
Cost of Care Report – 18+ Domiciliary Care

Waltham Forest
Date 10.10.22



Contents

- Exercise Background & Overview
- Project Methodology (Including tool used)
- Domiciliary Care Providers (18+)
 - Engagement Plan
 - Engagement & Response Rate / Representation of Market
- Outcome of Cost of Care Exercise
 - Challenges in the Data
 - Approach to Inflation
 - Approach to ROO & ROC
 - Approach to Outliers
 - Annex A Table
 - Part 1
 - Part 2
 - Potential Gap
 - Outcome of the Exercise
 - Visit Length Split
 - Modelling Visit Lengths

Peopletoo
it works better with you



Exercise Background & Overview

Background

Objectives

Funding

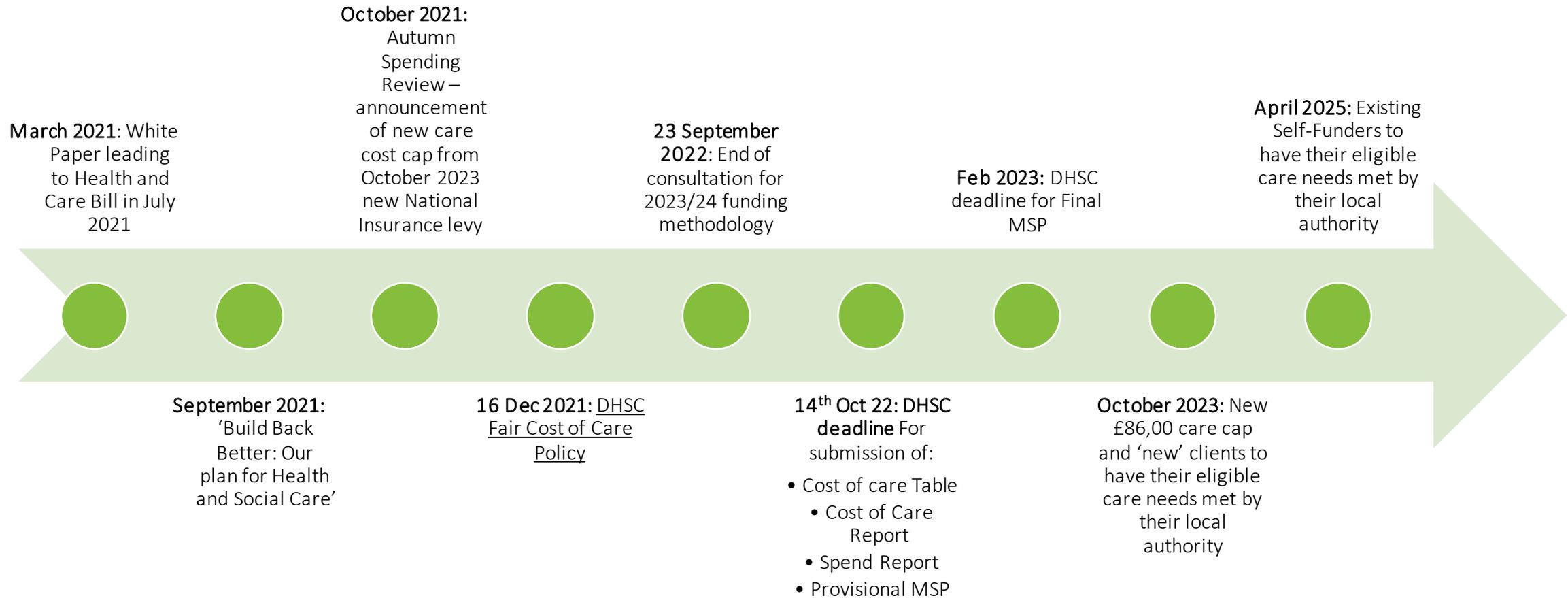
Possible Funding Outcomes

Introduction



- In May 2022, Peopletoo were commissioned by Waltham Forest Council to support them to undertake and deliver a Fair Cost of Care exercise for 18+ Domiciliary Care Provision locally, in line with Department of Health and Social Care Guidance released in the Spring of 2022. This sets out the Government's expectations on Local Authorities in ensuring that they have the right health and care architecture in place to underpin and support the delivery of the Government's long term plan for Adult Social Care, 'People at the Heart of Care.'
- The cost of care exercise is an opportunity for local authority commissioners and local care providers to work together to arrive at a shared understanding of what it costs to run quality and sustainable care provision in the local area, and that is reflective of local circumstances. It is also a vital way for commissioners and providers to work together to shape and improve the local social care sector, and identify improvements in relation to workforce, quality of care delivered, and choice available for people who draw on care.
- The objective of the work undertaken by Peopletoo was to provide the Council with reliable information submitted by the Domiciliary Care provider market via the excel-based ARCC Fair Cost of Care Toolkit, providing detailed information on Service Providers' actual delivery costs from April 2022 to inform a sustainable fee rate for the future as the Council moves towards implementation of the Fair Cost of Care.
- This Cost of Care report provides the Council with the detail surrounding Peopletoo's Fair Costing methodology and approach to ensuring provider engagement, the approach to validating returns submitted by providers to ensure accuracy, and clarification in relation to the approach to outliers following the validation stage where issues with returns remained.

ASC Reform - Background



ASC Reforms - Objectives

- People have choice, control and support to live independent lives
- People can access outstanding quality and tailored care and support
- People find social care fair and accessible
- Supporting unpaid carers to achieve their own life goals
- Helping the adult social care workforce to feel recognised and to have opportunities to develop their careers
- For social care to be on a stable financial footing

ASC Reform Funding

- National funding through Social Care Levy – NI Increases
- £36 bn identified
- £5.4 bn for social care over next 3 years
 - £3.6 bn to fund new costs falling to LAs due to care cap and fair cost of care
 - £1.7 bn allocated to range of improvement initiatives
- DHSC are currently out for consultation on how to allocate the £600m funding for 2023/24, the deadline is 23 September 2022. [Distribution of funding to support the reform of the adult social care charging system in 2023 to 2024 - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/consultations/distribution-of-funding-to-support-the-reform-of-the-adult-social-care-charging-system-in-2023-to-2024)
 - The funding is split into 3 strands:
 1. Distributing funding for the extension to the means test
 2. Distributing funding for the cap on care costs
 3. Distributing funding for implementation and additional assessments

