

Kirklees Council
Market Sustainability and Fair Cost of Care Fund 2022-23
Annex B - Cost of Care Report (Care Homes over 65)

Approach to the exercise

At the launch of the national programme, the initial task within the Council was to determine the approach that would be taken. An internal team was convened that consisted of Senior management and Officers from ASC Commissioning and Finance. Consideration was given to whether the approach could be carried out through external outsourcing, but it was decided that the most suitable approach would be to utilise internal expertise and resource, as this would be able to draw on existing relationships with the market and would allow for a more pro-active way of working. There were already a number of forums and working groups in place where the Council and partners (providers and wider sector/Health) work together on issues, and these were useful over the period of the exercise in engagement. A key partner in this was the Kirklees Care Association. Some of the groups/forums that were involved included the 'Care Home Provider Forum' and the 'Fees Funding & Contracting Task & Finish Group'.

A key aim was to maximise take up and so we engaged at each provider forum. Through this we explained the requirements and encouraged participation. We also jointly communicated this through letters and correspondence jointly with the Kirklees Care Association to ensure we could maximise take up. These letters explained the context, what was being done and why, and how the providers were a key contributor. Several drop in support sessions were arranged through out June and individual support sessions with providers were offered. In these, we discussed queries around the process, what was needed, and next steps.

All cost data for the exercise was collected using the iese CareCubed FCOC tool. Upon consideration we felt that this was the most suitable tool to meet the requirements of the exercise. We gave providers an initial deadline submission date of 04/07/22. It became apparent that this was challenging and so (after speaking to them) we extended this to end of July 22, however still agreed to accept submissions after this date. This set a more realistic timescale, and allowed for the clarification of queries, for them to work through any data issues, and for us to support them to get their responses into the wider data set. Through the timeline we monitored take-up and the submissions of those organisations registering and offered support to smaller organisations. All such actions were to encourage take up levels that would provide a representative sample across the market. The support was provided in the form of correspondence (email and telephone) or via the iese CareCubed tool. Some of the support given was around areas such as method of calculation and entry, usage of the portal/tool, general approach, and areas for inclusion/exclusion.

This approach ensured we had submissions from a mix of large national companies (15), medium size companies (7) and smaller local businesses (2). We also engaged nationally with Care Provider Alliance and were included in their correspondence to the market that we were an authority that would still take submissions.

Care Home Provider Organisation Size	Number of homes in the Kirklees market	Number of FCOC respondents
Small	11 (20%)	2 (11%)

Medium	11 (20%)	7 (26%)
Large	34 (60%)	15 (63%)

The response rate we have seen is 43% (24 out of 56 possible). However with this not being the majority of providers, it is difficult to say whether this is a fully representative sample of the market. We now need to test this out with the market, engaging further to ascertain the validity of the exercise and to look in more detail at some of the issues listed below (specifically ROI/ROC, PPE and occupancy). This work will then inform our fee model and market strategy going forwards and will feed into the final Market Sustainability Plan.

Through the process we also spoke to providers to find out what the issues and concerns were regarding completing the tool. One area of feedback was that timing was difficult (going into holiday season) and workloads were busy. There were also significant costs involved for smaller providers for getting the information, some of whom had to engage accountancy services to assist. If we were to repeat the exercise, we would not choose to do this over late Spring/Summer.

On receipt of the data from each service provider the data was manually reviewed for any obvious errors (for example negative value entries). Additionally all category lines were statistically analysed within each service type to identify all values outside of one standard deviation away from the mean and/or below the lower fence or above the upper fence values of the category lines. All values outside of these criteria were highlighted as outliers in the data sets and queried through the iese CareCubed tool with the relevant providers. This process enabled service providers to review their data to ensure accuracy, amend entries that were incorrect and/or provide confirmation that the supplied values were correct to ensure accuracy in reporting. Queries were raised against all but one of the submissions received, with the subsequent responses either confirming the entries were correct or confirming the value had been updated following review. Two submissions failed to respond to the queries raised in time for the final analysis and therefore were excluded from the final data set.

