

Cumbria County Council
Market Sustainability and Fair Cost of Care Fund 2022-23
Annex B (18+ Domiciliary Care)

1. Response Rate

Provider Engagement Pre-Submission

- 1.1. DHSC's **Market sustainability and Fair Cost of Care fund 2022 to 2023: guidance (updated 30 September 2022) (the "DHSC Guidance")** establishes the following criteria for domiciliary care agencies to be invited to participate in the exercise:

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 tasks. Exercises should exclude 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.

(While extra care is in scope for use of the fund, cost of care exercises are not required for this setting.)

- 1.2. A total of **48 domiciliary care agencies** in Cumbria were identified as meeting these criteria. Letters were sent via email to care agencies on **31 May 2022** advising them of the Fair Cost of Care (FCoC) exercise, with details around who we will be surveying, how the survey will be carried out and what we will do with the survey results.
- 1.3. The Council followed up this letter with an email on **30 June 2022** to all Homecare Providers confirming that the Council will be using the LGA Homecare Cost of Care Toolkit to complete the FCoC exercise. A further email was sent on **7 July 2022** advising domiciliary care agencies that the deadline for submissions would be 5 August 2022. The Council also held structured conversations with Framework Providers on 11 July 2022 to discuss the completion of the Homecare Tool.
- 1.4. Reminder emails were sent on **21 July 2022**, **25 July 2022** and **28 July 2022**, and included details around dedicated workshops run by The Care Provider Alliance, the ARCC Homecare Toolkit webpage and an online Cost of Care Toolkit walkthrough video.

Provider Responses

- 1.5. Responses were received from a total of 21 domiciliary care agencies (**44%**) across a broad range of local services across the county covering over 1,000 domiciliary care packages commissioned by Cumbria County Council, totalling approx. 11,500 weekly hours of care.
- 1.6. Of the 1,021 domiciliary care packages delivered by Providers who submitted a FCoC return, 630 care packages (62%) are within the Cumberland area (Allerdale, Carlisle & Copeland districts) and 391 care packages (38%) are within the Westmorland & Furness area (Eden, Furness & South Lakeland).

Area	Providers	Submitted	%
Cumberland	24	13	54
Westmorland & Furness	24	8	33
Total	48	21	44

Figure 1 – Responses by Provider Area

- 1.7. All responses received were from domiciliary care agencies who are currently on the Council's Frameworks and there were no responses from care agencies who operating solely within the private market.

Provider Engagement Post Submission

- 1.8. Providers had over 3 months to engage in the exercise, including responding to follow-up queries following the initial submission.
- 1.9. The Council's approach was that from **8 August 2022** (once the submission deadline had passed), the Council continued to contact Providers on an individual basis to review any outstanding queries with their submissions and to resubmit their returns. This allowed Providers the opportunity to review any queries raised, engage with the Council to discuss any queries with their returns and revise their submissions if required.
- 1.10. Whilst they were required to submit figures for the return but were not required to submit supporting evidence to help verify their returns or provide further detail / clarification around specific figures. The submission tool did provide the facility for additional information should providers wish to provide it to aid in the understanding of their submission.
- 1.11. Limitations and the approach taken are explored in the following sections.

2. Data Quality Issues and approach to verifying data

Data Quality Issues

- 2.1. Concerns have been raised nationally and regionally about the quality, completeness, relevance, and reliability of the data submitted by Providers. This includes the impact of additional funding and resource COVID and associated funding will had on 2021/22 data.
- 2.2. A significant number of provider submissions in Cumbria were queried during the process. Many of these returns had multiple queries. Queries related to both outlier data as well as missing information (e.g. zero / blank returns when values were expected).

Data Point Definitions

- 2.3. In the absence of clear and specific guidance relating to data points, there is scope for providers to define certain items of expenditure differently to one another, therefore allocating costs incorrectly or inconsistently. Whilst overall costs for that provider may

remain the same, the lack of clarity into which cost lines they are submitted, means there is a risk that individual medians are skewed.

Verification of Submissions

- 2.4. The principle agreed at the start of the verification exercise was that only "inaccurate" data would be excluded. It is important to note that the LGA Homecare Cost of Care Toolkit does not include detailed data validation and therefore it was possible for providers to submit inaccurate or erroneous cost elements that were then used in subsequent calculations by the tool.
- 2.5. All provider submissions were analysed, and attempts made to verify the accuracy of the data in line with the DSHC Guidance. Where information in provider returns was identified as a potential outlier, we scrutinised these in collaboration with the providers. Cost item information that was significantly above the upper quartile value was queried and an opportunity afforded to explain, refine and correct the data point.
- 2.6. In some cases, providers amended their submissions and in others provided supporting information.
- 2.7. However, in some cases, providers were unable or unwilling to provide supporting or explanatory information. In these cases, inaccurate datapoints were removed from cost line analysis. Every attempt was made to utilise the remaining relevant cost information from that provider, however, in a small number of cases, it was necessary to exclude the majority of a provider's submission as data errors were consistently identified throughout.
- 2.8. Several of the submissions contained an incomplete dataset. Where possible, alternative data was used to generate the outputs required by DHSC.