Project Methodology

Stages

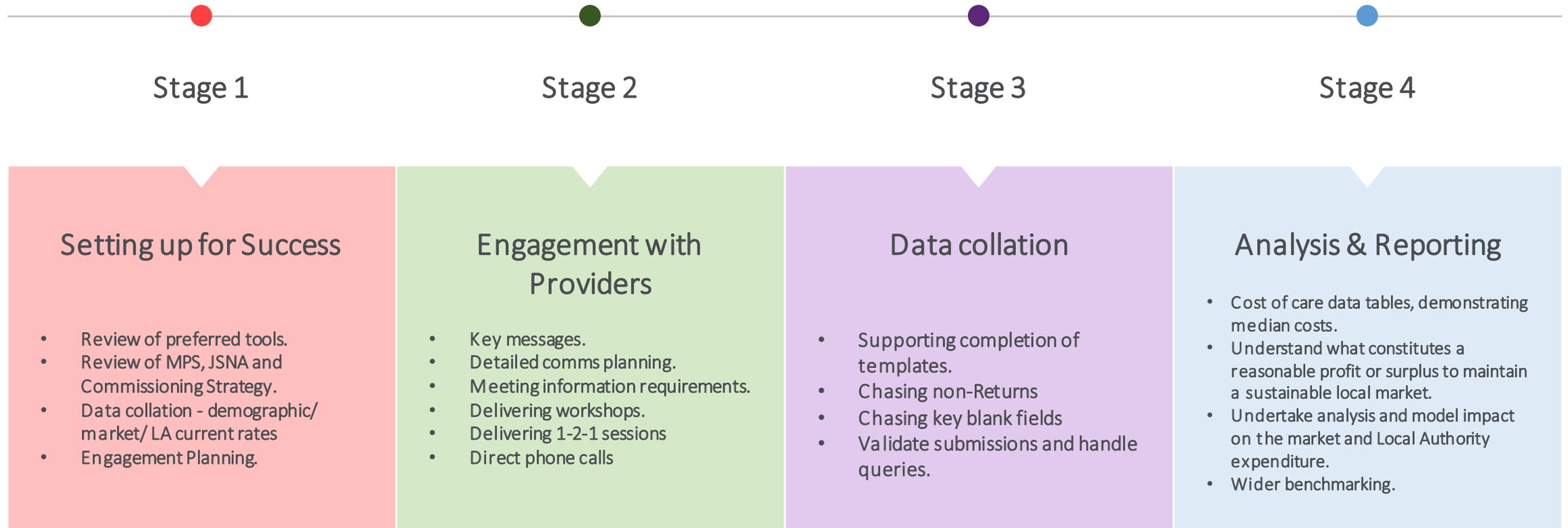
Tool used

Validation Process

Treatment of Outliers

Cost of Care Exercise Stages

4-stage process



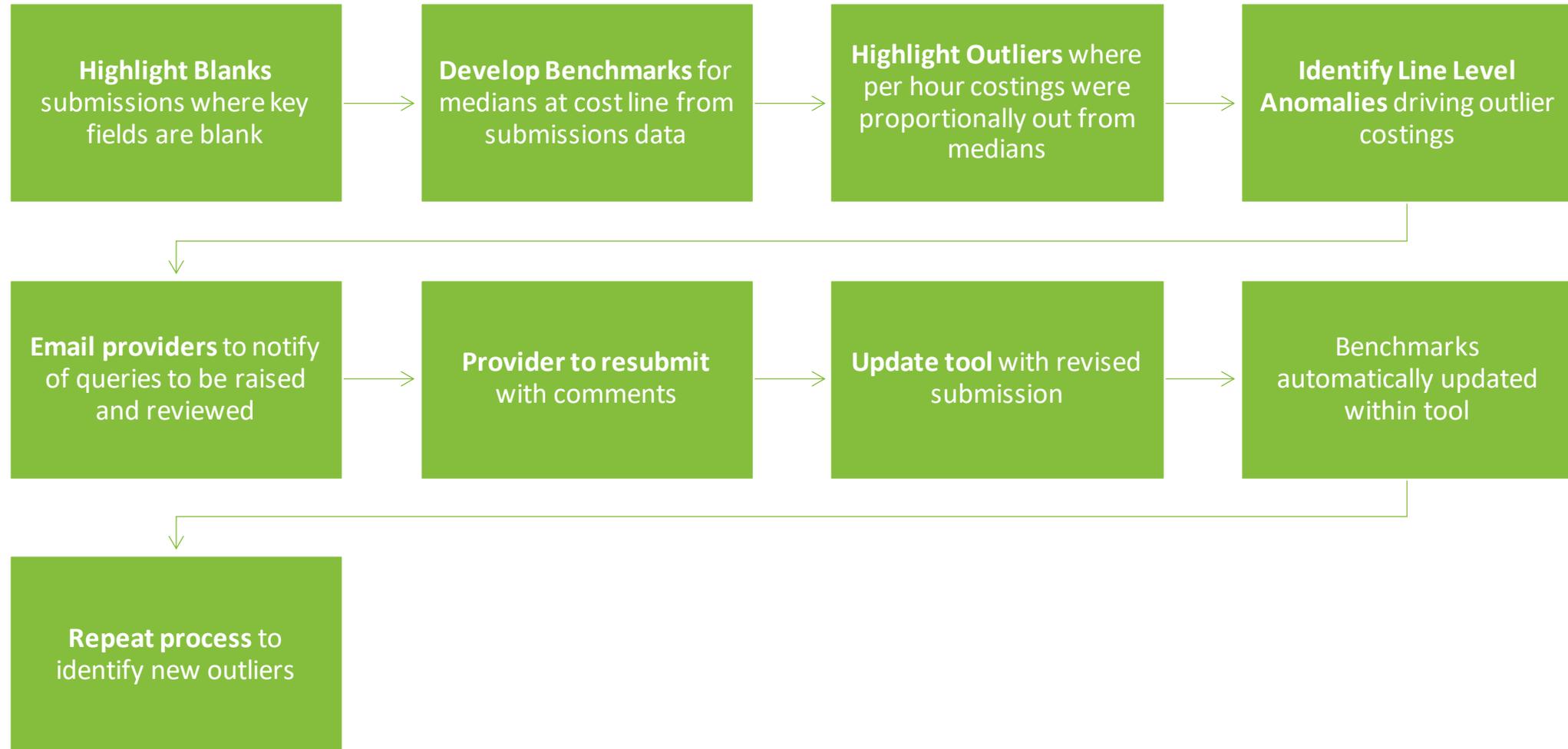
Tool Used for Exercise

Domiciliary Care ARCC Tool

- Nationally recognised tool for the exercise
- Co-developed with providers and commissioners
- Included all key fields for data collection for analysis & validation
- A tool providers/ LAs could continue to use for future exercises



Validation Process



Data Collection Period



Domiciliary Care Providers

- Providers were asked to submit their ARCC costing tool to us by 14.07.2022
- Providers were asked to submit their costs as of April 2022

Treatment of Outliers

We have made our best effort to resolve any concerns about data supplied with providers

Where we have been unable to get a response from a provider around cost queries submitted, and they were considerably outside the ranges of data we have seen, we have flagged those submissions as outliers.

