**Market Sustainability and Fair Cost of Care Exercise**

**Oldham Annex B - Domiciliary care 18+**

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# How we conducted the Fair Cost of Care exercise

In Oldham, independent consultants were commissioned to conduct an online survey for both care home 65+ and domiciliary care 18+ providers operating across Oldham. The survey was conducted using Survey Monkey. Providers also had the option to submit via the two national tools (IESE Care Cubed for care homes and LGA toolkit for domiciliary care). The decision was made to use the independent consultant’s survey because of the number of providers in the borough who are smaller local providers, who may have found completion of the national tools more challenging.

The survey was initially open from the 15 June to the 13 July and extended up to 20 July 2022 and was widely promoted via regular provider newsletters, at provider forums, including one on the 28 June 2022 attended by the Care Provider Alliance, direct emails from the council and by follow up communications from the independent consultants. An email address and telephone number were provided by the independent consultants, who were available to offer support and clarification guidance for completion of the survey. The independent consultants also conducted two workshops for each cohort to provide further support and facilitate discussions which would help gather information to shape the Market Sustainability Plan, however these sessions were not well attended.

The full question list asked in the online survey was:

1. Business Name
2. Are you part of a wider group?
3. Name of the group?
4. Please provide a postcode for the registered oﬀice from where you manage the services provided in Oldham
5. Please indicate the number of appointments you undertake in Oldham in a normal week for each of the following visit lengths
   1. 15 Minutes
   2. 30 Minutes
   3. Minutes
   4. 60 Minutes
6. What is the total number of direct care hours you provide in Oldham in a year?
7. What is the average number of service users you visit in a week?
8. What is the average number of miles between each visit for the work you do in Oldham?
9. What is the average time taken between each visit? (in minutes)
10. What mileage rate do you pay staﬀ?
11. What is the total car parking cost for delivering care in Oldham in a week? (enter your ﬁgure in £/week)
12. What is weekly cost for any vehicle leases?
13. What percentage of your work in Oldham comes from the following sources:
    1. Oldham Council
    2. Self-funders
    3. Other public sector funders
14. How many staﬀ (Full Time Equivalent) do you have working for you in the Oldham area?
    1. Total Number
    2. Of those, how many are new recruits in last 12 months
15. Looking across your workforce please let us know how many staﬀ (FTEs) you have working in each of the following roles?
    1. Management
    2. Team Leader
    3. Care Co-ordinator
    4. Back Office / Admin
    5. Care Worker
    6. Senior Care Worker
    7. Nurse
    8. Other
16. If other, please state job roles
17. Please let us know the rates of pay you work to for the following roles: (£/hour)
    1. Management
    2. Team Leader
    3. Care Co-ordinator
    4. Back Office / Admin
    5. Care Worker
    6. Senior Care Worker
    7. Nurse
    8. Other
18. Please let us know the rates of pay you work to for the following roles at a weekend or bank holiday: (£/hour)
    1. Care Worker
    2. Senior Care Worker
    3. Nurse
19. How much do you pay for agency staff for the same roles during the day? (£/hour)
    1. Care Worker
    2. Senior Care Worker
    3. Nurse
20. How has your usage of agency staff changed over the last 18 months?
21. Please provide the following information about the total staff costs for delivering a service in Oldham – please base on your last full year accounts
    1. Total salary cost
    2. Total National Insurance Cost
    3. Total pension contribution
22. What is the average leave entitlement for a full-time member of staff (in days)
23. What is the average number of days training undertaken by a full-time member of staff in a year?
24. How do you cover staff when they are on leave or training?
25. What does it cost you per day to cover leave and training?
26. What is the average number of sick days for a full-time member of staﬀ in your company in a normal year?
27. What is the total number of days you've paid for notice of suspension in the last ﬁnancial year?
28. Please provide the following annual cost information about your business overheads based on your last full years accounts (£ spent in the last full years accounts) - work in Oldham only
    1. Staff recruitment and retention
    2. Training and supervision (not including cover)
    3. Apprenticeship levy
    4. CQC registration fees
    5. Rent, rates and utilities
    6. IT
    7. Telephony (including broadband)
    8. PPE
    9. Consumables
    10. Stationery and postage
    11. Cost of finance (loan repayments inc. mortgage)
    12. Insurance
    13. Professional fees (legal and accountancy)
    14. Marketing
    15. Equipment and Assistive Technology
    16. Medical supplies
    17. Agency costs
    18. Central / head office recharges
    19. Other
29. Please provide the following financial information for your Oldham business for the latest full financial year?
    1. Total Turnover
    2. Total Overhead
    3. Profit / Surplus
30. What hourly rates do you charge for self-funders? (in £/hour)
31. What has been the inﬂationary uplift on your costs since your last set of accounts were published? (%)
32. Please give reasons behind your last answer and provide evidence where possible
33. How has Covid-19 impacted on your care at home business?
34. What do you see as the main trends and challenges facing providers over the next three years?

Providers also had the option to submit the via the national tool.

# Response rate

In total 11 providers submitted data. We opened the survey up to both our commissioned providers on framework (13 providers in total – not all of whom are CQC registered in Oldham) and to all the providers who are CQC registered in Oldham. Feedback we received at the workshops held by the independent consultants was that providers had found the exercise challenging to compete. This related to various factors, such as when annual accounts were published, understanding of what was required and difficulty in separating costs lines from other services delivered but not in scope of the exercise. We feel these factors had an impact on our return rate.

Of those who are CQC registered in Oldham but not directly commissioned by ourselves it is possible that some of these did not deliver domiciliary care as the list was taken from CQC registrations, which is a wider category of ‘Community Based’ and may contain some providers not in scope. We were clear in the communications as to what was in scope but did not necessarily receive any feedback from providers who we have no relationship with but who were not in scope.