Alongside the validation process to check for potential errors, a number of other factors were also reviewed. Considerations around these, and approach taken are detailed below:

Zero values

A number of providers had left some data entry fields blank. It was initially hard to determine whether this was due to their not having any costs that were applicable, or that they had left the entry blank in error. An exercise was undertaken (involving liaison with providers where applicable, and also filing queries into the tool), where it could be determined that a cost was a true 'zero' it was treated as such in the data collection.

With regard to the treatment of zeroes in the median calculation, these were included as legitimate entries. It was felt that this would provide a more accurate representation across the exercise, and that had they not been included, the picture would have been over inflated across the whole list of cost types.

Choice of median – all lines or sub-total

This was reviewed internally as to which method of reporting would provide the most representative view. Through the liaison with providers and error-checking that was carried out, we were able to get to a position where the approach of using the median of the individual lines gave the fairest representation for each cost line in the data set. It was felt that this would provide further benefit in that it would allow for more detailed analysis of individual cost types and pressures. It would also allow for ongoing conversations and modelling (now and into the future) around specific issues if they arise. The detail would also allow for useful comparison with future fee setting models as they are built.

For the entries for the cost category subtotals we have taken the sum of the individual cost line medians. Similarly, the same approach was taken for the interquartile range figures

Occupancy

The occupancy levels were recorded from the provider responses. The average levels seen were as follows:

-	65+ care homes without nursing	-	84.04%
-	65+ care home without nursing, enhanced needs	-	78.7%
-	65+ care home with nursing	-	78.3%
-	65+ care home with nursing, enhanced needs	-	81.5%

The team considered the question of whether to adjust the occupancy levels in the tool in order to ensure a representative picture. Looking at the levels seen, it was difficult to ascertain whether this was a true representation. The submitted data presented a wide spread of occupancy levels, ranging from 58% to 100%. It was difficult to say whether any adjustment should be made to present a 'typical' level, as this could be overly subjective. We are currently experiencing a changing market. In light of recent events such as the Covid pandemic and the cost of living crisis, there have been closures and a changing level of provision. Rather than adjust to a subjective choice of occupancy level, we decided to leave the levels in the tool unadjusted. It is worth noting that this does not necessarily equate to the level that we would deem ideal in a sustainable strategic market and/or the level it is moving to. This will be something that is addressed through further engagement and strategic modelling as we work towards what we think is a sustainable market for Kirklees in the future.

PPE

Submissions from providers were varied around this, due to the availability of PPE free of charge through the portal. We do not have certainty around the validity of the level that has been calculated, due to the approach that has been taken by each respective provider.

5 out of the 28 submissions did include a PPE cost confirming by email or by adding to the notes fields on the iese Carecubed system that the costs are based on usage and current prices. There are a few other entries but those providers have confirmed the costs they have entered are in addition to the free PPE they have been accessing. Some included a zero, on the basis that they are receiving free PPE.

Options were considered as to how to reach a representative figure for the market:

1. Use the median rates of £3.28 per bed per week in the FCOC total for PPE
2. Survey the market for additional information on estimated PPE costs \ usage
3. Request support from Kirklees Care Association to explore the PPE cost further with its members

It was felt that due to the inconsistent nature of the data, further analysis and engagement with providers would be required. To calculate our own median value could be presumptive, and overly subjective. It would also not take into account any potential changes around the national approach to PPE coverage (how long will it continue to be free to providers).

To minimise adapting the data from providers in order to retain transparency and because we need to gain more information on this for future costing models, we will explore options 2 and 3 with providers to determine a reasonable cost per bed per week.

Update 09/01/2023

All service providers who engaged with the Fair Cost of Care exercise were invited to share additional information on their predicted costs for PPE. Twelve services responded to this request, this additional feedback will feed into the modelling and determination when considering fee rate setting.

Exclusions/out of scope (closures etc)

We took note of the providers that did send through submissions and their current status. Those that were live and constitute a current business were included but there were some that were excluded for the following reasons

- they had submitted figures but ceased operating by the end point of the exercise
- two providers were excluded on the grounds that their submission contained a number of outliers and they subsequently failed to respond to queries.