Outliers Excluded:

- 2 submissions excluded

Reasons for Exclusions:

- One provider obvious error in submission (huge apportionment of back office costs)
- One provider potentially paying lower than LLW / errors

Domiciliary Care Providers

Engagement Plan

Engagement & Response Rate & Representation

Quality

Domiciliary Care - Engagement Plan



✓ Introduction

- ✓ Email letter follow up
- ✓ Event Invite
- ✓ Event reminder email
- ✓ Event joining instructions

✓ Introductory Event

- ✓ Introductory Session
- ✓ Event presentation email follow ups

✓ Reminders

- ✓ Deadline Reminder & CPA Session Invites
- ✓ Final Reminder & CPA Session Invites

✓ 1-2-1 Sessions

- ✓ Offered to all providers

✓ Direct Calls

- ✓ Before Deadline (all providers)
- ✓ After Deadline to offer extension & 1-2-1 support (providers yet to submit)
- ✓ After Extension (providers yet to submit)

Domiciliary Care Response Rate

Category	No of Home Care Providers	% Out of Providers in Scope
In Scope	23	N/a
Engaged with Exercise*	18	78%
Submitted Returns	10	43%
Returns which can be used	8	34%

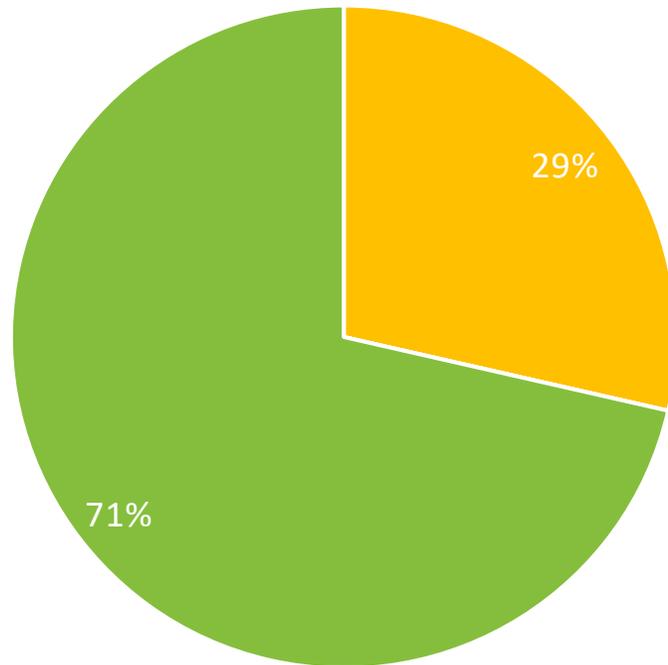
Reasons for non – participation

- Lack of time available to complete the exercise
- Not comfortable sharing data

*Registered/Attended event, Emailed for support on exercise, discussed the exercise in detail on the phone

Representation of Returns – Quality

CQC Rating of Homecare Provider Returns



■ Requires Improvement ■ Inadequate ■ Good ■ Outstanding

- This pie chart shows the CQC Overall quality rating for the providers submissions used to calculate Annex.
- 71% of providers have an overall CQC quality rating of Good.
- The remaining provider is listed as “requires improvement” at the time of writing this report

Outcome of Cost of Care Exercise – Care Homes

Challenges in the Data

Approach to Inflation

Approach to Surplus / Profit

Annex A Tables

Summary of Annex A

Outcome of the Exercise

Modelling Visit Lengths

Challenges in the Data

The Fair Cost of Care Exercise set out by the DHSC is one which is predominantly driven by the input of provider cost data, and as the exercise only sets loose guidance around validation parameters and the ability of local commissioners to challenge and interrogate the data in depth, several challenges in relation to data accuracy should be raised and noted.

