split weekday / weekend) and cost
  - Required for both in-house and external services
  - *Any additional data will be used to refine 'what-if' scenario analysis: type of service user, responsible care manager/team, service category, etc*
- List of affected personal (along with costs) – ideally for the 06/07 period
  - Hours paid versus hours delivered
- Budget breakdown for affected cost centres (and overhead allocation apportionment)
  - To be reconciled to PSS/EX returns for both internal and external home care provision
- Performance / quality statistics per provider:
  - Number of complaints
  - Summary of user feed-back
  - CSCI inspection summary
  - No. of rejected requests for service delivery (or approx. based on % of block take-up)
  - Number of incorrect invoices
  - Care brokerage perspective on responsiveness
  - Care brokerage perspective on willingness
  - Accreditation perspective on external provision
- Input into responsibility / activity matrix:
  - Type of individual (based on personnel headings/ manager input)
  - Typical activities (based on operational manager input)
  - Compilation of time spent doing what (via a facilitated workshop involving a range of individuals from the various operational teams).
- Validation of initial analysis (via presentation / discussion with appropriate management)

Appendix B : Terms of Reference (continued)

Terms of Reference Timetable		
Day	**AM/PM**	**Activity**
One	AM	• Sponsor discussion • Mobilisation of team • Agreement to approach
	PM	• Meetings with key managers (Home care team, brokerage) • Identification of key sources of data (both people and systems) o xxxxxxxxxx (team manager) o xxxxxxxxxx (brokerage) o xxxxxxxxxx (performance and stats) o xxxxxxxxxx (complaints) o xxxxxxxxxx (accounts) o xxxxxxxxxx (in-house care records) o xxxxxxxxxx (data) o xxxxxxxxxx (operational management) • Collation of initial data (organisation, staffing, data warehouse extraction) • Confirmation of approach and deliverables
Two	AM	• One-to-one meetings to collate data for analysis • Detail design / adaptation of deliverable templates
	PM	• Continued one-to-one meetings • Extracts of relevant data
GAP		• Desktop analysis to consolidate data into format suitable for presentation • Off-line requests : clarification and/or further information
Three	AM	• Proposed for [insert date] • Completion of detailed activity / responsibility matrix involving care team • Completion of pack for feed-back / validation purposes
	PM	• Validation session • Agreement to follow-up / next steps

Appendix C: Data Gathering

This section explains in more detail the data templates described in the Data Gathering section. It explains the type of information required and helpful hints on where to source the information.

C.1: Service Comparison

The purpose of this document is to capture any differences in the nature of services being delivered by each service provider. This is to ensure that the scope of service provision is being compared on a like basis, and that costs can be normalised to reflect any differences.

Homecare Providers	Supplier A	Supplier B	Supplier C	Supplier D	Supplier E	Supplier F	Supplier G	Supplier H	Supplier I	Supplier K	Supplier L	Supplier M	In-House
	Local	Nat	Nat	Local	Local	Regional	Local	Nat	Local	Local	Local	Regional	In-House
Specialist Care Types													
Medication		4								4			4
Peg Feeds	4	4			4	4				4	4	4	4
Dementia Care		4		4						4			4
Bowel Management	4	4											4
Colestomy	4	4	4	4	4		4		4	4	4	4	4
Acquired Brain Injury		4											
Re-Ablement					4					4			4
24/7 Cover													
Work unsociable hours													
Covers remote locations													
No. Clients (All Groups)	95	74	20	20	32	41	43	20	103	192	91	43	240
Clients (Elderly)	87	54	17	18	26	32	38		88	159	83	32	
Clients (LD)	0		2		1	1	1	20	1	1		1	
Clients (MH)	1		1			2			3	4		1	
Clients (PD)	7	20		2	5	6	4		11	28	8	9	
Average Wkly Hrs (Spot)	125.25	1181.50	146.25	22.50	285.75	697.25	377.75	229.00	205.25	434.25	276.75	264.25	1517.00
Average Wkly Hrs (Contract Zone 1)									350.00	486.50	313.50		
Average Wkly Hrs (Contract Zone 2)									177.50	312.50			
Average Wkly Hrs (Contract Zone 3)	356.75			113.75								709.26	
Total Average Hours per Week	**482.00**	**1181.50**	**146.25**	**136.25**	**285.75**	**697.25**	**377.75**	**229.00**	**732.75**	**1233.25**	**590.25**	**973.51**	**1517.00**
Contracted Hours pw (Zone 1)									350	350	350		
Contracted Hours pw (Zone 2)									300	300			
Contracted Hours pw (Zone 3)	400			200								200	
M-F 15 minute calls per week	71	103	45	11	20	14	56		124	145	77	4	636
M-F 30 minute calls per week	423	348	159	146	164	189	327		720	1089	426	421	1346
M-F 45 minute calls per week	70	63	12	14	55	34	89		101	225	63	52	488
M-F 60 minute calls per week	83	590	9	13	82	389	38	239	79	168	181	528	27
W/E 15 minute calls per week	25	36	18	4	8	4	22	0	46	54	30	2	
W/E 30 minute calls per week	148	143	59	58	62	78	116	0	270	399	160	160	
W/E 45 minute calls per week	24	22	2	4	22	10	30	0	36	81	19	26	
W/E 60 minute calls per week	19	248	2	4	26	138	10	0	14	42	28	95	
No. of Intensive Packages (over 10 hrs)													

