

Cost of Care Report: 18+ Domiciliary Care

Introductory Note

London Borough of Redbridge would like to thank all providers that participated in Department of Health and Social Care's (DHSC) Market Sustainability & Cost of Care Exercise.

The information gathered will make an important contribution to the consideration of future fee levels paid by the Council. We know that there are a range of factors that determine future fee increases that are outside the scope of this exercise, including funding levels and inflationary pressures. However, the information gathered provides for a much greater shared understanding of the costs of providers to inform future decision making.

Engagement

There has been a sustained effort to engage 18+ domiciliary care providers in the Market Sustainability and Fair Cost of Care work since 17 June 2022, when initial correspondence was sent by way of email inviting them to participate in the cost of care exercise.

Using the latest CQC data available at the time, along with data held internally, a list was compiled comprising of all providers registered in Redbridge that were likely to be in scope. This also included 11 providers that were based out of the borough boundaries though were nonetheless deemed to be part of the local market (e.g. having taken on Redbridge work historically or are anticipated to do so). The initial list compiled contained a total of 57 providers, all of which were contacted numerous times over three months via email correspondence and telephone. Contact details were collated using internal records and supplemented by information available online; many providers were contacted using named contact email addresses (and mobile numbers) along with general administration inboxes. Calls were made during different times of the day and providers benefitted from the contact details of named colleagues.

All providers were initially sent sufficient information to begin engaging with the exercise and were regularly sent reminders of internal deadline(s) along with any new updates that were being made available. They were also signposted to additional resources available such as national support from The Care Providers Alliance, and more locally from the Care Providers' Voice (the local representative organisation for care providers and a key strategic partner for this work). Engagement efforts were also made through presentations at online providers forums and at an in-person event where colleagues working directly on Market Sustainability and Fair Cost of Care were available to answer questions. Requests for further time were accommodated wherever possible, and the Redbridge support offer included individual support (through telephone or Microsoft Teams meetings). Drop-in sessions were arranged to provide further opportunities for providers to ask questions and discuss challenges amongst peers.

A sample list was produced in relation to the size of providers by cross-referencing internal data held with external data sources (i.e., ADASS report detailing the number of service users with each organisation). Providers were categorised as small, medium, or large depending on their number of service users. Another sample list was also used in relation to geography of providers in the borough which helped track the geographical diversity of submissions. Within

the current commissioning framework, the borough is delineated by 8 'lots', for which there are specific providers commissioned to deliver care packages (along with a set of backup providers). Providers were categorised as belonging to one of the eight lots, depending on the location they were based. By using this analysis based on provider size and geography, more targeted engagement was possible, particularly as the deadline approached.

Ultimately, providers were given ample opportunity to engage, and had an absolute minimum of 6 weeks to complete the exercise before the Redbridge deadline.

Responses:

A total of 57 providers were contacted, and 7 Redbridge providers were subsequently deemed to be out of scope for the exercise due to inactivity or being supported living providers. Out of 50 providers, 29 submitted a completed return which equates to a 58% response rate. All 11 Redbridge framework providers made a submission, along with 8 of 21 spot providers and 9 of 18 that are non-commissioned. Of the 29 submissions, 5 were from providers that are based out of borough, though it was nonetheless important to obtain their data given they operate within Redbridge. Responses received have largely been representative of the local care market, encompassing a variety of sizes and localities. Moreover, submissions were received from providers based in all 8 of Redbridge geographical 'lots' which suggests results encompass the differing costs of operating in different areas of the borough.

NB: The above response rate of 58% is inclusive of providers that are registered outside of the borough. Discounting these 11 providers invited to participate would equate to a 61.5% response rate.

Data collection:

To collect data, Redbridge adopted the excel-based Homecare Cost of Care Toolkit developed by ARCC-HR Ltd through the Care and Health Improvement Programme (CHIP) with ADASS and the LGA.

Data was collected between June and the end of August 2022, and the base price year providers were asked to use was FY 22/23 where possible. Otherwise, they were asked to use FY 21/22 data to benchmark against and estimate in line with inflationary costs.

Findings

The fair cost of care of 18+ domiciliary care was determined to be **£24.26**.

Cost of care exercise results for 18+ domiciliary care

Count of observations	Service Type:	
	Specialist	Generalist
58%	62%	38%

Service Type:			
Cost of care exercise results - all cells should be £ per resident per week	Median	Upper Quartile	Lower Quartile
Care worker costs:	£18.10	£22.85	£14.82
Direct care	£11.25	£12.16	£10.80
Travel time	£1.88	£3.21	£0.87
Mileage	£0.41	£1.48	£0.12
PPE	£0.35	£0.62	£0.15
Training (staff time)	£0.46	£0.69	£0.12
Holiday	£1.69	£1.92	£1.44
Additional noncontact pay costs	£0.03	£0.26	£0.00
Sickness/maternity and paternity pay	£0.35	£0.52	£0.20
Notice/suspension pay	£0.01	£0.07	£0.00
NI (direct care hours)	£1.25	£1.47	£0.87
Pension (direct care hours)	£0.41	£0.46	£0.26
Business costs:	£6.16	£9.20	£3.63
Back office staff	£3.48	£4.33	£2.42
Travel costs (parking/vehicle lease etc)	£0.08	£0.18	£0.01
Rent / Rates / Utilities	£0.39	£0.54	£0.23
Recruitment / DBS	£0.06	£0.13	£0.03
Training (3rd party)	£0.08	£0.20	£0.04
IT (Hardware, Software CRM, ECM)	£0.21	£0.28	£0.12
Telephony	£0.07	£0.12	£0.03
Stationery / Postage	£0.03	£0.07	£0.01
Insurance	£0.08	£0.18	£0.04
Legal / Finance / Professional Fees	£0.06	£0.16	£0.03
Marketing	£0.03	£0.08	£0.02
Audit & Compliance	£0.04	£0.10	£0.02
Uniforms & Other Consumables	£0.03	£0.07	£0.01
Assistive Technology	£0.00	£0.02	£0.00
Central/head office recharges	£0.00	£0.05	£0.00
Consultancy Fees / Director salary	£0.00	£0.00	£0.00
Apprenticeship Levy	£0.00	£0.00	£0.00
Maintenance and repair	£0.00	£0.00	£0.00
Membership & Accreditation	£0.00	£0.00	£0.00
Staff reimbursement	£0.00	£0.00	£0.00
Directors salary	£0.00	£0.00	£0.00
Bank Charges	£0.00	£0.00	£0.00

