

SAFE WELL PROSPEROUS CONNECTED

DHSC Market Sustainability and Cost of Care Exercise 2022-23

Annex B – 18+ Domiciliary Care

Scope of the Project

The scope of the project was determined by DHSC's Fair Cost of Care guidance, in which homecare was defined as: *"Local authority contracted domiciliary care agencies (for those aged 18+) providing long term care, with a regular pattern per week, consisting of relatively short visits to support a person living in their own home with daily living task"*.

The following services were out of scope: rapid response provision, short term / reablement support, local authority in-house care, live in care, shifts or blocks of care, sitting services, extra care and supported living.

Data Collection Tool

The recommended Excel-based toolkit co-developed by the LGA and ARCC-HR Ltd was used to complete the Fair Cost of Care Exercise

Provider Engagement

The Provider Cost Template was submitted to all providers in scope, to gather data on the costs associated with delivering homecare services.

Frequent email communications were sent to providers to inform them of the process. An initial provider event was held jointly with North East Lincolnshire Council on 5th May 2022 with good attendance. All eligible providers were emailed a copy of the presentation discussed at the event.

The deadline for returns was extended on several occasions to allow for and encourage additional returns.

Provider support sessions were commissioned with ARCC, to help providers complete their returns, as well as one to one sessions held with the North Lincolnshire project team to aid the completion of the returns, and discuss any queries with data submitted. A list of queries raised per provider is available upon request.

Response Rate

Of the 10 Homecare providers registered within North Lincolnshire supporting over 65's, 5 have submitted an eligible FCOC return, (50% return rate). This represents 80% of our homecare framework geographical zones, and of services commissioned by the local authority, these providers represent 58% of all local commissioned services. 2 provider responses were not considered as part of the Fair Cost of Care due to significantly inaccurate information, the providers were asked to respond to queries and resubmit, sessions were offered to provide additional support to review the areas raised, as well as extending the deadlines for submissions. Re-submissions of information were not received within the extended deadline period.

Of the responses, 40% were from providers that would be considered as urban, and 60% would be considered as rural.

Uplifting of results to 2022-23

Provider responses were collated for financial year 2021-22. The following inflation using National Living Wage (NLW) and Consumer Price Index (CPI) were applied to cost results as follows to arrive at a 2022-23 result.

Cost Line	Inflation Applied
Direct Care	6.62%
Travel Time	6.62%
Mileage	9.90%
PPE	9.90%
Training (staff time)	6.62%
Holiday	6.62%
Additional Non-Contact Pay Costs	9.90%
Sickness/Maternity & Paternity Pay	6.62%
Notice/Suspension Pay	6.62%
NI (direct care hours)	6.62%
Pension (direct care hours)	6.62%
Back Office Staff	6.62%
Travel Costs (parking/vehicle lease etc.)	9.90%
Rent / Rates / Utilities	9.90%
Recruitment / DBS	9.90%
Training (3rd party)	9.90%
IT (Hardware, Software CRM, ECM)	9.90%
Telephony	9.90%
Stationery / Postage	9.90%
Insurance	9.90%
Legal / Finance / Professional Fees	9.90%
Marketing	9.90%
Audit & Compliance	9.90%
Uniforms & Other Consumables	9.90%
Assistive Technology	9.90%
Central / Head Office Recharges	9.90%
Sundries	9.90%
Office - Miscellaneous	9.90%
CQC Registration Fees(4)	9.90%

Fair Cost of Care Median Results

The below table provides the detailed provider cost information, represented in Annex A. The information provided is the raw cost of care information, as submitted by providers. No localised adjustments have been made to this data.

Zeros were included when calculating the Median Cost of Care results below.

In determining our Median position, a line-by-line approach was taken, to ensure greater depth, detail, consistency, and transparency.

Cost of care exercise results from Annex A	18+ domiciliary care
• Careworker costs:	£16.83
○ Direct care	£10.48
○ Travel time	£1.28
○ Mileage	£0.71
○ PPE	£0.86
○ Training (staff time)	£0.52
○ Holiday	£1.49
○ Additional noncontact pay costs	£0.00
○ Sickness/maternity and paternity pay	£0.16
○ Notice/suspension pay	£0.00
○ NI (direct care hours)	£0.92
○ Pension (direct care hours)	£0.41
• Business costs:	£4.50
○ Back office staff	£3.07
○ Travel costs (parking/vehicle lease et cetera)	£0.00
○ Rent/rates/utilities	£0.31
○ Recruitment/DBS	£0.15
○ Training (third party)	£0.07
○ IT (hardware, software CRM, ECM)	£0.29
○ Telephony	£0.15
○ Stationery/postage	£0.05
○ Insurance	£0.11
○ Legal/finance/professional fees	£0.11
○ Marketing	£0.01
○ Audit and compliance	£0.03
○ Uniforms and other consumables	£0.05
○ Assistive technology	£0.00
○ Central/head office recharges	£0.00
○ Other overheads	£0.05
○ CQC fees	£0.05
• Return on Operations	£1.10
TOTAL	£22.43

Return on Operations

The median return on operations, using provider data, is calculated at 5.13%. This is broadly in line with the Yorkshire & Humber regional return on operations median value of 4.46%, with a regional range between 4.1% and 5.8%. The local median return on operations is in line with the value used in the Laing Buisson FCoC & Section 18(3) impact model.

