

Camden

Annex B – Home care provision

The response rate of the exercise, as percentage of those invited (excl. providers for whom the exercise turned out not to be relevant) and how they engaged with the market

Overview

The homecare analysis of the Cost of Care (CoC) exercise in North Central London (NCL), which includes Camden, was outsourced to Care Analytics, who will also in the coming months configure various standardised cost models to inform council's future commissioning of domiciliary care, separate to the CoC exercise. Care Analytics have carried out the entirety of the CoC exercise for homecare including, production of the survey used in data collection and analysis of the returns and results. Engagement with providers was carried out in partnership with the council. Care Analytics have produced their methodologies and findings accordingly.

Local provider market

As of June 2022, Camden commissioned the majority of domiciliary care from 15 different providers, 5 of which are contracted neighbourhood providers and the remaining spot providers of varying size. As 2 providers provide a low level of care activity we invited 13 providers to take part in the CoC exercise. 8 of the 13 have registered branches based in Camden and 5 are out of borough (3 of these are based within the NCL partnership). Although this is a relatively low number of providers, commissioners have good working relationships with the providers and were confident that the majority would take part in the exercise.

Council-led Provider Engagement

Many providers were already aware of the CoC exercise prior to the first formal email sent to providers on 6 June 2022. In the correspondence, we set out the purpose of the CoC exercise and informed providers of Camden's shared approach with the North Central London (NCL) boroughs to commission Care Analytics to conduct the exercise. This initial contact was aimed at 'warming up' the providers and informed them of indicative dates of the survey launch and a Q&A session. We also asked providers to confirm who would be the main contact within the branch for the CoC exercise.

Providers were contacted again on 13 June to launch the CoC exercise. The email explained that responses would be confidential and any reports produced would be fully anonymised. A first closing date for submissions of 8 July was set and providers were asked to submit directly to Care Analytics. A named contact officer in Camden was also provided for any queries about the survey process.

On 22 June the commissioners held a virtual Q&A session which was presented jointly by commissioners and Care Analytics. 7 of the 13 providers attended the session. Of the 6 that did not attend, we followed up 3 providers with a phone call or email within a day or two. Of the remaining 3, we were able to contact them after a couple of attempts to identify the appropriate contact person.

Throughout the survey period, we made regular contact with the providers. We also received weekly updates from Care Analytics regarding numbers of surveys submitted and we made contact by email and phone with the providers that were yet to submit. Additional 1:1 meetings were set up with some providers as required and every opportunity to encourage them to respond to the CoC survey was taken e.g. contract monitoring visits. The data from providers was collected during July and August 2022, with the queries and clarification process ongoing well into September.

Ahead of the submission deadline to DHSC commissioners organised a provider meeting across homecare and care homes to give providers an opportunity to meet with finance and commissioning colleagues and share feedback on their experience of the COC exercise. This was also an opportunity to share initial headlines for Camden's care market, confirm the direction of travel for Camden, and discuss the next steps as we progress to the next stage of market sustainability planning which will involve further engagement with the local care market.

Responses

Each homecare survey received was thoroughly reviewed at least twice. Queries were sent to every provider to try to ensure the data was as robust as possible. Owing to the error margins associated with key variables, clarifications were nearly always sought on visit patterns (average visit duration) and average travel time, as well as all instances where care worker pay methods were unclear. Care Analytics also queried unclear answers and inconsistencies (large changes) between historic accounts data and the costs of current practice.

In all, we received COC submissions from 11 providers (85% return), 8 homecare surveys (62% of those invited to submit) were used in our COC return. There were 2 surveys that were not used due to issues such as data quality, missing key data, reliability issues and lack of clarity about their employment status, one survey was deemed out of scope. Care Analytics confirmed that although there was a small starting sample, being able to use 8 out of 11 surveys is a reasonably high success rate compared to many other councils in London where Care Analytics is working where a much higher proportion of surveys were deemed unusable. All the usable surveys have full unit cost calculations for both care worker and for other business costs.