Service Comparison : Another example

The following table illustrates another example of comparing internal with external services:

Specialist care types	Supplier A	Supplier B	Supplier C	Supplier D	Supplier E	In-House
Medication administration	☑	☑	☑	☑	☑	☑
PEG Feeding	☑	☑	☑			☑
Continence management	☑	☑	☑	☑	☑	☑
Acquired brain injury	☑	☑	☑	☑	☑	☑
Compromised mobility: quadriplegic	☑	☑	☑	☑	☑	☑
Tetraplegic	☑	☑	☑	☑	☑	☑
RTA	☑	☑	☑	☑	☑	☑
Re-ablement 'foot in the door'	☒	☒	☒	☒	☒	☑
24/7 Cover						☑
Cover remote locations	☐	☐	☐	☐	☐	☑
Evening calls after 9.00 pm	☐	☐	☑	☑	☑	☑
Trouble-shooting: service breakdown cover						☑
Main Carer support	☑	☑	☑	☑	☑	☑
Socially isolated Service Users	☑	☑	☑	☑	☑	☑
Volatile Social Circumstances	☒	☒	☒	☒	☒	☑
Physical Conditions: MS	☑	☑	☑	☑	☑	☑
Parkinsons	☑	☑	☑	☑	☑	☑
Stroke	☑	☑	☑	☑	☑	☑
CVA	☑	☑	☑	☑	☑	☑
MND	☑	☑	☑	☑	☑	☑
Sensory Impairment	☑	☑	☑	☑	☑	☑
Dementia	☑	☑	☑	☑	☑	☑
Mental Illness	☑	☑	☑	☑	☑	☑
Alcohol and Substance Mis-Use	☑	☑	☑	☑	☑	☑
Depression	☑	☑	☑	☑	☑	☑
Self-Neglect	☑	☑	☑	☑	☑	☑
Learning Disabled	☑	☑	☑	☑	☑	☑
Vulnerable Adults	☒	☒	☒	☒	☒	☑
Behaviours: challenging	☑	☑	☑	☑	☑	☑
aggressive	☑	☑	☑	☑	☑	☑
sexually inappropriate	☒	☒	☒	☒	☒	☑
unusual e.g. obsessive compulsive disorder	☒	☒	☒	☒	☒	☑

Key : ☑ Comparable service offered by external provider
☐ External have to take if in-house do not have the capacity

☒ External take reluctantly

C.2: Performance Comparison

The purpose of this document is to establish any differences in performance and/or quality between the providers. This might explain different amounts being paid for services. Such differences could then be factored into the internal vs external comparison.