These were excluded from the exercise as it was felt that their costs would not be representative of a typical provider in the market, and that their costs could potentially cause an unnatural skew in the analysis.

Uplifts for 21-22 to 22-23 price base and beyond

The key data set for analysis was based on costs from 2021/22 financial year with estimated cost increases to take up to 2022/23 cost base from each service provider. Three services chose not to specify an inflationary uplift for 2022/23. In order to be able to include these services in the exercise, their data sets were uplifted using the median value of each inflationary uplift line from the wider data set. This ensured that the overall data set included a wide variety service of locations including independent local service providers, whilst still reflecting the estimated increase in costs as identified by the wider list of service providers. By doing this, we were able to maximise the number of returns received.

It is expected that this dataset will be uplifted by the relevant inflationary factors if used in any comparison and modelling work for future year rates. The factors have not yet been determined on an individual level but such a methodology will be shaped through ongoing engagement and consideration. Potential factors that would be considered for use would

include such as CPI/RPI, National Living Wage (rates and uplifts), average earnings, and wider industry and market data.

Return on Operations / Return on Capital

At this stage we have chosen to include the median of reported values as submitted by the providers. The range seen across providers for both elements and for all cohorts has been significant. This suggests the need for further analytical work and engagement with providers before any decisions are taken around a representative level for Kirklees providers, and the approach to ROO and ROC before any input into fee setting. This will be part of a wider consideration of market position and sustainability.

Update 09/01/2023

All service providers who engaged with the Fair Cost of Care exercise were invited to share additional information on ROO and ROC. Twelve services responded to this request, this additional feedback will feed into the modelling and determination when considering fee rate setting.

Other arising issues.

Due to the timescales involved in completing this exercise, it does not include changes in the economic climate and in national policy. At the point of submission it is acknowledged that the results will not incorporate the following:

- recently announced (September 2022) changes to policies around National Insurance.
- recently announced national policy around energy assistance.
- changes in the Bank of England % base rate.

It will also not take into account any presumption or estimate of potential changes in policy.

Results from the Fair Cost of Care exercise

Response levels that were seen in the exercise were as below:

Supporting information on important cost drivers used in the calculations:	65+ care home places without nursing	65+ care home places without nursing, enhanced needs	65+ care home places with nursing	65+ care home places with nursing, enhanced needs
Number of location level survey responses received	24	11	11	7
Number of locations eligible to fill in the survey (excluding those found to be ineligible)	56	24	20	11
Response Rate	43%	46%	55%	64%
Number of residents covered by the responses	527	165	126	79

The results from the exercise are shown below:

Cost of care results for age 65+ care homes:

Cost of care exercise results - all cells are £ per resident per week,	65+ care home places without nursing	65+ care home places without nursing, enhanced needs	65+ care home places with nursing	65+ care home places with nursing, enhanced needs
Total Care Home Staffing	£459.49	£459.53	£792.08	£805.74
Nursing Staff	£0.00	£0.00	£364.77	£346.88
Care Staff	£309.19	£314.27	£275.33	£314.27
Therapy Staff (Occupational & Physio)	£0.00	£0.00	£0.00	£0.00
Activity Coordinators	£9.83	£9.83	£12.08	£12.34
Service Management (Registered Manager/Deputy)	£41.19	£42.75	£45.11	£44.78
Reception & Admin staff at the home	£11.10	£10.83	£13.40	£10.83
Chefs / Cooks	£32.46	£25.15	£25.15	£14.79
Domestic staff (cleaning, laundry & kitchen)	£45.97	£46.95	£46.57	£52.10
Maintenance & Gardening	£9.75	£9.75	£9.67	£9.75