The COC exercise is based on 8 returns, all but one of the providers with usable surveys deliver a significant number of hours in Camden. The median results are only a few pence different (higher) if this smaller provider is excluded so this provider was also included.

Care Analytics query process remains open and if data quality from key providers can be improved, this to feed into their wider commissioning and market review.

Calculation Methodology

All non-staff operating costs have been uplifted to May 2022 (around the start of the current financial year). However, the rate of inflation continues to increase. It should therefore be noted that some cost lines reported may already be significantly behind current costs.

As part of calculating each council's CoC outputs for homecare, Care Analytics have attempted to reflect each providers current unit costs.

In most instances, the following rules have been applied:

1. The providers care worker pay method is converted into a single contact-time rate of pay. This includes incorporating all enhancements for anti-social hours and grades and any top-up payments
2. Stated average travel time is reduced to the best possible estimate.

When calculating each provider's care worker unit cost, there are several areas where assumptions must be made, as the associated costs are either too difficult to calculate reliably or they are variable over time and so must be standardised to some extent. Care Analytics have made the following standardised assumptions for the CoC returns:

- Based on all the evidence Care Analytics have seen, a total of 15% for combined on-costs has been used for a market median. In general, combined on-costs are:
 - For statutory holiday - 12% employment on-cost has been applied.
 - A 3.0% standardised assumption (of total care worker time) for combined paid training time (1.75%), sickness (1.0%), and notice/suspension pay (0.25%).

In any homecare cost model (or unit cost exercise) there are at least 7-8 areas where costs can be under or overstated by circa 1-2% of the overall unit cost (with a much greater error margin in relation to paid travel time assumptions). Whilst Care Analytics had an extensive query process which tried to reduce uncertainties to a minimum, there remain reliability issues as some homecare providers were not always able to present a clear picture of their operating practice and costs.

It is likely that the council's commissioning of homecare will significantly change over the next few years as it implements its commissioning strategies. Care Analytics market review (to be completed over the next 3-5 months) will feed into these developing strategies.

The lower quartile/median/upper quartile of number of appointments per week by visit length (15/30/45/60 mins)

	15 mins	30 mins	45 mins	60 mins
First quartile	0	425	398.5	464.5
Median	1	816	541	1,020
Third quartile	15	1,013	1,035	1,454

Justification of the proposed approach to return on operations

Return on Operations

Return on operations cannot all be taken out of the respective business as profit. The surplus is also needed to pay for both investment back into the business and exceptional costs that will inevitably arise from time to time.

Based on the surveys received, providers stated sustainable profit levels ranging from circa 3% (usually with a caveat about the need for large volumes) to upwards of 30%.

Many of the highest stated sustainable profit levels were from independent providers where the owners time working for the business is not fully reflected as a cost (though Care Analytics have added modest notional costs in many such instances for both commensurability with other businesses and to ensure 'costs' are not unduly understated). It can therefore be difficult to interpret some providers' expected or desired 'profit' in the more common use of the term.

Camden has chosen to use 5% in the final return as this is considered to be a sustainable level for providers and is within the range of figures stated within the returns received.

One table for each service type, with each showing the count of observations, lower quartile, median and upper quartile (where relevant) of all items in Annex A, Section 3