Following the completion of the survey we held a further engagement session with providers. Those present commented that they had found the survey difficult to complete, with one provider who we do not directly commission stating that they only partially completed the exercise due to do the length of the exercise and detail required.

**Table 1 – Domiciliary care response rate**

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Commissioned Framework Providers\*** | **Oldham CQC Registered Providers\*** | **Total providers submitted\*** |
| **Completed Submission** | 8 | 9 | 11 |
| **Provider in scope** | 13 | 39 | 43 |
| **Percentage Completed** | 57% | 23% | 26% |

\*Please note there is some overlap in these categories as 9 of the 13 Framework providers of the Framework providers are also CQC registered in Oldham and are therefore counted under both Commissioned Framework and Oldham CQC Registered headings.

# Our approach to validating the data

The independent consultants translated the information from the surveys into the national tools for collation and conducted verification and validation of the data with providers. The data was then provided to us in the Annex A template (previous version) and in a separate overview spreadsheet showing the line-by-line responses for each provider.

To ensure consistency of approach we then reviewed the data and made the following adjustments:

* Where providers had only submitted staffing costs these were included in the staffing costs and excluded from the non-staffing costs (as no data was submitted)
* Wide ranging values were submitted in relation to PPE, however there was a national and local portal available to providers at the time the data relates to so we would not expect providers to have had costs in this cost line. These costs were therefore removed, with the intention that this will be revisited in future financial years when we can better understand the costs once free PPE is no longer available.
* There were limited returns for staff training and those who did submit on this line, then did not submit on third party spending, and for this reason these two cost lines were combined.
* For non-contract pay costs and notice/suspension pay we assumed the median excluding zero values on the basis that all providers would incur these costs.
* Travel time & mileage agree to use median excluding zeros while acknowledging this is an item that could be revisited with providers.
* For National Insurance the median rate is 10%. The Homecare Association rate suggests 8.7%. Consideration was given to reduce this rate in light of the 1.25% change to National Insurance, but it was decided that this would be retained at this time and considered in future fee setting.
* The pension rate was compared against the Home Care Association rate and was consistent with this at 3%.
* Recruitment/DBS scope to undertake further work with providers given that the payment of FLW rate should reduce recruitment issues, agreed to look at this in future financial years.
* For legal, finance and professional fees the median excluding zeros was used on the basis that not all providers will need to purchase these services.
* Due to limited data against the cost lines for marketing, audit & compliance, uniforms, assistive technology, central/head office recharges and other overheads, these were combined on the basis that the values returned were inconsistent.
* The rates submitted to us for ‘Return on Operations’ were all above the 5% rate recommended by NW ADASS and LGA. Therefore, the decision was taken to use 5%.

During the course of undertaking the fair cost of care exercise, localities across Greater Manchester and North West Association of Directors Adult Social Services engaged in collaborative discussions, to better inform our approaches to the treatment of certain cost items and interpretation of the guidance. It is anticipated that these discussions will continue as we work towards fee setting for 2023/24, so as to be cognisant of any potential impact, particularly on the market sustainability of neighbouring boroughs.

This collaborative approach has highlighted a variation in costs above what would be expected or can be explained through local variation and therefore raised concerns in relation to the overall quality and representativeness of the cost information provided in the exercise.

# Limitations of the data

During the course of analysing the data provided to us by the independent consultants we became aware that further validation was required. We wrote to providers to seek copies of last years’ accounts and current years’ management accounts in order to conduct further verification, however we did not receive a sufficient response on this to allow us to fully verify the data. We have though, benchmarked our outputs across the North West and Greater Manchester. Our outputs are in the lower quartile, and this is consistent with how our fee rates have traditionally benchmarked and would appear consistent in relation to our demographics and employment profile as a borough.

It is noted that the costs during the required year of 2021/22 will have included some cost lines which would have been impacted by extraordinary costs incurred during the COVID pandemic, which were supported by one off funding. Through this exercise it has not always been possible to identify and isolate these costs, this risks the figures being distorted or overstated.

Some of our domiciliary care providers deliver other services such as Supported Living or Home from Hospital which are not in scope for this exercise. It has not always been possible for those providers to separate out these costs out.

The available costing tools may have overstated reported costs, which may include:

* Potential over-allowance for sick pay cover costs as most providers do not operate enhanced sick pay schemes.
* Potential overstatement of pension costs in the national home care model – applying the employer pension contributions to whole earnings rather than those above the lower threshold.
* The relationship between contact and travel time in home care.

# Data summary

The table below shows the median, lower and upper quartile costs for the required cost categories for homecare. The data collected was for the 2021/22 financial year and is inflated to 2022/23 rates, with the following assumptions applied:

* Living Wage Foundation rate £9.90 for 2022-23
* 6.2% for all other pay and non-pay elements based on the median value from provider returns

We will be consulting with providers as part of our usual fee setting approach, the information from Fair Cost of Care will be fed into this process, but will not in itself form our fees, given the limitations noted above.

**Table 2 - Domiciliary Care** Table showing the detail of the Fair Cost of Care Calculations.

**Table 3 - the lower quartile/median/upper quartile of number of appointments per week by visit length**

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Lower Quartile** | **Median** | **Upper Quartile** |
| **15 mins** | 42 | 91 | 289 |
| **30 mins** | 322 | 980 | 1722 |
| **45 mins** | 38 | 112 | 323 |
| **60 mins** | 205 | 340 | 572 |

**Table 4 – cost per visit**

|  |  |
| --- | --- |
| **Visit Length** | **Cost** |
| 15 minutes | £7.00 |
| 30 minutes | £11.69 |
| 45 minutes | £16.67 |
| 60 minutes | £20.70 |