Sunderland City Council

Fair Cost of Care – Domiciliary Care Report

1. Introduction

The report describes how the Fair Cost of Care (FCOC) exercise was undertaken in Sunderland for the 18+ years domiciliary care market as directed in the Market Sustainability and Fair Cost of Care Fund 2022/2023 guidance, published in March 2022. It sets out how we arrived at the median cost of care figures presented in Annex A.

To add additional capacity and resource to facilitate the FCOC exercise, Sunderland City Council commissioned a consultant partner, C. Co to facilitate the FCOC in partnership with the Council and service providers. C.Co commenced working with the Council on the 23 June 2022.

2. How we engaged with Providers in the FCOC Exercise

At the start of this exercise, we shared our intention that the FCOC exercise was to be taken forward in a collaborative way with Providers and they were actively encouraged to participate in this with us.

We set and communicated a deadline date of 26 August 2022 for submissions with the aim of allowing Providers the maximum amount time to participate and work with us as part of the exercise.

At the early stages of the FCOC exercise, we provided a number of opportunities for Providers to engage and participate in the FCOC exercise and in May 2022 we sent Providers a letter that included the following:

- Provision of information about the purpose of the FCOC exercise
- Key dates
- Information about how to access the FCOC tool
- To establish the correct organisational contact
- To set out and seek feedback on some draft shared principles about how we envisaged the process being taken forward collaboratively with Providers
- To give an indication of the engagement mechanisms we would be offering to Providers
- Links to sources of support and email contacts

We arranged virtual Provider Forums for contracted service Providers on 20 May 2022 and non-contracted service Providers on 27 May 2022. These were used to share information about the FCOC exercise and to offer an opportunity for Providers to ask questions about the intended approach and seek feedback. The same information was shared with both contracted and non-contracted Providers. We then sent out a copy of the presentation slides to all Providers identified as in scope for the FCOC exercise, including those that did not attend the Forums.

We shared with Providers a copy of the Home Care Costing Tool Guidance and the Homecare Costing Tool that was developed by ARCC-HR Ltd, commissioned by the Care and Health Improvement Programme (jointly delivered through ADASS and LGA).

Ongoing communication took place between us and Providers to encourage them to access the Home Care Costing Tool Guidance and complete Homecare Costing Tool.

We arranged twice weekly virtual drop-in sessions which Providers were invited to attend. These supportive sessions were established to provide an opportunity for Providers to drop in to discuss any questions, queries, or areas of concern that they had with the process. These were held on a Wednesday and Friday each week in the morning from week commencing 13 June and were planned until 14 October 2022. We changed these to one per week from September due to limited attendance.

We shared with Providers our plans to appoint an external consultant to work with us and them to facilitate the FCOC exercise and that we were following a procurement process to do this.

Following the appointment of the consultant, C. Co, they attended the virtual drop-in sessions to introduce themselves to Providers.

We sent a letter to Providers on 5 July to:

- Share information about the appointment of C. Co
- Share a copy of the Service Specification that C.Co would be working to
- Share a presentation prepared by C. Co to give background information about C. Co and how they would be approaching the FCOC
- Provide dates of workshops that were being hosted by Care England, the Care Provider Alliance and C. Co
- Share key contact information

C.Co hosted, in partnership with Care England and the Care Providers Alliance, ten Provider virtual workshops which Providers were invited to attend throughout July and August 2022. These included two follow up Sunderland-specific virtual

workshops in August. Providers were invited to these events via email and were sent reminders in the lead up to each session.

C.Co made direct 1:2:1 contact with those Providers who we felt may have needed additional support and guidance to participate.

C.Co contacted Providers on a 1:2:1 basis via telephone and email to offer support, 1:2:1 sessions and additional information to encourage participation in the exercise. C.Co delivered 18 1:2:1 support sessions with Providers to support their participation in the exercise.