Other care home staffing (please specify)	£0.00	£0.00	£0.00	£0.00
Total Care Home Premises	£29.05	£34.80	£29.68	£37.75
Fixtures & fittings	£6.43	£6.43	£7.22	£6.43
Repairs and maintenance	£17.15	£23.24	£17.09	£24.69
Furniture, furnishings and equipment	£5.37	£4.31	£5.37	£5.63
Other care home premises costs (please specify)	£0.10	£0.82	£0.00	£1.00
Total Care Home Supplies and Services	£95.67	£102.46	£108.67	£108.85
Food supplies	£29.92	£32.29	£27.53	£32.29
Domestic and cleaning supplies	£6.99	£6.30	£7.49	£6.42
Medical supplies (excluding PPE)	£2.54	£4.79	£4.25	£6.34
PPE	£0.62	£0.62	£1.35	£2.49
Office supplies (home specific)	£2.07	£2.06	£1.84	£1.84
Insurance (all risks)	£7.37	£7.95	£8.69	£8.89
Registration fees	£3.99	£3.97	£3.97	£3.92
Telephone & internet	£1.16	£1.16	£1.08	£1.41
Council tax / rates	£1.01	£0.90	£0.95	£0.88
Electricity, Gas & Water	£28.62	£30.92	£28.62	£31.87
Trade and clinical waste	£5.52	£5.39	£5.56	£5.52
Transport & Activities	£0.96	£0.70	£0.69	£1.57
Other care home supplies and services costs (please specify)	£4.90	£5.41	£16.65	£5.41
Total Head Office	£36.64	£45.65	£41.37	£50.76
Central / Regional Management	£25.88	£30.23	£30.71	£22.00
Support Services (finance / HR / legal / marketing etc.)	£8.03	£10.54	£6.89	£15.17
Recruitment, Training & Vetting (incl. DBS checks)	£2.73	£2.24	£1.10	£1.47
Other head office costs (please specify)	£0.00	£2.64	£2.67	£12.12
Total Return on Operations	£74.47	£82.40	£77.37	£79.63
Total Return on Capital	£127.51	£133.91	£109.32	£154.78
TOTAL	£822.83	£858.75	£1,158.49	£1,237.51

Cost of care results for 65+ care home places without nursing:

65+ care home places without nursing	Median	Lower quartile	Upper quartile	Count of observations
Total Care Home Staffing	£459.49	£418.28	£505.91	23
Nursing Staff	£0.00	£0.00	£0.00	23
Care Staff	£309.19	£279.50	£309.19	23
Therapy Staff (Occupational & Physio)	£0.00	£0.00	£0.00	23
Activity Coordinators	£9.83	£8.61	£11.99	23
Service Management (Registered Manager/Deputy)	£41.19	£32.53	£48.39	23
Reception & Admin staff at the home	£11.10	£7.40	£14.36	23
Chefs / Cooks	£32.46	£14.91	£40.09	23
Domestic staff (cleaning, laundry & kitchen)	£45.97	£37.37	£51.78	23
Maintenance & Gardening	£9.75	£8.49	£12.58	23
Other care home staffing (please specify)	£0.00	£0.00	£0.00	23
Total Care Home Premises	£29.05	£17.58	£51.76	23
Fixtures & fittings	£6.43	£0.00	£8.27	23
Repairs and maintenance	£17.15	£14.34	£29.59	23
Furniture, furnishings and equipment	£5.37	£3.24	£10.98	23
Other care home premises costs (please specify)	£0.10	£0.00	£2.93	23
Total Care Home Supplies and Services	£95.67	£71.02	£139.98	23
Food supplies	£29.92	£26.12	£35.49	23
Domestic and cleaning supplies	£6.99	£4.88	£8.74	23
Medical supplies (excluding PPE)	£2.54	£0.00	£4.98	23
PPE	£0.62	£0.00	£2.70	23
Office supplies (home specific)	£2.07	£1.61	£2.83	23
Insurance (all risks)	£7.37	£4.71	£8.76	23
Registration fees	£3.99	£3.61	£4.63	23
Telephone & internet	£1.16	£0.85	£2.75	23
Council tax / rates	£1.01	£0.86	£1.58	23
Electricity, Gas & Water	£28.62	£21.48	£42.54	23
Trade and clinical waste	£5.52	£4.75	£6.40	23
Transport & Activities	£0.96	£0.51	£1.37	23