Specially for Waltham Forest, these challenges include:

Accuracy of data provided

- Although validation has allowed for some interrogation of costs, it is not possible to completely verify that these costs are truly reflective of incurred costings

Sample Size & Representation

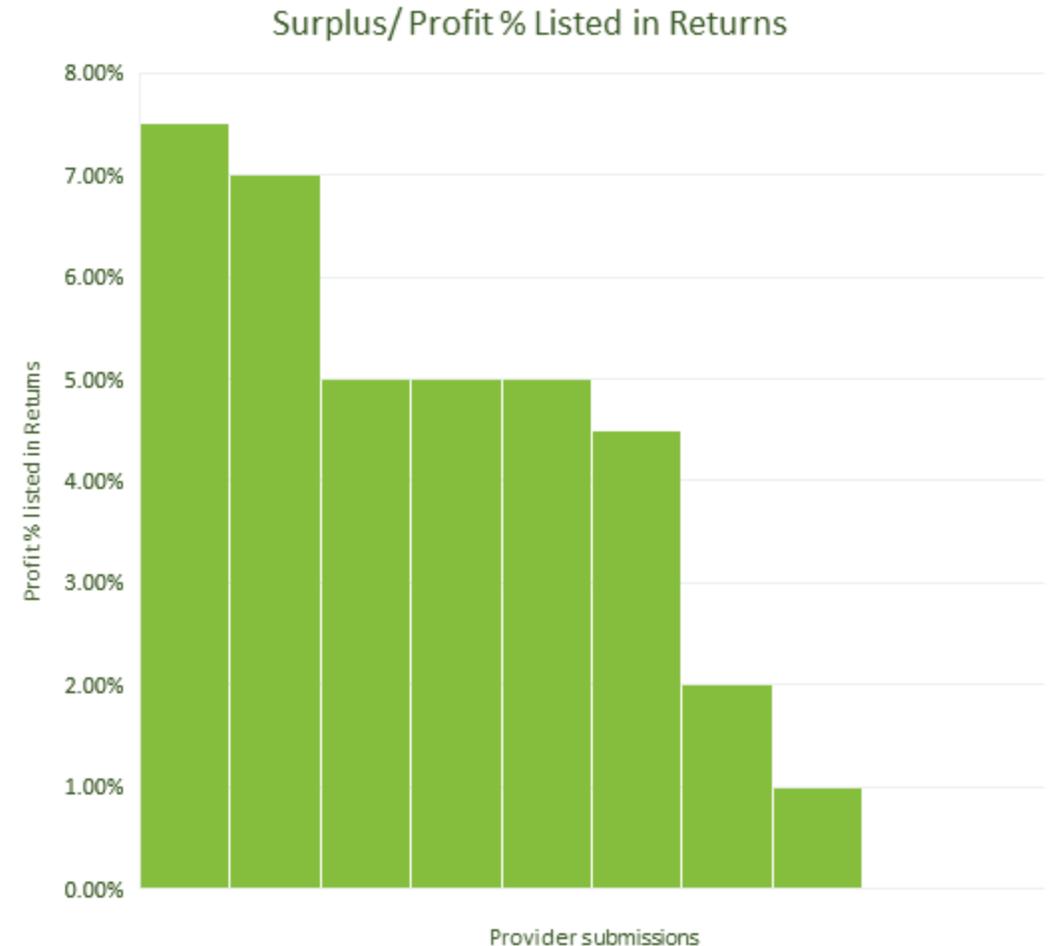
- Due to the small number submissions received, the sample size of the data available is small and may not be truly reflective of the Waltham Forest Home Care market.
- Only 2 out of the 9 submitted used to calculate Annex A are providers listed on framework. The remaining providers are on the Waltham's Forest old DPS.

Approach to Inflation

- For the ARCC homecare tool, providers did not have the option to uplift for 2022/23 costs, providers were asked to provide a cost for 2022-23.
- Therefore, costs submitted should be considered to be accurate at the point of collection, however, similarly to care home providers:
 - Home care providers have also raised that since filling out this tool, inflation has increased further than stated in the tool. Particularly providers have advised that they are seeing considerable increases in fuel costs.
- Therefore, further consideration is needed to understand the cost of living pressures that will be impacting the prices listed in Annex A.

Approach to Surplus/ Profit

- Within the home care collections, providers have submitted surplus/profit as part of the total cost per hour.
- This graph shows the profit % listed by providers as part of this exercise.
- The range submitted by providers was from 2% to 10%, with the average at 7% and the median at 5%.
- Given that a decision needs to be made on a reasonable level of profit which will enable the sustainability of the market moving forward, Waltham Forest have decided that a median value of 5% coming through from provider returns is reasonable for providers registered in the borough.