Homecare Providers	Supplier A	Supplier B	Supplier C	Supplier D	Supplier E	Supplier F	Supplier G	Supplier H	Supplier I	Supplier J	Supplier K	Supplier L	Supplier M	In-House
	Local	Regional	Regional	Local	Local	Regional	Local	Regional	Local	Regional	Local	Local	Regional	In-House
Council Star Rating	3	3	3	2	3	3	2	2	3	3	3	3	3	
3 = High Quality 2 = Good Quality 1 = Minimum Quality														
CSCI Standards	1 = Standard Not Met			2 = Standard Almost Met				3 = Standard Met			4 = Standard Exceeded			
	Stnd				X = Standard Not Assessed									
Organisation/Business	27	X	X	X	X	X	X	X	X	1	4	3	X	X	
User Focused Services		3.0	2.0	3.0	3.0	3.0	3.0	4.0	3.0	2.2	2.7	3.0	3.7	3.0	
Personal Care		3.0	2.5	3.3	3.0	3.0	3.0	3.0	3.0	1.3	3.0	3.0	3.3	3.0	
Protection		3.0	2.3	3.0	3.0	3.0	3.0	3.0	3.0	1.5	3.0	3.0	3.4	3.0	
Managers & Staff		3.0	2.3	3.0	3.0	2.0	3.0	2.0	3.0	1.7	3.0	2.7	3.0	3.0	
Organisation/Business		3.0	2.5	3.5	3.0	3.0	3.0	3.0	2.5	2.2	3.3	3.0	3.5	3.0	
Feedback from Brokerage Teams : Opinions 1 = Poor; 2 = Standard; 3 = Excellent														
Responsiveness		3	3	2	1	3	3	2	2	3	2	3	3	2	2
Willingness		3	2	2	1	3	3	2	2	2	2	3	2	1	2
Reliability		2	2	2	1	2	2	2	2	2	2	2	2	1	2
Proactiveness (e.g. reduce packages)		2	2	2	1	2	2	2	2	2	2	2	2	1	2
Complaints Apr-06 - May-07														
Cat - A (Timings, poor attendance)		0	5	0	11	0	1	2	0	3	0	8	2	10	0
Cat - B (Poor comms/medication not given/full duties not c		0	2	0	4	1	0	0	0	1	0	10	1	9	1
Cat - A (Abuse, Carer suspended)		0	1	0	0	0	0	0	0	0	0	1	0	3	0
User Satisfaction Survey														
Respondents by Age														
Respondents by ethnic group														
Satisfied with the Service? (Q1)														
Quite satisfied or better		92%	0%	0%	63%	0%	0%	0%	0%	93%	0%	93%	98%	87%	96%
Carer arrives at time to suit you? (Q2)														
Usually or Always		92%	0%	0%	100%	0%	0%	0%	0%	81%	0%	82%	88%	84%	95%
Kept informed of changes? (Q3)														
Usually or Always		65%	0%	0%	44%	0%	0%	0%	0%	67%	0%	66%	75%	83%	86%
Do the work that you want done? (Q4)														
Usually or Always		98%	0%	0%	67%	0%	0%	0%	0%	98%	0%	94%	94%	90%	97%
Do they provide a regular Carer? (Q9)														
Yes		83%			50%					94%		94%	94%	90%	92%
Has Carer missed planned visits? (Q9)														
Yes		33%			38%					36%		15%	21%	37%	20%
Does Carer arrive within 30 mins? (Q10)														
Yes		67%			78%					67%		73%	87%	85%	90%
Stay the agreed time? (Q10)														
Yes		88%			44%					75%		53%	89%	77%	88%
Do all the things they are supposed to do (Q10)														
Yes		94%			67%					92%		85%	91%	79%	93%
Confident in carrying out duties (Q11)														
Yes		98%			86%					100%		95%	96%	100%	99%
Carer Consistency and Skills Apr-06 - May-07														

	Local	Regional	In-House
	7	6	1
No of Councils	7	6	1
User Focused Ser	3.1	2.8	0.0
Personal Care	2.8	3.0	0.0
Protection	2.8	2.9	0.0
Managers & Staff	2.5	2.9	0.0
Organisation/Busir	3.0	3.0	0.0

	Local	Regional	In-House
	7	6	1
Responsiveness	2.6	2.3	2.0
Willingness	2.3	2.0	2.0
Reliability	1.9	1.8	2.0
Proactiveness	1.9	1.8	2.0

Poor attendance	3.7	2.7	0.0
Poor service	2.4	1.8	1.0
Abuse / Susp	0.1	0.7	0.0

Overall satisfactior	62%	14%	96%
Timely arrival	63%	14%	95%
Informed of change	45%	14%	86%
Do What You Wan	64%	15%	97%
Regular Carer	59%	15%	92%
Missed Visits	20%	6%	20%
Within 30 Minutes	53%	14%	90%
Within 30 Minutes	50%	13%	88%
Within 30 Minutes	61%	13%	93%
Within 30 Minutes	68%	17%	99%

Largely self-explanatory, part of this matrix requires gathering statistics from the teams responsible for quality, user surveys, performance and complaints.

As illustrated in the example, in this council, the brokerage teams were interviewed in order to obtain their feed-back – it is quite often more difficult for these teams to work with the internal processes of making placements than it is to place packages in the external market.