Other care home supplies and services costs (please specify)	£4.90	£1.66	£17.23	23
Total Head Office	£36.64	£18.45	£93.29	23
Central / Regional Management	£25.88	£12.43	£46.57	23
Support Services (finance / HR / legal / marketing etc.)	£8.03	£5.30	£30.49	23
Recruitment, Training & Vetting (incl. DBS checks)	£2.73	£0.73	£4.33	23
Other head office costs (please specify)	£0.00	£0.00	£11.91	23
Total Return on Operations	£74.47	£60.43	£82.01	23
Total Return on Capital	£127.51	£88.22	£147.39	23
TOTAL	£822.83	£644.49	£1017.86	23

Cost of care results for 65+ care home places without nursing, enhanced needs:

65+ care home places without nursing, enhanced needs	Median	Lower quartile	Upper quartile	Count of observations
Total Care Home Staffing	£459.53	£408.60	£532.50	11
Nursing Staff	£0.00	£0.00	£0.00	11
Care Staff	£314.27	£289.89	£350.20	11
Therapy Staff (Occupational & Physio)	£0.00	£0.00	£0.00	11
Activity Coordinators	£9.83	£9.41	£12.21	11
Service Management (Registered Manager/Deputy)	£42.75	£36.52	£45.35	11
Reception & Admin staff at the home	£10.83	£7.48	£12.49	11
Chefs / Cooks	£25.15	£13.61	£38.07	11
Domestic staff (cleaning, laundry & kitchen)	£46.95	£42.89	£60.66	11
Maintenance & Gardening	£9.75	£8.82	£12.66	11
Other care home staffing (please specify)	£0.00	£0.00	£0.87	11
Total Care Home Premises	£34.80	£20.11	£54.34	11
Fixtures & fittings	£6.43	£2.86	£8.27	11
Repairs and maintenance	£23.24	£14.01	£33.37	11
Furniture, furnishings and equipment	£4.31	£3.24	£7.66	11
Other care home premises costs (please specify)	£0.82	£0.00	£5.05	11
Total Care Home Supplies and Services	£102.46	£76.24	£139.33	11

Food supplies	£32.29	£26.86	£35.49	11
Domestic and cleaning supplies	£6.30	£3.36	£9.22	11
Medical supplies (excluding PPE)	£4.79	£1.30	£6.51	11
PPE	£0.62	£0.02	£3.44	11
Office supplies (home specific)	£2.06	£1.61	£3.03	11
Insurance (all risks)	£7.95	£5.70	£9.07	11
Registration fees	£3.97	£3.61	£4.68	11
Telephone & internet	£1.16	£0.79	£2.37	11
Council tax / rates	£0.90	£0.77	£1.28	11
Electricity, Gas & Water	£30.92	£24.88	£40.86	11
Trade and clinical waste	£5.39	£4.02	£5.54	11
Transport & Activities	£0.70	£0.43	£1.70	11
Other care home supplies and services costs (please specify)	£5.41	£2.91	£16.17	11
Total Head Office	£45.65	£17.11	£94.91	11
Central / Regional Management	£30.23	£12.43	£36.61	11
Support Services (finance / HR / legal / marketing etc.)	£10.54	£4.00	£39.83	11
Recruitment, Training & Vetting (incl. DBS checks)	£2.24	£0.69	£6.19	11
Other head office costs (please specify)	£2.64	£0.00	£12.29	11
Total Return on Operations	£82.40	£77.07	£97.08	11
Total Return on Capital	£133.91	£99.31	£147.39	11
TOTAL	£858.75	£698.43	£1,065.54	11

Cost of care results for 65+ care home places with nursing:

65+ care home places with nursing	Median	Lower quartile	Upper quartile	Count of observations
Total Care Home Staffing	£792.08	£662.00	£918.20	11
Nursing Staff	£364.77	£284.31	£414.79	11
Care Staff	£275.33	£260.52	£305.81	11
Therapy Staff (Occupational & Physio)	£0.00	£0.00	£0.00	11
Activity Coordinators	£12.08	£9.68	£13.81	11
Service Management (Registered Manager/Deputy)	£45.11	£40.85	£46.76	11
Reception & Admin staff at the home	£13.40	£8.87	£14.64	11
Chefs / Cooks	£25.15	£12.01	£39.18	11

Domestic staff (cleaning, laundry & kitchen)	£46.57	£36.75	£72.17	11
Maintenance & Gardening	£9.67	£9.02	£11.06	11
Other care home staffing (please specify)	£0.00	£0.00	£0.00	11
Total Care Home Premises	£29.68	£24.20	£50.69	11
Fixtures & fittings	£7.22	£5.62	£12.51	11
Repairs and maintenance	£17.09	£15.05	£29.92	11
Furniture, furnishings and equipment	£5.37	£3.54	£7.35	11
Other care home premises costs (please specify)	£0.00	£0.00	£0.91	11
Total Care Home Supplies and Services	£108.67	£72.03	£132.12	11
Food supplies	£27.53	£26.26	32.23	11
Domestic and cleaning supplies	£7.49	£3.36	£9.22	11
Medical supplies (excluding PPE)	£4.25	£0.00	£6.43	11
PPE	£1.35	£0.25	£2.93	11
Office supplies (home specific)	£1.84	£1.13	£2.37	11
Insurance (all risks)	£8.69	£5.78	£9.34	11
Registration fees	£3.97	£2.71	£4.36	11
Telephone & internet	£1.08	£0.94	£1.76	11
Council tax / rates	£0.95	£0.85	£1.38	11
Electricity, Gas & Water	£28.62	£21.23	£32.91	11
Trade and clinical waste	£5.56	£4.16	£6.40	11
Transport & Activities	£0.69	£0.23	£1.47	11
Other care home supplies and services costs (please specify)	£16.65	£5.16	£21.35	11
Total Head Office	£41.37	£20.87	£78.42	11
Central / Regional Management	£30.71	£18.76	£48.72	11
Support Services (finance / HR / legal / marketing etc.)	£6.89	£1.97	£12.86	11
Recruitment, Training & Vetting (incl. DBS checks)	£1.10	£0.00	£3.99	11
Other head office costs (please specify)	£2.67	£0.14	£12.86	11
Total Return on Operations	£77.37	£62.02	£81.52	11
Total Return on Capital	£109.32	£75.09	£167.32	11
TOTAL	£1,158.49	£916.20	£1,428.26	11

Cost of care results for 65+ care home places with nursing, enhanced needs:

65+ care home places with nursing, enhanced needs	Median	Lower quartile	Upper quartile	Count of observations
Total Care Home Staffing	£805.74	£720.85	£892.01	7
Nursing Staff	£346.88	£307.72	£372.70	7
Care Staff	£314.27	£289.89	£320.04	7
Therapy Staff (Occupational & Physio)	£0.00	£0.00	£0.00	7
Activity Coordinators	£12.34	£9.68	£13.81	7
Service Management (Registered Manager/Deputy)	£44.78	£40.85	£45.13	7
Reception & Admin staff at the home	£10.83	£8.87	£13.80	7
Chefs / Cooks	£14.79	£12.01	£41.38	7
Domestic staff (cleaning, laundry & kitchen)	£52.10	£45.12	£72.17	7
Maintenance & Gardening	£9.75	£6.73	£12.44	7
Other care home staffing (please specify)	£0.00	£0	£0.56	7
Total Care Home Premises	£37.75	£21.22	£75.53	7
Fixtures & fittings	£6.43	£2.86	£7.62	7
Repairs and maintenance	£24.69	£13.88	£36.10	7
Furniture, furnishings and equipment	£5.63	£4.07	£7.66	7
Other care home premises costs (please specify)	£1.00	£0.41	£24.16	7
Total Care Home Supplies and Services	£108.85	£89.42	£153.99	7
Food supplies	£32.29	£29.85	£35.01	7
Domestic and cleaning supplies	£6.42	£4.03	£9.22	7
Medical supplies (excluding PPE)	£6.34	£4.55	£6.60	7
PPE	£2.49	£0.99	£4.49	7
Office supplies (home specific)	£1.84	£1.25	£2.27	7
Insurance (all risks)	£8.89	£7.30	£15.57	7
Registration fees	£3.92	£2.68	£4.25	7
Telephone & internet	£1.41	£1.07	£2.37	7
Council tax / rates	£0.88	£0.77	£0.93	7
Electricity, Gas & Water	£31.87	£29.77	£45.37	7
Trade and clinical waste	£5.52	£4.06	£6.69	7
Transport & Activities	£1.57	£0.44	£2.00	7

