

Thurrock Council

Market sustainability and fair cost of care

Annex B – Domiciliary Care

We have welcomed the additional opportunity to engage with our providers of domiciliary care to discuss the long-term sustainability of the market. Although we have concerns about the accuracy of data produced by the Cost of Care (CoC) exercise (section 3) – we see this exercise as an opportunity to help inform our existing fee setting process and as a good basis for further discussion with our partners.

This exercise created insufficient time for us as a local authority to have the level of engagement with our providers that we would have liked. As such, we will be carrying out further analysis and having more detailed discussions with providers during quarter 3 and 4 of 2022/23.

1. Data Collection Process

As we are supportive of any opportunity to engage with our local providers to stabilise markets post pandemic, we have tried to encourage our domiciliary care partners to take part in the exercise and with any issues arising during the process.

1.1 Initial Engagement

Initially providers were given, through circulation, details regarding the cost of care exercise as part of the social care reform and what this would mean for them. This led on to an invitation to submit their costs to participate in this exercise.

1.2 Support & Advice

To ensure the best possible data quality and submission numbers, we ran demonstration sessions for both domiciliary providers and care home providers, providing support and guidance around the use of the toolkit. This also included open communication with the LA for any queries or questions at any stage throughout.

1.3 Extensions

Our providers informed us that many were eager to participate however timescales were an issue. Extensions were given to ensure that those that wanted to submit had the opportunity to do so.

1.4 Follow Ups

During the data gathering stage of the CoC we have followed up with providers to offer further assistance and support, providing virtual and in-person 121 assistance where required.

1.5 Reviews & Amendments

Whilst the majority of data submitted seemed consistent, some submissions included obvious outliers. These providers were contacted, and the data was discussed in order to gain an understanding of whether this was a true outlier or an error in the data submitted. In all instances we were able to work in partnership to correct the data submission and their submission was included within the final CoC Annex A.

1.6 Provider Engagement Meetings

The constraints caused by the process (including the local decision to extend submission deadlines to encourage a representative response) has meant we have only been able to hold two provider engagement meetings between CoC provider submission and the submission of Annex A, B and C to government by the local authority.

It is essential for Thurrock Council to gather the views of providers and to explore any issues. Although these meetings have ensured that the providers have had some voice within this process, we are committed to further engagement post October to enable us to shape the final MSP submission.

2. Current Fee Setting Process

As stated in the introduction, issues with the validity of data produced by the CoC exercise means as a Local Authority it would be difficult for us to move towards the 'median average' without further detailed work taking place.

However, it has been a great opportunity to gather detailed information and to start having more frequent conversations with providers about the long-term sustainability and shape of the market. In turn, this will allow us to review and ultimately adapt our existing fee setting process based on this feedback.

2.1 Fee Setting 2021/22

A four-week consultation was held with Providers. Providers were sent documentation to complete regarding their business and finances and were asked to submit audited accounts to support their position. Providers were asked to consider several relevant factors including but not limited to the following:

- Work based pension scheme
- Changes to NLW legislations
- Covid 19
- EU Exit
- Void levels
- Local issues with staff recruitment e.g. competition for employment locally
- Interest rate for borrowing
- Economies of scale for larger providers /Additional challenges for smaller providers

- Local factors such as land value, wages locally etc

Provider meetings were then arranged (by market segment e.g. older people residential care, domiciliary care etc) for the last week of the engagement to enable providers to have a discussion about the fees paid and the main challenges they were facing.

This fee exercise resulted in us awarding a 5.67% increase to domiciliary care for 2021/22 in response to their submissions.

2.2 Fee Setting Moving Forward

We have increased our knowledge regarding the challenges the market is currently facing through the additional opportunities for provider engagement that this exercise has afforded us (especially in regard to the current cost of living crisis which disappointingly the CoC exercise does not address as it uses data from 2021/22 adjusted to April 2022). As such, there are some additional pieces of work we need to carry out e.g. understanding the current challenges faced by providers due to the immediate economic situation (see section 3) to enable us to have a clearer picture of the domiciliary care market locally and its long term sustainability.