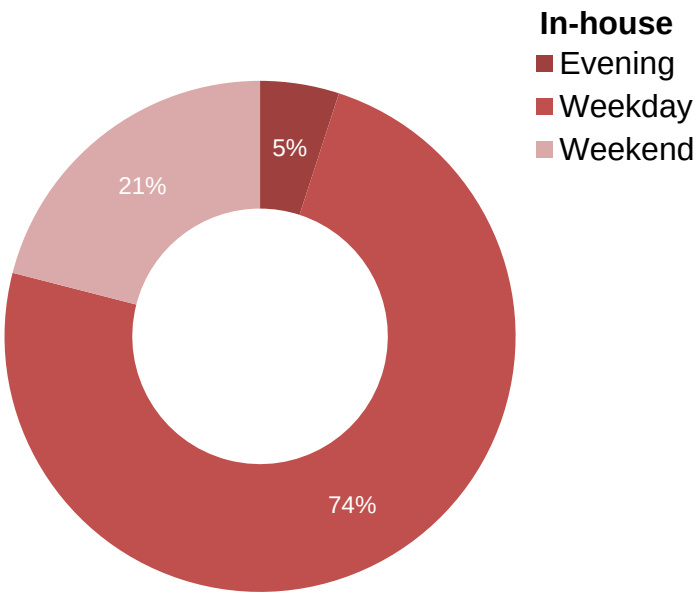
It is also worth getting the views of the teams responsible for processing timesheets (if applicable) and/or invoices. There will normally be statistics on which providers are difficult to deal with due to inaccurate invoices and so on.

As pointed out earlier this analysis can be used to inform the contract management processes.

C.3: The External Cost of In-house Services

This is used to test the hypothesis that if in-house services were externalised, external unit rates would change:

- The mix of out-of-hours activity.
- The mix in visit length (shorter visits more expensive).
- The geographical spread of activity (insufficient data).
- The service mix (if there are special services which command a premium).



C.4 In-house Retained Costs

This template is used to adjust in-house rates to reflect costs which would be retained even if the service was externalised. In other words, if we decide to externalise all or part of our service, certain costs will be retained by the local authority. This template is used to capture those costs. The analysis also lends itself to identifying areas of potential inefficiency.

	Cost Centre	Name	Job Role	FTEs	Avg Gross Pay	Total Salary Cost	Retain	Client Facing	Travel Time	Waiting and Standby	Meetings	Supervision	Training and Induction	Sickness	Leave	Other	Total homecare	Other business (not related to homecare)	Grand total
DIRECT STAFF SALARIES		Night Wardens	Night Warden	2.00	20,000	40,000													
		Carers	Home Carer	56.00	16,000	896,000													
		Duty & Ext Hours	Senior Ho… Co-ordinator	1.00	34,000	34,000	4												
			Home C… ator	2.00	28,000	56,000	4												
		Rapid Response	Home C… ator	1.00	31,000	31,000	4												
			Rapid R… enior Carer	8.00	23,000	184,000													
		Management Team	Team Manager	1.00	41,000	41,000	4												
			Assistant Team Manager	1.00	36,000	36,000	4												
		Home Care Co-ordinators	Home Care Co-ordinator	5.00	31,000	155,000													
			Assistant Co-ordinator (Performance)	1.00	22,000	22,000	4												
		Homecare Assistant Co-ordinator	Home Care Co-ordinator	1.00	31,000	31,000	4												
			Homecare Assistant Co-ordinator	2.00	21,000	42,000	4												
		Business Support	Support Services Officer	1.00	26,000	26,000	4												
			Support Service Assistant	2.00	18,000	36,000	4												
		Client Facing Teams	Sub-Total	58.00	16,138	936,000													
		Duty & Ext Hours	Sub-Total	3.00	30,000	90,000													
		Rapid Response	Sub-Total	9.00	23,889	215,000													
		Back - Office Support	Sub-Total	12.00	26,000	312,000													
	Total			82.00	18,939	1,553,000		84,000	28,000	3,000	1,000	200	4,000	15,000	16,000	0	151,200	0	151,200
						10.27		18.49											

			INTERNAL	EXTERNAL			Retained	
	Home Care Teams	Sub-Total (all expenses not just salaries)	1,800,000	18,000			411,462	23%
	Home Care Support	Sub-Total (all expenses not just salaries)	12,000	55,000	4		12,000	
	External Home Care	Sub-Total (all expenses not just salaries)	161,000	5,800,000	4	5,961,000	161,000	
	Home Care Brokerage Team	Sub-Total (all expenses not just salaries)	79,000	53,000	4		79,000	
	Mgt Team Older People	Sub-Total (all expenses not just salaries)	16,000	1,000	4		16,000	
	Community Rehab Team	Sub-Total (all expenses not just salaries)	25,000	0	4		25,000	
INDIRECT HOME CAR	Strategic management	Director and non-dependent administration						
		Registration and inspection						
		Complaints procedures						
	Assessment & Care Management	Package arrangement (if interdependent)						
		Reviewing quality (if interdependent)						
	Support Services	Finance, IT, HR, Legal, Procurement, Corp						
	Total		2,093,000	5,927,000			704,462	34%