Other care home supplies and services costs (please specify)	£5.41	£2.71	£19.25	7
Total Head Office	£50.76	£25.32	£94.11	7
Central / Regional Management	£22.00	£12.43	£39.89	7
Support Services (finance / HR / legal / marketing etc.)	£15.17	£5.27	£30.49	7
Recruitment, Training & Vetting (incl. DBS checks)	£1.47	£0.46	£6.19	7
Other head office costs (please specify)	£12.12	£7.17	£17.54	7
Total Return on Operations	£79.63	£62.89	£84.91	7
Total Return on Capital	£154.78	£121.62	£170.58	7
TOTAL	£1,237.51	£1,041.30	£1,471.11	7

Kirklees Council

Market Sustainability and Fair Cost of Care Fund 2022-23

Annex B - Cost of Care Report, 18+ Domiciliary

Approach to the exercise

At the launch of the national programme, the initial task within the Council was to determine the approach that would be taken. An internal team was convened that consisted of Senior management and Officers from ASC Commissioning and Finance. Consideration was given to whether the approach could be carried out through external outsourcing, but it was decided that the most suitable approach would be to utilise internal expertise and resource, as this would be able to draw on existing relationships with the market and allow for a more pro-active way of working. There were already forums and working groups in place where the Council and partners (providers and wider sector/Health) work together on issues, and these were useful over the period of the exercise in engagement. A key partner in this was the Kirklees Care Association. We also engaged with the Domiciliary Care Provider forum and the Registered Managers Network.

A key aim was to maximise take up and so we engaged at each provider forum Domiciliary Care Provider in May, June and August 2022. Through this we explained the requirements and encouraged participation. We also jointly communicated this through letters and correspondence jointly with the Kirklees Care Association to ensure we could maximise take up. These letters explained the context, what was being done and why, and how the providers were a key contributor. Several drop-in support sessions were arranged throughout June and July and individual support sessions with providers were offered. In these, we discussed queries around the process, what was needed, and next steps and offered support to complete the templates. Take-up for these sessions was relatively minimal however, with approximately 10 providers attending over the period they were held.

All cost data for the exercise was collected using the LGA/ARCC-HR Homecare cost of care toolkit. Upon consideration we felt that this was the most suitable tool to meet the requirements of the exercise. We gave providers an initial deadline for submission date of 13th June 2022. We initially received 6 submissions (1 of which out of scope) and it became apparent that this deadline was challenging and so, after speaking with provider representatives, we agreed to extend initially up to end of July 2022, however we still agreed to accept submissions after this date. This set a more realistic timescale and allowed for the clarification of queries for them to work through, data issues and queries and time for us to support them to get their responses into the wider data set. For this element we gave them up the 30th of September 2022. Throughout the timeline we monitored take up and offered support to all organisations. All such actions were to encourage take up levels with an aim to provide a representative sample across the market. The support was provided in the form of correspondence (email, telephone, online meetings). Some of the support provided was around areas such as method of calculation and entry, using the tool, general approach and areas of clarification. We also engaged nationally with Care Provider Alliance and were included in their correspondence to the market that we were an authority that would still take submissions.

