

Annex B – Calderdale Council Cost of Care report on Domiciliary / homecare

Local market summary

Calderdale Council has a diverse homecare market with a range of providers. There are five main contracted providers and a large number that can take work through the Approved Provider List (APL). There are currently over 40 active providers on the APL. People can also access home care services through direct payments.

Our current arrangements came into force in November 2020. They support all ages, including children and young people, in all client groups. There is an emphasis on the provision being flexible and enabling for people, whilst at the same time meeting personal outcomes. The contracts provide a set hourly rate for urban locations in Calderdale, with an enhanced hourly rate for support into more rural locations.

The Approved Provider List is reviewed at regular intervals and is re-opened as required to allow for diversity and resilience in the homecare market.

Our Fair Cost of Care process and timeline

We took the decision to bring in additional financial specialist expertise and capacity to support the Fair Cost of Care (FCoC) exercise. This was to ensure that we had the right skillset and sufficient capacity to support providers in Calderdale and to accurately interpret the results of the exercise in both sectors. This person worked closely with commissioners in Calderdale as well as providers to conduct the FCoC exercise and to analyse and interpret the results.

Our approach to the process was initially communicated to all homecare providers during a Microsoft Teams meeting on the 21st March 22, this meeting was also used to inform on the 22/23 fee uplifts. On the 22nd April we sent out the Excel based ARCC Homecare tool template to all providers, along with links to the LGA online guidance and three demo / Q&A sessions on the 25th April, 11th and 19th May. We held a follow up Teams meeting on the 28th April to talk through the process and timelines and to give a brief overview of the Excel tool to be used, again repeating the links previously sent and offering support of our Fair Cost of Care lead if required. Only 11 of the 48 providers invited attended the call and so we sent out the PowerPoint presentation to anyone unable to attend, again offering additional support if required.

From the 4th May onwards we started to e-mail providers individually offering any additional support needed, with our Business Relationship Managers also phoning around providers to encourage engagement in the process. The Fair Cost of Care project was mentioned to providers in various meetings held by our Commissioning Team to ensure it remained a priority to complete.

There were regular e-mails and phone calls up until the final engagement e-mail went to all providers on the 25th July, which included the Excel based template, the initial PowerPoint

presentation, and a link to the LGA FAQ's document. The initial deadline we set was the 20th May, hoping to have as many responses as possible prior to commencing the care home side of the project. This deadline was extended multiple times with the final template being received on the 2nd August.

Every template received was checked for accuracy, ensuring there wasn't anything that looked out of place and that all sections were completed correctly, with any outliers highlighted. We contacted all providers who submitted either by e-mail or phone to go through all the data, highlighting any area that didn't look right and ensuring that anything initially looking like an outlier was indeed correct or amended. The queries we raised were in all sections of the report, from commissioned hours not agreeing to the hours we held on record to staffing and travel costs, example queries were around:

- Weekly care visit lengths not agreeing to commissioned packages
- PPE anomalies, either too much or too little usage
- Travel time and cost
- Any blank sections in the returns
- Staff on cost percentages
- Inflationary increases from 21/22 actuals to 22/23
- Operating profit percentages

We received completed templates from 14 providers in total but unfortunately decided, after speaking to the provider themselves to exclude one from the process. They have only just started trading and have a very high overhead cost vs number of care hours delivered and so would not have given a true and fair representation of a future / sustainable market. With this provider return being excluded there were now 47 possible homecare providers being in scope, we received, verified, and accepted 13 responses in total giving a return rate of 27.7% of the local market.

The approach we took in reaching a true median was on a line-by-line calculation rather than using the subtotals, all providers were worked with to ensure there were no zero values, and this approach also means we can use the data and process in future when looking at area specific inflationary cost pressures.

There were many different approaches to the ROO / profit calculations within the homecare provider returns, with some owners being on payroll for smaller providers showing a lower profit figure, and so to ensure there was a true reflection of the Calderdale market we did not amend the figures received and verified with the providers during the process and took the median of all responses.

All providers submitting final returns based their figures on 21/22 actuals plus inflationary increases specific to each cost category, and so this was not amended from their raw data.

Annex A Section 3 – median results

Cost of care exercise results - all cells should be £ per contact hour, MEDIAN	18+ domiciliary care Median
Total Careworker Costs	£16.29
Direct care	£10.25
Travel time	£1.53
Mileage	£0.78
PPE	£0.36
Training (staff time)	£0.33
Holiday	£1.47
Additional noncontact pay costs	£0.00
Sickness/maternity and paternity pay	£0.32
Notice/suspension pay	£0.00
NI (direct care hours)	£0.87
Pension (direct care hours)	£0.38
Total Business Costs	£4.78
Back office staff	£3.48
Travel costs (parking/vehicle lease et cetera)	£0.00
Rent/rates/utilities	£0.49
Recruitment/DBS	£0.07
Training (third party)	£0.05
IT (hardware, software CRM, ECM)	£0.25
Telephony	£0.07
Stationery/postage	£0.03
Insurance	£0.10
Legal/finance/professional fees	£0.08
Marketing	£0.04
Audit and compliance	£0.01
Uniforms and other consumables	£0.03
Assistive technology	£0.00
Central/head office recharges	£0.00
Other overheads	£0.00
CQC fees	£0.09
Total Return on Operations	£0.97
TOTAL	£22.04