We continued to make offers of support to Providers and encouraged them to contact the Council or C.Co via a dedicated email address where you could request and access 1:2:1 support.

As the FCOC exercise progressed, attendance at the virtual events was quite low. Consequently, C. Co made targeted contact and engagement on a 1:2:1 basis with Providers.

As the deadline date of 26 August was nearing, C. Co targeted communication at those Providers who were yet to submit a response to encourage participation.

Throughout the duration of the FCOC exercise, we have either directly or through C.Co on our behalf, communicated and supported Providers to actively participate in the process. This has been through 1:2:1 meetings and virtual group meetings and workshops, 1:2:1 telephone discussions, 1:2:1 and group emails.

Post submission, engagement with Providers continued via telephone calls and online Teams meetings to continue the process of validation of information.

3. Data Collection and Response Rate

The tool used to collect information from Providers was the Cost of Care Toolkit that was developed by ARCC-HR Ltd, commissioned by the Care and Health Improvement Programme (jointly delivered through ADASS and LGA).

Twelve returns 48% were received from Providers who provide services in the Sunderland area. Of the twelve submissions received, this included all seven providers who are contracted by the Council and who are therefore, in total providing most of the care hours commissioned by the Council.

Based on the returns submitted by the seven contracted Providers, they were reporting delivering 11,832 hours, which equates to 64% of the total 18,364 hours in the report.

4. Findings of the FCOC Exercise: Median Values

4.1 Visit Lengths

The table below shows the **median and quartile weekly number of each of these four visit lengths**, which form the majority of visits both by number (98%) and by time (88%).

This table shows that the median Provider is likely to provide 400 15-minute visits, 1,590 half hour visits, 249 45-minute visits, and 135-hour long visits per week, along with a small number of visits of other lengths.

Visit Lengths	Sample Count	Lower Quartile	Median	Upper Quartile
		Visit Numbers	Visit Numbers	Visit Numbers
15 minutes	12	145	400	652
30 minutes	12	972	1,590	2,193
45 minutes	12	129	249	301
60 minutes	12	108	135	201

The table below shows the **total number of visits and care hours by length across the sample returns.**

Visit Lengths	Total Number of Visits	Total Care Hours
	Visit Numbers	Hours
15 minutes	5,197	1,299
30 minutes	18,257	9,129
45 minutes	2,587	1,940
60 minutes	3,854	3,854
Other Visit Lengths	481	2,142
Totals	30,376	18,364

From the tables above we can see that the majority of visits are 30 minutes long (60%). The next most common length is 15 minutes (17% by call number), with a further 13% by call numbers which are 60 minutes long.

The weighted average visit length is calculated by the data collection tool and gives a median weighted average visit length of 33 minutes, which supports the total data shown above.

It is not possible, given the data collected by this data collection tool, to fully separate out the costs for visits of different lengths. It is reasonable to assume that shorter visits will cost more per care hour. For example, travel distances, time and hence

costs are not necessarily shorter for shorter visits, and so proportionately are more per care hour for shorter visits. Similarly, PPE costs will be greater per hour for shorter visits. These are the only two costs that can be separated out per visit rather than per hour to identify separate cost rates for shorter visits.

Once these have been identified per visit, the median (and lower and upper quartile) figures have been applied to the calculation of a fair cost of care to identify the separate median costs for 15-, 30-, 45- and 60-minute length calls as required.

Cost Per Call Length	Lower Quartile	Median	Upper Quartile
15 Minute Calls	4.85	5.63	6.74
30 Minute Calls	9.25	10.61	12.49
45 Minute Calls	13.65	15.58	18.23
60 Minute Calls	18.06	20.55	23.98
Per Care Hour	19.41	22.65	26.56

4.2 Fair Cost of Care Exercise: Median Value

The table below shows the median values collated as part of this exercise:

Cost of care exercise results - all cells should be £ per contact hour, MEDIANS.	18+ domiciliary care
Total Careworker Costs	**£17.06**
Direct care	£10.12
Travel time	£1.73
Mileage	£1.12
PPE	£0.62
Training (staff time)	£0.31
Holiday	£1.62
Additional noncontact pay costs	£0.00
Sickness/maternity and paternity pay	£0.41
Notice/suspension pay	£0.01
NI (direct care hours)	£0.82
Pension (direct care hours)	£0.30
Total Business Costs	**£4.51**
Back office staff	£3.37
Travel costs (parking/vehicle lease et cetera)	£0.00
Rent/rates/utilities	£0.24
Recruitment/DBS	£0.10
Training (third party)	£0.10
IT (hardware, software CRM, ECM)	£0.26
Telephony	£0.09

Stationery/postage	£0.03
Insurance	£0.08
Legal/finance/professional fees	£0.09
Marketing	£0.00
Audit and compliance	£0.00
Uniforms and other consumables	£0.05
Assistive technology	£0.00
Central/head office recharges	£0.00
Other overheads	£0.00
CQC fees	£0.10
Total Return on Operations	**£1.08**
TOTAL	**£22.65**

5. Approach to Return on Operations

The exercise established an overall median figure of 5% for the Return on Operations (ROO) which give a monetary value of £1.08.

We chose not to adjust any ROO figures which were submitted from providers (except for validation reasons which were agreed by individual providers) and to reflect what they have reported their costs for ROO to be. However, we do want to explore this information further with our Providers, so we have a more detailed understanding of their position and perspective on these areas. In addition to this, further engagement and joint working is required with our Providers, so we gain some clarity on the points below:

- The market consists of a range of Providers that operate different business models depending on their organisational status (e.g., different structures/payment terms/overheads and capital liability) and we would welcome having an increased understanding of this from our Providers.
- We are aware that smaller Providers may pay themselves by way of dividend payments which may see a distortion compared with peer organisations between levels of pay and ROO.
- We acknowledge that all private businesses and third sector Providers must return a profit or surplus to remain viable and to maintain a high quality service. We're aware of the sensitivity of this subject and again, would appreciate closer working with Providers to support our understanding of this.

6. 2022/2023 Rates and Future Fee Uplift Considerations

The commissioned domiciliary hourly fees were uplifted in April 2022 by 8% and this rate was accepted by the market.

The information considered in this report is based on April 2022 figures. They take into account likely inflationary cost increases and pay rises providers believe that they are or will be experiencing at April 2022.

As part of the fee negotiation process for 2023/2024 it will be necessary for us to consider the types of information gathered through this exercise as we engage and talk to our Providers about future fees. We will look at the uplifts using the various categories within the CPI. This method will be discussed in more detail with Providers as we move forward with the fee negotiation exercise.

7. Conclusion

As set out in the guidance we have undertaken this exercise to gain a more detailed and shared understanding of what it costs to run quality and sustainable domiciliary care provision in Sunderland.

While the exercise itself has been helpful in some respects, there have been a number of inconsistencies in the process. There remain areas that require further discussion and clarification with our Providers which means we don't feel that the median figure identified through this exercise can in isolation, form our fees for 2023/24. Some of the concerns we identified with the FCOC exercise are referenced below:

- Not all Domiciliary Care Providers in the city participated in the FCOC exercise which means that we do not have full representation from the market
- Some of the submissions were not fully completed
- The tool was open to interpretation by Providers which meant varying responses based on how the questions were understood by Providers
- The support hours are based only on those Providers who participated in the FCOC exercise
- The time constraints given to complete the FCOC exercise was insufficient to be able to continue to hold discussions with individual Providers to fully understand the different business models and structures, including any economies of scale for larger Providers which may not be accessible to smaller organisations
- Certain Domiciliary Care Providers will provide a level of specialist care which may be more costly to deliver, and this would impact on the overall median cost
- We have a Domiciliary Care Provider of last resort / short notice, and this is, by necessity more expensive to provide