Retained Impact	
Net	Unit
1,388,538	16.34

				INTERNAL	EXTERNAL
COSTS WITHIN PSS/EX	Group 1	Salary & Wages	Salaries (inc Agency Staff)	1,600,000	39,000
	Group 1	Salary Burden	NI, etc	98,000	900
	Group 1	Indirect Employee Expenses	Training, A… Severance, etc	470,000	10,000
	Group 2	Premises-Related Expenditure	Utilities, … ntenance, etc	-100	20,000
	Group 3	Transport-Related Expenditure	Transpo… osts, … es, Public Transport	-7,000	500
	Group 4	Supplies	Equipmen… , etc (inc Print)	0	49,000
	Group 4	Home Care Services	Home care services	0	5,800,000
	Group 4	Other Services	Other services excluding home care	-81,000	41,000
	Group 5	Third Pary Payments	Voluntary associations, etc	0	297,000
	Group 6	Transfer Payments	Direct payments	0	0
	Group 7	Support Services	Finance, IT, HR, Procurement, etc	0	0
	Total		Per PSS/EX Return	2,079,900	6,257,400

	INTERNAL	EXTERNAL	
PSS/EX Total Cost	2,080k	6,257k	
PSS/EX Hours	85,000	376,000	*
PSS/EX Unit Rate	24.47	16.64	

Cost from this analysis	2,080k	6,418k
Hours from this analysis	84,000	388,000
Unit rate from this analysis	24.76	16.54

Looking at each of the numbered areas in turn.

❶ In-house teams, numbers of staff and their direct (employee related costs)

STAFF AND COSTS							
	Cost Centre	Name	Job Role	FTEs	Avg Gross Pay	Total Salary Cost
DIRECT STAFF SALARIES		Night Wardens	Night Warden	2.00	20,000	40,000
		Carers	Home Carer	56.00	16,000	896,000
		Duty & Ext Hours	Senior Home Care Co-ordinator	1.00	34,000	34,000
			Home Care Co-ordinator	2.00	28,000	56,000
		Rapid Response	Home Care Co-ordinator	1.00	31,000	31,000
			Rapid Response Senior Carer	8.00	23,000	184,000
		Management Team	Team Manager	1.00	41,000	41,000
			Assistant Team Manager	1.00	36,000	36,000
		Home Care Co-ordinators	Home Care Co-ordinator	5.00	31,000	155,000
			Assistant Co-ordinator (Performance)	1.00	22,000	22,000
		Homecare Assistant Co-ordinator	Home Care Co-ordinator	1.00	31,000	31,000
			Homecare Assistant Co-ordinator	2.00	21,000	42,000
		Business Support	Support Services Officer	1.00	26,000	26,000
			Support Service Assistant	2.00	18,000	36,000
		Client Facing Teams	Sub-Total	58.00	16,138	936,000
		Duty & Ext Hours	Sub-Total	3.00	30,000	90,000
		Rapid Response	Sub-Total	9.00	23,889	215,000
		Back - Office Support	Sub-Total	12.00	26,000	312,000
	Total			82.00	18,939	1,553,000

This part of the matrix collects all of the teams which make up the in-house service. It is good to group these teams into client facing and back-office as a minimum. The number of FTEs could be based on a snapshot in time or on the budget head-count whichever is most appropriate. The total staff cost for each team should be available via the normal budget reports and average is just the total divided by the number of FTEs.

If staff are paid on the basis of well-known banding rates, then these numbers may not be too sensitive. However, if there are only one or two well identifiable individuals within a particular team we would recommend combining them with other 'like' teams (from the perspective of the exercise).