Lower Quartile, Median and Upper Quartile Costs

The below table provides the lower, median and upper quartile costs of the returns received

All Providers	LOW	25%	MEDIAN	75%	HIGH
Hourly Breakdown	Cost £	Cost £	Cost £	Cost £	Cost £
Care worker costs:	£14.51	£14.92	£16.83	£20.58	£23.70
Business costs:	£2.95	£3.95	£4.53	£6.84	£8.54
Surplus / Profit Contribution	£0.76	£0.79	£1.10	£3.97	£6.13
Total Cost Per Hour	£18.22	£19.66	£22.46	£31.39	£38.37

Lower Quartile, Median and Upper Quartile, Number of appointments by visit length

The below table provides the lower, median and upper quartile number of appointments by visit length break down of the returns received.

All Providers	LOW	25%	MEDIAN	75%	HIGH
Hourly Breakdown	Visits	Visits	Visits	Visits	Visits
15 minutes	0	0	0	135	147
30 minutes	485	650	772	1054	1317
45 minutes	85	250	299	316	414
60 minutes	36	96	207	244	256

Cost per Visit breakdown

The below table provides the relative breakdown cost for providing part hour calls, using the toolkit and responses to develop an average provider position

	Cost
15 minutes	£7.71
30 minutes	£12.63
45 minutes	£17.54
60 minutes	£22.46

Local Position

North Lincolnshire is experiencing larger demands on the workforce for care at home, both in terms of the volume and complexity due to increasing frailty and acuity of individuals.

Over the next 3 years, steps will be taken to reshape and increase the amount of care at home available within North Lincolnshire, as aligned to our local priorities.

North Lincolnshire's current fee rates incorporate separate urban and rural provider base rates, as well as a rural, and complex enhancements that are applied depending upon location and assessed need.

North Lincolnshire Council has a partnership arrangement with North Lincolnshire Integrated Care Board, any future fee setting would need to be considered in collaboration.

Local fee setting would need to take into account affordability, dependent upon the Fair Cost of Care and Market Sustainability grant provided.

Factors that affect the median cost of care

It should be noted that the median cost of care the exercise may not match any particular fee rate – nor might it be expected to. The exercise is aimed at understanding the unit cost and ***not aimed at*** disaggregating different levels of income or price points paid for care. The FCOC results will inform conversations with our local providers, considering the points below, as one of the tools to inform our future fee setting processes.

- **Not all individuals are equal:** Providers receive varying fees from the host local authority, outside local authorities, self-funders and continuing health care (CHC). Evidently, arriving at a single “unit” cost will be reflective of the **blended average rate** across the income and sources of funding received from all customers. In addition, other variances such as whether someone purchases care on a bank holiday; or needs a materially different package of care from a different level of trained staff will affect portions of cost from all aspects of the business.
- **Impact of costs during the pandemic:** The last two years have been exceptional and therefore may not represent the most ideal situation in which to assess future costs. This is made more complex by the amount of grant funding applied to the sector to cover extraordinary costs. Whilst some providers may have made effort to disaggregate any expenditure via these routes, it cannot be guaranteed that all costs are considered “normal” costs and so may be affected by additional non-typical costs during the pandemic years. This would to be considered accordingly during any future fee setting.
- **Variances between what is paid for and what is delivered:** The homecare sector currently predominantly applies the same unit of measure in order to define the cost and price point of services provided. This is almost universally recognised as paying for time-and-task, which we will refer to as the “currency” of care. The reality however is that paying for a care “visit” for 60 minutes’ worth of time, may not always equal 60 minutes’ worth of pay in direct face-to-face care with a customer or individual.
- **Provision of PPE:** PPE is currently provided via the portal to providers without charge. The PPE amounts provided and costs were relative to that known by the provider at time of the request, guidance and PPE prices have altered, as well as PPE currently being provided free of charge via the portal. This would need to be considered prior to determining a local fee.
- **Return on Operations:** The approach used was to use the median results from provider returns, however conversations will be held with providers to discuss further with regards to fee setting and future strategy.