Franchise fee	£0.00	£0.00	£0.00
Accountancy fee	£0.00	£0.00	£0.00
Factoring charges	£0.00	£0.00	£0.00
Community Sponsorship	£0.00	£0.00	£0.00
ISO fees	£0.00	£0.00	£0.00
CQC fees	£0.00	£0.00	£0.00
Information Governance	£0.00	£0.00	£0.00
Other inspectory bodies	£0.00	£0.00	£0.00
Repairs & Servicing	£0.00	£0.00	£0.00
Branch Incentives	£0.00	£0.00	£0.00
Social Value / ESG Initiatives	£0.00	£0.00	£0.00
Overhead	£0.00	£0.00	£0.00
One off costs ID Cards machine, desks etc	£0.00	£0.00	£0.00
CQC fees	£0.07	£0.10	£0.05
Return on Operations	£1.44	£2.60	£0.58
Total cost per hour	£24.26	£32.06	£18.45
Carer basic pay per hour	£11.05	£11.13	£10.56
Minutes of travel per contact hour	15	22	6
Mileage payment per mile	£0.30	£0.45	£0.16
Total direct care hours per annum	64,493	137,876	13,517

Wages & Salaries	£20.78	£24.83	£16.98
Overheads and other COS	£2.04	£4.63	£0.90
Surplus / Profit	£1.44	£2.60	£0.58
Total cost per hour	£24.25	£32.06	£18.45

Visits per week	1,409	2,999	168
<15 mins	-	-	-
15 mins	-	-	-
30 mins	548	1,820	27
45 mins	235	426	15
60 mins	266	397	44

Contact hours per week	1,146	2,606	246
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<15 mins	-	-	-
15 mins	-	-	-
30 mins	109	699	5
45 mins	158	295	4
60 mins	266	400	44

Validation & analysis:

Returns were queried as necessary, with some providers being requested to make multiple resubmissions before data was validated. Each return was reviewed to check for common errors or any incomplete sections. Further, the data obtained was collated and analysed; clear outliers were identified and where there was no satisfactory comment or explanation, these were highlighted. Ranges for key cost lines were used to benchmark each return and were provided by partner domiciliary care providers (in their capacity as representatives of the local provider association CPV). By harnessing the expertise and experiences of these providers, data that was at variances to expected value ranges was better able to be identified. Qualitative sessions were also held with several providers (and offered to all those participating), where commissioners were able to better understand nuances and some of the reasons behind certain costs that the tool was not able to capture. This was also used to inform the Market Sustainability Plan.

Providers were asked to comment where any data was considered to be unusual., However, evidence was not requested for outlying costs when an unsatisfactory (or no) response was received due to time constraints and to help avoid discouragement of participation. The final cost of care was cleansed by treating the data through replacing outlier data with median values to reflect a more normalised position whilst protecting the cohort of data sets. This causes some inevitable variation but importantly does not exclude data input.

Final medians were calculated using the sum of the subtotal medians.

Return on Operations (ROO)

The ROO was determined by undertaking necessary market analysis, including holding qualitative sessions with a range of homecare providers to understand different approaches, as well as using guidance from CHIP/ADASS and the Care Providers Alliance.

Return on operations, calculated as a percentage markup on operations and head office costs, was determined (by FCOC data) as being 6% for the Redbridge cost of care exercise. This reflects both the data extracted from the fair cost of care exercise and an appropriate ROO that enables reinvestment into the business.

Limitations

It is acknowledged that there are some limitations attached to the data collected. Whilst many providers engaged with the exercise, some did not submit information. The use of the median calculation is more suited to larger data sets and means the addition or subtraction of single figures can significantly impact on the median.

The exercise was conducted in July 2022 whereby external factors such as general inflation, the costs of energy and the increase to London living wage means the data may not be reflective of the current position of providers.

The methodology does not give weighting to relevant factors such as the actual number of clients supported by a provider. Costs submitted by a provider supporting one Redbridge client would have an equal impact on the median calculation as a provider supporting 100 Redbridge clients. Costs can vary significantly depending on the size of the organisation, variations in staff pay rates and the use of agency staff.

There is a significant variation in Return on Operations costs submitted by domiciliary providers. Redbridge proceeded to analyse cost lines and applied a consistent approach to Return on Operations, with reference to evidence-based industry guidance.