Once we have gathered this information, we will be able to review and revise as appropriate our existing fee setting process to ensure it takes account of this increased knowledge of the market.

The fee setting process will be developed alongside providers and will be the basis of how we set a fair price for care in Thurrock.

3. Coc Exercise – Positives and limitation of the current data set

The Local Authority has a legal duty to declare a balanced budget. We have welcomed the opportunity to focus on the long-term sustainability of both our older people residential care and our domiciliary care markets and value the time and effort put in by our providers. However, we are conscious that this exercise should only be seen in the context of our wider duties under the Care Act 2014, whether that be to different client groups (e.g., working age adults, carers) or alternative provision (e.g., information and advice, working age adults residential care, supported living, day opportunities, replacement care for unpaid carers). As such, as a local authority we must consider the sustainability of the whole market and the needs of all client groups as part of our budget and fee setting processes rather than just the provision/client groups addressed by the CoC exercise.

3.1 Response rate and provider engagement

Unfortunately, we did not experience the same level of engagement from domiciliary care providers as we did with residential care providers locally regardless of offers of assistance and extensions to deadlines. Whereas we were able to secure a 82%

return rate for this residential care, we only received a return from 4 providers (33%) from the 12 contracted providers locally.

After support, no submissions were rejected and within the data we received, we could see a relatively consistent data set across the returns.

As the return rate was so low and not representative of the local provider market, we feel we have an insufficient level of submissions to draw any conclusion.

However, the data provided and subsequent conversations about risks and current pressures, gives us a great starting point to work with this market to further develop our fee setting process.

3.2 Limitations

The methodology proposed by the CoC exercise has resulted in a median value that is significantly different to the results from our existing fee setting process.

3.2.1 Median Average and Commissioning Practice

Although we understand that this process is a starting point to ensure a sustainable level of funding and was never intended to replace local fee setting processes (DHSC guidance), the creation of a median average is significantly different to the outcome of our existing fee setting process.

As we had such a low return, we are unsure at this point if the median average is reflective of the market and will need to undertake further analysis with our providers to understand this.

The granular detail provided through this exercise should provide us with an informed starting point for more detailed discussions with providers and ultimately enable us to review our fee setting process to make sure it is fit for purpose in the interim whilst we move to a new model of care.

We have been testing wellbeing teams internally since 2019 to deliver domiciliary care in a different way. Rather than time and task, this new model of care allows small neighbourhood self-managed teams to organise care and support in a flexible way that works with the person to focus on what matters most to them. The much smaller geographical 'patch' that we currently use to organise care, allows workers to understand the assets and networks in a community and link the person to them. As well as the benefit of more continuity of care for the person and improved outcomes, workers are more interested and empowered, having an impact on recruitment and retention rates.

We are now testing wellbeing teams in more 'patches'. If this proves to be successful, we will expand this approach to externally commissioned domiciliary care. This will hopefully help to address workforce issues but does cause complexity

when agreeing a 'fair price' as the data collected as part of the CoC exercise is based on a traditional time and task model. We will review our fee setting process alongside providers when developing the wellbeing team approach for the external market to mitigate this.

3.2.2 Further Understanding Required

It has been clear on this journey that some discreet projects will need to be carried out to further understand the market and some of the fee levels that have been submitted and whether they are representative of the whole market/all organisational types/sizes. Alongside this exercise we must meet Care Act requirements regarding the diversity of the market and need to ensure that fee levels support this (something which the CoC exercises does not consider).

3.2.3 Challenges faced by providers since April 2022

As the data captured was based on 2021/22 but the majority of provider discussions have been in relation to the challenges faced by providers since the cost-of-living crisis, we believe a localised and up to date fee setting process will reflect the current situation more accurately (especially as changes are happening rapidly e.g. government support for businesses on fuel costs, taxation relief, rising inflation etc).