Supporting information on important cost drivers in the calculations:	18+ domiciliary care
Number of location level survey responses received	13
Number of locations eligible to fill in the survey (excluding those found	47
Carer basic pay per hour	£10.25
Minutes of travel per contact hour	4
Mileage payment per mile	£0.30
Total direct care hours per annum	556400

15/30/45/60-minute cost per contact hour based on median result

These figures were reached using the method discussed on the “General Cost of Care Q&A” webinar on the 6th October, which the DHSC representatives said was a reasonable approach to take. The hypothetical median provider was created within the Excel tool, and

then the visit lengths amended (keeping the same total number of delivery hours) to give a true hourly cost of each visit length. The shorter visits are showing a higher hourly rate due to the relative travel time (and cost) involved.

Visit length	Cost per visit	Cost per contact hour
15 minute calls	£6.98	£27.90
30 minute calls	£11.67	£23.34
45 minute calls	£16.37	£21.82
60 minute calls	£21.06	£21.06

Lower quartile, median and upper quartile results

Cost of care exercise results - all cells should be £ per contact hour	18+ domiciliary care lower quartile	18+ domiciliary care Median	18+ domiciliary care upper quartile
Total Careworker Costs	£15.41	£16.29	£16.70
Direct care	£10.36	£10.25	£10.20
Travel time	£0.75	£1.53	£1.87
Mileage	£0.67	£0.78	£1.09
PPE	£0.37	£0.36	£0.38
Training (staff time)	£0.30	£0.33	£0.39
Holiday	£1.27	£1.47	£1.51
Additional noncontact pay costs	£0.03	£0.00	£0.00
Sickness/maternity and paternity pay	£0.36	£0.32	£0.26
Notice/suspension pay	£0.03	£0.00	£0.00
NI (direct care hours)	£0.93	£0.87	£0.58
Pension (direct care hours)	£0.34	£0.38	£0.42
Total Business Costs	£3.27	£4.78	£5.83
Back office staff	£2.24	£3.48	£4.10
Travel costs (parking/vehicle lease et cetera)	£0.00	£0.00	£0.00
Rent/rates/utilities	£0.31	£0.49	£0.62
Recruitment/DBS	£0.07	£0.07	£0.06
Training (third party)	£0.04	£0.05	£0.04
IT (hardware, software CRM, ECM)	£0.20	£0.25	£0.28
Telephony	£0.14	£0.07	£0.07
Stationery/postage	£0.05	£0.03	£0.03
Insurance	£0.05	£0.10	£0.13
Legal/finance/professional fees	£0.04	£0.08	£0.13
Marketing	£0.01	£0.04	£0.09
Audit and compliance	£0.00	£0.01	£0.05
Uniforms and other consumables	£0.02	£0.03	£0.06
Assistive technology	£0.00	£0.00	£0.00
Central/head office recharges	£0.00	£0.00	£0.06
Other overheads	£0.04	£0.00	£0.00
CQC fees	£0.09	£0.09	£0.09
Total Return on Operations	£1.04	£0.97	£1.46
TOTAL	£19.71	£22.04	£23.99

We feel that the results we have received and verified represent a good mix of our homecare market within Calderdale. The dialogue we had with the 14 providers engaging in the process was positive, and helped us get a good picture of the issues and pressures currently being faced. It was however still a little disappointing that a number of providers didn't engage in the process to enable them to have a voice on future funding within the social care sector. There were several reasons for non-return, from fears over the confidential / commercially sensitive nature of the information, to lack of resource to complete the return with others stating that "nothing would come from the process". We responded to each of these issues to allay any fears, successfully in some cases but unsuccessfully in others.

Future fee setting

The medium-term financial strategy was set before members of the Council in October 2022 for the 3 years from 2023/24 to 2025/26. Cabinet will present its draft budget proposals for consultation in January / February now that the Local Government Finance Settlement Grant has been released, followed by the presentation of the final budget to the Budget Council at the end of February 2023. There are many pressures anticipated at the moment, including the Council's commitment to support domiciliary care providers to work towards paying the Real Living Wage and improve terms and conditions in line with Ethical Care Charters, Fair Costs of Care, and other inflationary pressures such as the cost of fuel for domiciliary care workers and increased costs in running central offices. Inflation and future fee uplifts will be informed by the fair cost of care results gathered in this process, alongside the additional factors outlined above. The fair cost of care results do not give a comprehensive overview of the care market in Calderdale and cannot be used in isolation without taking into account wider funding considerations.