Example:

One Provider, presumably in error, reported within their Homecare Tool return that they travel in excess of 100 miles for each care visit undertaken. This figure, which is significantly higher than the 1-5 miles reported by other Providers, has had a significant impact on how their mileage costs have been automatically calculated within the Homecare Tool and has skewed a number of data fields which are reliant on mileage/travel information.

The Council queried this information with the care agency and asked them to amend their submission to correct this error. Unfortunately, the Provider has been unable to provide an update around this query, so the Council has had to exclude all of the fields within the providers submission which relates to travel/mileage.

Limitations within the Dataset

- 2.9. Providers were required to submit the full costs of providing their services. In domiciliary care services this will include the cost of providing both local authority commissioned services, as well as services fully funded by the NHS and purchased privately by self-funders.

- 2.10. It is reasonable to assume that any premium or enhanced services delivered come at a premium or enhanced cost. As such, whilst these will be reflected in the submission (with a varying impact depending on the overall weighting of these services across a provider's business), they may not reflect the FCOC of providing local authority commissioned services but instead result in higher-than-expected costs.
- 2.11. The LGA Homecare Cost of Care Toolkit asked Providers to estimate an average travel distance (miles) and average travel time (minutes) to calculate Total Travel Costs on an annual basis. As Cumbria currently pays providers a fixed hourly rate based on the service users' location (Urban, Rural & Extra Rural), providers found it difficult to calculate a single average figure which covers all types of rurality.
- 2.12. There was a number of provider submissions which recorded £0 spend against certain elements of the Hourly Breakdown. In some cases the Council felt that it was reasonable for Providers to spend £0 against "Additional Non-Contact Pay Costs" and "Other Costs", but queried this further against elements where a cost was expected, such as "Back Office Staff" and "Training".
- 2.13. The Council scrutinised the information received from Providers to identify any cost outliers and in collaboration with providers worked to address any queries. Where the Council was unable to resolve the query with the Provider and the cost outlier was a clear misunderstanding of the cost line, the cost line was excluded from the data set.

Examples:

1. Providers recorded **Back Office Staff** costs which exceeded £100 per hour, these costings were identified as a clear misunderstanding of the cost line as they were significantly higher than the Median Figure (£3.12 per hour) and how the Homecare Association Model had calculated Back Office Staff costs as 2% of Careworker Costs.
2. **Mileage** costs had been recorded as exceeding £500 per hour, these were identified as a clear outlier and excluded from the data set. These outliers were queried with Providers, and they were given the opportunity to revise their submissions.
3. Costs around **PPE** had been recorded as exceeding £5 per hour. As these costs exceed both the median value (£0.41 p/h) and the Homecare Association Model of 2% of careworker costs, these values were queried and excluded from the data set if supporting information could not be supplied.

- 2.14. The above examples represent exclusions that were easily identifiable in the data or through supplementary information supplied by the provider. It is probable that other limitations are built into other submissions that were either not identified (as they fell within a normal response range) or because the provider did not respond to requests for supporting information.

- 2.15. The Council's approach to collating and analysing the data collected was to take the median of each cost line and take the total of these medians to arrive at the outputs of the data collection exercise. Whilst this approach was taken, the Council recognises that alternative approaches could have been taken, including to take the median of the subtotals or the median of the overall totals.
- 2.16. Findings were that the sum of the subtotals for each provider submission was £22.71, compared to the output reported in Annex A of £25.36. The Council took the approach to remove clear errors in the data sample in Domiciliary Care. Whilst this makes the line-by-line submissions more reflective of the data returned, taking a subtotal approach would have missed some data in the returns resulting in a potentially lower median without further action to address this.

3. Approach to Return on Operations

- 3.1. Return on operations is normally calculated as a percentage markup on operations and head office costs.
- 3.2. Of the domiciliary care providers that provided feedback, surplus / profitability was submitted as a £ value within cost per hour. Percentages ranged from 0% to 10.91% (with an outlier of 25% excluded from the sample).
- 3.3. Following a review of submissions, and excluding outliers and erroneous surplus / profitability figures (e.g. nil values), a median of 5% was calculated based on provider data. Based on average cost per hour as set out in Section 4, this would equate to a Return on Operations of £1.21 per contact hour.
- 3.4. LGA guidance refers to the Housing and Communities Agency which have historically used a surplus or profit margin of 3%. The value of 5% has been used in a number of fee setting processes, the rationale is understood, and has been tested with providers.
- 3.5. As such and consistent with the Return on Operations applied to Care Homes as part of this exercise, the Council proposes to apply a 5% rate to ROO on 18+ Domiciliary Care.