3.2.4 Unknown Financial Settlement

As stated in section 3, we have a responsibility to declare a balanced budget. As also stated, we have a responsibility to all client groups and segments of the provider market not just the ones included in the CoC exercise.

We are committed to working with our providers to move towards a rate that both parties deem to be sustainable in our local market. For example, we have identified in the Market Sustainability Plan a specific need to support the recruitment and retention of the social care workforce in Thurrock and accept that we need to target support in this area.

However, until we have received the financial settlement figure for Thurrock, we are unable to detail how quickly we can move towards a figure that is agreed as sustainable and any one off or ongoing targeted funding.

4. Financial Analysis

Per Week, By Visit Length:

	15min	30min	45min	60min
Count	4			
Lower	610.25	566	127.25	58.75
Median	782.50	1645	255.5	76
Upper	954.75	2171	306.25	319.75

Dom: Count, Lower, Median & Upper

Cost of care exercise results - all cells should be £ per resident per week	Count of responses	Lower quartile	Median	Upper quartile
• Careworker costs:				
○ Direct care	4	10.61	10.97	12.57
○ Travel time	4	0.76	1.01	1.63
○ Mileage	4	0.21	0.56	1.22
○ PPE	4	0.22	0.41	0.59
○ Training (staff time)	4	0.00	0.07	0.18
○ Holiday	4	1.23	1.32	1.39
○ Additional noncontact pay costs	4	0.00	0.00	0.17
○ Sickness/maternity and paternity pay	4	0.19	0.29	0.34
○ Notice/suspension pay	4	0.00	0.00	0.01
○ NI (direct care hours)	3	0.95	1.07	1.44
○ Pension (direct care hours)	4	0.31	0.36	0.47
• Business costs:				
○ Back office staff	3	1.82	2.14	3.00
○ Travel costs (parking/vehicle lease et cetera)	1	0.00	0.00	0.00
○ Rent/rates/utilities	3	0.34	0.39	0.49
○ Recruitment/DBS	3	0.06	0.07	0.10
○ Training (third party)	3	0.00	0.00	0.01
○ IT (hardware, software CRM, ECM)	3	0.14	0.21	0.22
○ Telephony	3	0.04	0.08	0.08
○ Stationery/postage	3	0.03	0.05	0.06
○ Insurance	3	0.04	0.08	0.09
○ Legal/finance/professional fees	3	0.00	0.00	0.00
○ Marketing	3	0.00	0.00	0.01
○ Audit and compliance	3	0.00	0.00	0.03
○ Uniforms and other consumables	3	0.00	0.01	0.01
○ Assistive technology	3	0.00	0.00	0.00
○ Central/head office recharges	3	0.43	0.87	1.07
○ Other overheads	3	0.05	0.09	0.28
○ CQC fees	3	0.10	0.13	0.17
• Return on Operations	3	1.06	1.18	2.38
TOTAL	4	20.95	23.15	24.98

	15min	30min	45min	60min
Contact Hr Per Week	196	823	192	76
Cost Per Visit (£)	3.26	6.52	9.78	13.04
Total Cost per week	638.96	5365.96	1877.76	991.04

The opinion of the Council is that the cost of care exercise pertaining to Homecare is consistent with our response to residential and nursing care. We feel that the returns have resulted in a significantly inflated figure which is not consistent with the local market conditions. We also feel that the response rate is too low to be able to take an informed view on the results of the data at this stage

The median value represents an increase of 22.29% above the current hourly rate

Direct care is showing a value which is outside of the national living wage. This is one area in which we feel the response rate is not representative of the market and therefore we will have to carry out additional analysis locally to inform our own fee setting process.

At the beginning of the financial year, the Council applied an inflationary uplift of 5.67% to the weekly rate for homecare, which was well received by providers. This took into account changes in the national living wage, and other inflationary factors. In addition, this also included an upwards fee adjust to represent the increase in employer national insurance contributions. At the time of writing, this appears to be being put back to the 13.8% level