2 How these individuals spend their time

STAFF AND COSTS				Home Care Split of Time											
	Cost Centre	Name	Retain	Client Facing	Travel Time	Waiting and Standby	Meetings	Supervision	Training and Induction	Sickness	Leave	Other	Total homecare	Other business (not related to homecare)	Grand total
DIRECT STAFF SALARIES		Night Wardens													
		Carers													
		Duty & Ext Hours	4												
			4												
		Rapid Response	4												
		Management Team	4												
			4												
		Home Care Co-ordinators													
			4												
		Homecare Assistant Co-ordinator	4												
			4												
		Business Support	4												
			4												
		Client Facing Teams													
		Duty & Ext Hours													
		Rapid Response													
		Back - Office Support													
	Total			84,000	28,000	3,000	1,000	200	4,000	15,000	16,000	0	151,200	0	151,200

If you have a time monitoring system in place, you will be able to break out these activities based upon electronic records. In practice many of you will not have this information and, at best, in the case of homecare, you may only have access to care plan records or their equivalent.

We have found that getting the right people in the room will give a good idea of how the different teams spend their time. The key ratio is the ratio of client facing time versus other activity. Our experience is that is not uncommon to have 50% client facing and the rest lost in other (from the perspective of the client, non-value added) activities.

This analysis looks at this breakdown from a time perspective. Quite often the ratio is even lower when reviewed from a cost perspective. This is because some of these activities consume a disproportionate amount of the cost.

In addition to providing a basis for understanding how much time is spent on activities which would be retained, this part of the analysis provides the baseline for efficiency opportunities. Based on our experience so far there is usually scope to improve in-house efficiency by at least 10%.

3 Other labour / direct service related costs

					INTERNAL	EXTERNAL
INDIRECT HOME CAR		Home Care Teams	Sub-Total (all expenses not just salaries)		1,800,000	18,000
		Home Care Support	Sub-Total (all expenses not just salaries)		12,000	55,000
		External Home Care	Sub-Total (all expenses not just salaries)		161,000	5,800,000
		Home Care Brokerage Team	Sub-Total (all expenses not just salaries)		79,000	53,000
		Mgt Team Older People	Sub-Total (all expenses not just salaries)		16,000	1,000
		Community Rehab Team	Sub-Total (all expenses not just salaries)		25,000	0
		Strategic management	Director and interdependent administration			
			Registration and inspection			
			Complaints procedures			
		Assessment & Care Management	Package arrangement (if interdependent)			
			Reviewing quality (if interdependent)			
		Support Services	Finance, IT, HR, Legal, Procurement, Corp			
	Total				2,093,000	5,927,000

This part of the matrix focuses on other associated service/labour costs. As can be seen from the above example, some of these costs (e.g. home care brokerage team) have been allocated to the in-house team disproportionally. When it comes to applying the retained costs logic some of these costs will be seen to be ‘retained’.

4 Allocated costs

				INTERNAL	EXTERNAL
COSTS WITHIN PSS/EX	Group 1	Salary & Wages	Salaries (inc Agency Staff)	1,600,000	39,000
	Group 1	Salary Burden	NI, etc	98,000	900
	Group 1	Indirect Employee Expenses	Training, Advertising, Severance, etc	470,000	10,000
	Group 2	Premises-Related Expenditure	Utilities, Fixtures, Maintenance, etc	-100	20,000
	Group 3	Transport-Related Expenditure	Transport costs, Leases, Public Transport	-7,000	500
	Group 4	Supplies	Equipment, furniture, etc (inc Print)	0	49,000
	Group 4	Home Care Services	Home care services	0	5,800,000
	Group 4	Other Services	Other services excluding home care	-81,000	41,000
	Group 5	Third Pary Payments	Voluntary associations, etc	0	297,000
	Group 6	Transfer Payments	Direct payments	0	0
	Group 7	Support Services	Finance, IT, HR, Procurement, etc	0	0
	Total		Per PSS/EX Return	2,079,900	6,257,400

The final part of the input is designed to make the accounting slightly more visible. The headings reflect those available via the CIPFA Best Value Accounting Code of Practice (BVACOP) and should be available from the finance team.

It can prove difficult to get these numbers because they provide a mechanism by which councils can re-allocate costs and are therefore sometimes seen to be sensitive. However, given that they end up in publically available figures (the PSS EX1 return), it is important to understand these costs from two perspectives;

- Are they over or under-stated (note the Transport Related expenditure in this real – although well out of date – example);
- Would they be retained if the service were to be externalised

Retained Costs

Throughout the above examples there are red dots on various parts of the matrix. The red dots signify what this council considered to be areas of retained costs. Some of these will be obvious (such as some of the corporately allocated costs), however, others represent a strategic decision (keeping the rapid response team in-house, in this example).

What the matrix does is display the visibility of these costs. More often than not at least 30% of costs of an in-house service would be retained if the service were to be externalised.