4. Approach to Inflation

- 4.1. In contrast to Care Homes, the data collected for Domiciliary Care was on the basis of already uplifted 2022/23 data. As such there was not a requirement to uplift this information to report April 2022 costs for the purposes of this survey of provider costs in line with the requirements set by DHSC for the Market Sustainability and Fair Cost of Care exercise.

5. Visit Length

- 5.1. There are a number of different types and lengths of Home Care visits. Providers submitted details of the number of visits by visit type that they held per week.
- 5.2. The lower quartile/median/upper quartile of number of appointments per week by visit length (15/30/45/60 mins) are shown in the following table, with the majority (62%) of visits being 30 minutes.

Visit Length	Total Number of Visits per Week	Lower Quartile	Median	Upper Quartile
15 mins	3,889	46	149	321
30 mins	18,829	252	605	1,325
45 mins	3,638	47	134	260
60 mins	3,416	49	96	172
75 mins	4	2	2	4
90 mins	251	6	17	101
120 mins	79	3	5	27
150 mins	5	2	2	5
180 mins	39	2	5	32
240 mins	2	2	2	2
360 mins	11	11	11	11
480 mins	56	56	56	56
Totals	30,219	478	1,084	2,312

- 5.3. Consistent with the identified cost per contact hour, the cost per visit for each of 15, 30,45 and 60 minute visits are as follows. Shorter visits have larger relative travel times so cost relatively more pro rata.

<i>Visit Length</i>	<i>Cost per visit</i>
15 mins	£6.95
30 mins	£12.70
45 mins	£18.46
60 mins	£24.21
Other	

- 5.4. Adopting the same ARCC tool methodology for the calculation of individual visits (15/30/45/60 mins) the rates reflect travel time as a proportion of the visit length.

6. Summary

- 6.1. This report summarises the process undertaken by the Council in completing a survey of provider costs (in line with the requirements of the DHSC Guidance). The output tables reflect as accurate a picture of provider-submitted cost information as could be reasonably derived, in the context of the limitations set out in this report. Tables supporting the conclusion of the data collection are set out in Appendices of this report and support the Annex A submission.
- 6.2. Future fees for Domiciliary Care will be established as part of the wider annual budget setting process. Domiciliary Care fees are one element of the overall budget setting process with Councils having a statutory responsibility to approve a balanced budget for the next financial year and ensure that in the medium term the Council is financially sustainable.
- 6.3. While the Council uses Real Living Wage and CPI data to inform the setting of future fees, additional regard will be had to the sustainability position of the market (reflecting the challenges outlined in this document), the outputs of the provider returns received as part of the Market sustainability and fair cost of care fund 2022 to 2023 and any additional financial settlement received from Central Government in relation to this exercise.
- 6.4. It is important to note that budget setting for 2023-24 financial year (including provider uplifts) will be set by the new Cumberland and Westmorland & Furness Councils.
- 6.5. The Council wishes to place on record its thanks to the providers who have engaged in this fair cost of care exercise.

7. Appendix 1: Result of Provider Survey on Domiciliary Care 18+

Cost of care exercise results - all cells should be £ per contact hour, MEDIANS.	Lower Quartile	Median	Upper Quartile
Total Careworker Costs	£16.26	£18.71	£21.53
Direct care	£10.34	£10.57	£10.88
Travel time	£1.44	£2.36	£2.69
Mileage	£0.82	£1.54	£2.14
PPE	£0.28	£0.41	£0.59
Training (staff time)	£0.28	£0.33	£0.57
Holiday	£1.44	£1.58	£1.92
Additional noncontact pay costs	£0.11	£0.21	£0.31
Sickness/maternity and paternity pay	£0.34	£0.37	£0.50
Notice/suspension pay	£0.03	£0.03	£0.04
NI (direct care hours)	£0.78	£0.88	£1.44
Pension (direct care hours)	£0.39	£0.43	£0.46
Total Business Costs	£3.50	£5.44	£8.26
Back office staff	£2.15	£3.12	£4.52
Travel costs (parking/vehicle lease et cetera)	£0.10	£0.19	£0.32
Rent/rates/utilities	£0.26	£0.37	£0.72
Recruitment/DBS	£0.03	£0.06	£0.15
Training (third party)	£0.03	£0.04	£0.14
IT (hardware, software CRM, ECM)	£0.05	£0.15	£0.33
Telephony	£0.06	£0.11	£0.14
Stationery/postage	£0.03	£0.05	£0.07
Insurance	£0.09	£0.11	£0.16
Legal/finance/professional fees	£0.02	£0.08	£0.20
Marketing	£0.02	£0.04	£0.07
Audit and compliance	£0.01	£0.01	£0.04
Uniforms and other consumables	£0.03	£0.06	£0.07
Assistive technology	£0.03	£0.04	£0.07
Central/head office recharges	£0.43	£0.65	£0.84
Other overheads	£0.06	£0.25	£0.30
CQC fees	£0.10	£0.12	£0.12
Total Return on Operations	£0.99	£1.21	£1.49
TOTAL	£20.75	£25.36	£31.28