Domiciliary Care - Annex A – Part 1

Cost of care exercise results - all cells should be £ per contact hour, MEDIANS.	18+ domiciliary care
Total Careworker Costs	£17.18
Direct care	£11.04
Travel time	£1.40
Mileage	£0.39
PPE	£0.34
Training (staff time)	£0.33
Holiday	£1.71
Additional noncontact pay costs	£0.05
Sickness/maternity and paternity pay	£0.37
Notice/suspension pay	£0.03
NI (direct care hours)	£1.08
Pension (direct care hours)	£0.46
Total Business Costs	£4.12
Back office staff	£3.05
Travel costs (parking/vehicle lease et cetera)	£0.01
Rent/rates/utilities	£0.30
Recruitment/DBS	£0.03
Training (third party)	£0.06
IT (hardware, software CRM, ECM)	£0.19
Telephony	£0.08
Stationery/postage	£0.03
Insurance	£0.08
Legal/finance/professional fees	£0.12
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	£0.08
Total Return on Operations	£1.14
TOTAL	£22.45

Note: Outliers excluded from calculations

Domiciliary Care - Annex A – Part 2

Supporting information on important cost drivers used in the calculations:	18+ domiciliary care
Number of location level survey responses received	8
Number of locations eligible to fill in the survey (excluding those found to be ineligible)	23
Carer basic pay per hour	£11.40
Minutes of travel per contact hour	6.63
Mileage payment per mile	£0.32
Total direct care hours per annum	736,015

Note: Outliers excluded from calculations

Home Care Draft LQ, Median & Upper Quartile figures excluding outliers

Cost per Hour	Lower Quartile	Median	Upper Quartile
Cost per hour (Calculated line level median costs, then summed)	£18.16	£22.45	£29.80

Note: LQ, Median & UQ calculated at line level then summed. This was deemed the most appropriate method given the smaller sample size. Outliers excluded from calculations

Summary of Domiciliary Care - Annex A

The below tables show the current weighted average rates paid by Waltham Forest for Domiciliary Care per Hour and the gap between the results coming through from the CoC exercise. Since the CoC project started, Waltham Forest have retendered Home Care at £18 which is not reflected in the below costs.

Waltham Forest Current Average Home Care Rate (per Hour)	CoC Median Rate listed by Providers (April 22)	Potential Gap
15.88	£22.45	41.4%
(£18 after retender)		(24.7%)

Outcome of Exercise

The Local Authority have stated that the outcome of the cost of care exercise is not intended to be a direct replacement for the fee setting element of the local authority commissioning process or individual contract negotiations. It is expected that actual fee rates may differ, as the outcome of sound judgement, evidence and local negotiation.

The outputs of this exercise will be one element to inform future negotiations, taking into consideration other known market factors including inflation, demand, capacity, benchmarking, quality and importantly, affordability for the Local Authority and availability of funding.

Split of Visit Lengths

To understand the visit lengths split of visit lengths reported by providers, the exercise asks for the lower quartile/median/upper quartile of number of appointments per week by visit length (15/30/45/60 mins). The breakdown is listed below for the submissions received.

	15 Mins Visit	30 Mins Visit	45 Mins Visit	60 Mins Visit	Other
Count of Submissions	1	7	7	7	5
Lower Quartile	1211	228	115.5	79.5	11
Median	1211	764	213	127	16
Upper Quartile	1211	1610	955.5	512.5	17
Total Number of Visits	1211	12573	6415	2435	95

Modelling Visit Lengths

The LQ, Median and UQ costs listed in Annex A and the previous pages in this report are calculated directly from the ARCC tool which uses a weighted blended rate of the visit lengths as listed by each provider.

To understand how the cost vary depending on the visit length, the exercise asks to model the LQ, Median and Upper Quartile costs for 15, 30, 45 and 60 minute visit lengths.

This has only been modelled on providers submissions that list these visit lengths. To model, in line with the ARCC guidance video published, we have amended the submissions to solely reflect either 15,30,45 or 60 mins average visit lengths, and the results are listed below.

	15 Mins Visit	30 Mins Visit	45 Mins Visit	60 Mins Visit
Median Hourly Rate	£23.35	£22.33	£21.11	£20.47
Lower Quartile	£5.84	£9.46	£13.44	£17.42
Median	£5.84	£11.16	£15.83	£20.47
Upper Quartile	£5.84	£14.59	£20.06	£25.53
Count of Submissions	1	7	7	7