Cost of care exercise results	Count of observations	1st quartile	Median	3rd quartile
Total Careworker Costs	8	£14.22	£14.84	£15.48
Direct care	8	£9.80	£10.31	£10.53
Travel time	8	£1.03	£1.47	£1.63
Mileage	8	£0.01	£0.01	£0.02
PPE	6	£0.02	£0.03	£0.07
Training (staff time)	8	£0.19	£0.19	£0.21
Holiday	8	£1.38	£1.43	£1.46
Additional non contact pay costs	1	£0.20	£0.20	£0.20
Sickness/maternity and paternity pay	8	£0.12	£0.12	£0.12
Notice/suspension pay	8	£0.03	£0.03	£0.03
NI (direct care hours)	8	£0.87	£1.08	£1.22
Pension (direct care hours)	8	£0.19	£0.21	£0.25
Total Business Costs	8	£3.76	£4.27	£4.54
Back office staff	8	£2.04	£2.31	£2.81
Travel costs (parking/vehicle lease etc)	7	£0.02	£0.03	£0.04
Rent/rates/utilities	8	£0.26	£0.27	£0.32
Recruitment/DBS	8	£0.03	£0.06	£0.12
Training (third party)	5	£0.03	£0.04	£0.15
IT (hardware, software CRM, ECM)	8	£0.09	£0.16	£0.23
Telephony	8	£0.07	£0.09	£0.14
Stationery/postage	8	£0.02	£0.03	£0.05
Insurance	5	£0.05	£0.06	£0.07
Legal/finance/professional fees	7	£0.01	£0.07	£0.11
Marketing	3	£0.04	£0.06	£0.11
Audit and compliance	3	£0.02	£0.04	£0.06
Uniforms and other consumables	4	£0.02	£0.03	£0.03
Assistive technology	1	£0.00	£0.00	£0.00
Central/head office recharges	7	£0.33	£0.40	£1.16
Other overheads	7	£0.03	£0.04	£0.18
CQC fees	8	£0.02	£0.05	£0.08
Total Return on Operations		£0.90	£0.96	£1.00
TOTAL		£18.88	£20.07	£21.02

The full table in Annex A, Section 3, with one column of median values for each care type

Cost of care exercise results - all cells should be £ per contact hour, MEDIANS.

18+ domiciliary care

Total Careworker Costs	£14.84
Direct care	£10.31
Travel time	£1.47
Mileage	£0.01
PPE	£0.03
Training (staff time)	£0.19
Holiday	£1.43
Additional noncontact pay costs	£0.20
Sickness/maternity and paternity pay	£0.12
Notice/suspension pay	£0.03
NI (direct care hours)	£1.08
Pension (direct care hours)	£0.21
Total Business Costs	£4.27
Back-office staff	£2.31
Travel costs (parking/vehicle lease etc)	£0.03
Rent/rates/utilities	£0.27
Recruitment/DBS	£0.06
Training (third party)	£0.04
IT (hardware, software CRM, ECM)	£0.16
Telephony	£0.09
Stationery/postage	£0.03
Insurance	£0.06
Legal/finance/professional fees	£0.07
Marketing	£0.06
Audit and compliance	£0.04
Uniforms and other consumables	£0.03
Assistive technology	£0.00
Central/head office recharges	£0.40
Other overheads	£0.04
CQC fees	£0.05
Total Return on Operations	£0.96

Consistent with the identified cost per contact hour, the cost per visit for each of 15, 30, 45 and 60 minute visits (shorter visits have larger relative travel times so cost relatively more)

Cost of care exercise results	15 minutes	30 minutes	45 minutes	60 minutes
Total Careworker Costs	£21.45	£17.22	£15.81	£15.11
Direct care	£10.31	£10.31	£10.31	£10.31
Travel time	£5.91	£2.95	£1.97	£1.48
Mileage	£0.06	£0.03	£0.02	£0.01
PPE	£0.14	£0.07	£0.05	£0.03

Training (staff time)	£0.27	£0.22	£0.20	£0.20
Holiday	£1.97	£1.61	£1.49	£1.43
Additional noncontact pay costs	£0.82	£0.41	£0.27	£0.20
Sickness/maternity and paternity pay	£0.16	£0.13	£0.12	£0.12
Notice/suspension pay	£0.04	£0.03	£0.03	£0.03
NI (direct care hours)	£1.48	£1.21	£1.12	£1.08
Pension (direct care hours)	£0.29	£0.24	£0.22	£0.21
Total Business Costs	£4.27	£4.27	£4.27	£4.27
Back-office staff	£2.31	£2.31	£2.31	£2.31
Travel costs (parking/vehicle lease et cetera)	£0.03	£0.03	£0.03	£0.03
Rent/rates/utilities	£0.27	£0.27	£0.27	£0.27
Recruitment/DBS	£0.06	£0.06	£0.06	£0.06
Training (third party)	£0.04	£0.04	£0.04	£0.04
IT (hardware, software CRM, ECM)	£0.16	£0.16	£0.16	£0.16
Telephony	£0.09	£0.09	£0.09	£0.09
Stationery/postage	£0.03	£0.03	£0.03	£0.03
Insurance	£0.06	£0.06	£0.06	£0.06
Legal/finance/professional fees	£0.07	£0.07	£0.07	£0.07
Marketing	£0.06	£0.06	£0.06	£0.06
Audit and compliance	£0.04	£0.04	£0.04	£0.04
Uniforms and other consumables	£0.03	£0.03	£0.03	£0.03
Assistive technology	£0.00	£0.00	£0.00	£0.00
Central/head office recharges	£0.40	£0.40	£0.40	£0.40
Other overheads	£0.04	£0.04	£0.04	£0.04
CQC fees	£0.05	£0.05	£0.05	£0.05
Total Return on Operations	£1.29	£1.07	£1.00	£0.97
TOTAL	£27.01	£22.57	£21.09	£20.35

Financial year

The relevant financial year for data was 2022-23. Historic cost data was used for non-staff cost categories based on the providers most recent completed accounts. Each cost was uplifted to a 2022-23 baseline using an appropriate CPI index. This was done at the most granular level possible so that inflation adjustments are as accurate as possible. Each cost line was updated from the middle of their respective financial year to May 2022 (close to the start of the 2022-23 financial year).

Providers were asked to identify any costs that had or would increase for 2022-23 to an extent that would not be reflected using CPI measures of inflation. Many providers took advantage of this by

providing details about structural cost increases. Each providers costs were updated to reflect any new baseline where data was supplied.

Payroll data was collected from a recent payroll period in the 2022-23 financial year to inform employer national insurance and pension contributions as a percentage of wages.

Future uplifts

The Councils in NCL have commissioned Care Analytics to deliver a comprehensive review of homecare commissioning, building on the data collated for the Cost of Care exercise. This will result in the following outputs:

1. Robust cost models configured to the local market and commissioning, including models across the urban-to-rural continuum as required.
2. Inflation forecasts and recommendations for managing the annual uplift process.
3. An assessment of the sustainability of individual providers and the overall local market.
4. An extensive range of supporting evidence about boroughs approach to commissioning and the local marketplace.
5. Recommendations for future commissioning strategy.

The outcome of this work will be presented in the final Market Sustainability Plan in February 2023.

Recruitment remains a significant challenge for the domiciliary care market. The NCL programme will support recruitment for domiciliary care workers. The work commissioned by Care Analytics will include tailored cost models for each borough including London Living Wage rates for staff.

Full description of the questions asked/template used as part of the exercise

Data Collection and Query Process

The survey used was designed by Care Analytics. It is an adapted version of the survey that they use to conduct market review service. As Care Analytics market reviews have a wider scope than the CoC exercise required by the DHSC, the survey includes a wider set of questions to enable a thorough analysis of the marketplace.

The survey asked:

- Detailed questions about homecare delivery and the operating practices of each branch. It asked for a detailed breakdown of current back-office staffing and wages/salary by role.
- A series of questions about care worker pay rates, including supporting information so a reliable average rate of pay could be calculated. Providers had the opportunity to present their pay structure in whatever format was easiest to them. This was essential for homecare owing to the diverse ways homecare providers pay their care workers.
- For information about employment terms and conditions so employment on-costs can be accurately calculated.
- Non-staff operating costs from previous or current financial years at a granular level.

To promote engagement, providers were offered the opportunity to submit financial information in whatever format could be exported from their finance system or was already available in their accounts. Care Analytics then standardised the data into the required format for analysis. Many providers took advantage of this opportunity as it saved considerable time.

Finally, providers had the opportunity to answer a variety of questions in their own words to inform the market review.