Through the process we also spoke to providers to find out what the issues and concerns were regarding completing the documents. One area of feedback was that timing was difficult (going into the summer holiday season) and workloads were busy. There were also significant costs involved for smaller providers for getting the information, some of whom had

to engage accountancy services to assist. If we were to repeat the exercise, we would not choose to do this over late Spring/Summer.

The response rate we have seen is approximately 24% (14 out of a 59 possible within the Kirklees boundary, however as we also use care agencies where the registered office is in a neighbouring Local Authority we also invited these to supply their cost information submissions – so the number invited was over 80 and therefore the return rate was more like 18%). This feels like it is too small a sample to say whether this is a fully representative sample of the market. We now need to test this out with the market, engaging further to ascertain the validity of the exercise. This work will then inform our fee model and market strategy going forwards and will feed into the final Market Sustainability Plan.

All cost data for the exercise was collected using the LGA/ARCC-HR Homecare cost of care toolkit. Data entries identified as outliers were queried and comparisons were made across lines and reviewed in conjunction with discussions with the providers to ensure accuracy of reporting.

This tool allowed us to:

- Obtain knowledge about actual costs of delivering care: The toolkit has been made freely available to all councils and providers to support improvements in the level and quality of information about the costs of care. Allowing for a jointly understood and accepted set of information and evidence about actual costs incurred by care providers delivering care on behalf of councils.
- Inform commissioners operational and strategic planning and decision-making by supporting commissioners to understand the complexities in the home care market in relation to the way care providers operate and their structure and costs associated with providing care.
- To support us to arrive at a shared understanding of actual costs which will ultimately enable us to support evidence-based decisions about fees, increase transparency around how fee decisions are made and help partners identify and deal with specific cost pressures, for example, relatively high cost of short visits).
- To support the legislative requirements

The principle behind this toolkit is that shared evidence and understanding of actual provider costs can be valuable in informing future decisions that affect, and support, provider viability and service quality.

There are limitations around the tool for predicting market and provider viability:

- The challenges associated with market and provider viability are complex and no single approach or toolkit can resolve these.
- The toolkit does not solve all market shaping related issues, but it will provide an understanding of how providers operate within the sector and the specific impact commissioning approaches and decisions have on the way care is provided. We are considering using the exercise to understand not only where improvements are needed, but how these can be implemented.

On receipt of the data from each service provider the data was manually reviewed for any obvious errors (for examples negative value entries). Additionally, all category lines were statistically analysed within each service type to identify all values outside of one standard deviation away from the mean of the category line and \ or below the lower quartile or above the upper quartile values. All values outside of these criteria were highlighted as outliers in the data sets and queried with service providers. This process enabled service providers to

review their data to ensure accuracy, amend entries that were incorrect and / or provide confirmation that the supplied values were correct to ensure accuracy in reporting.

Clarifications or queries were raised against the majority of submissions (some multiple times) with responses to the queries raised either confirming the entries were correct or confirming the value has been updated following review or providing information about potential flaws in the toolkit.

A number of checks were also carried out in line with guidance (as per guidance from DHSC, LGA, CHIP and ARCC) to remove errors. This included:

- To ensure the correct National Insurance thresholds and rates used.
- To ensure that training & supervision days were per staff member, not for the total number of staff.

Alongside the validation process to check for potential errors, several other factors were also reviewed. Considerations around these, and approach taken are detailed below:

Zero values

A number of submissions had zero entries on lines. It was initially hard to determine whether this was due to their not having any costs that were applicable, or that they had left the entry blank in error. An exercise was undertaken (involving liaison with providers). Where it could be determined that a cost was a true 'zero entry' those entries were left in.

'Additional' cost lines

Across the submissions a number of providers had included additional lines for elements over and above the standard data entry list. Some of these were unique to the respective provider and so such a figure on a new line immediately became a median that then added into the wider median total, skewing it. It was felt that some of these were similar in nature to the standard lines, and so they were moved to the applicable standard line to allow for comparability. An example of this was an entry from one provider for 'Sage Payroll software'. On its own, this immediately added to the wider median. The decision was taken to add this instead into the 'IT (Hardware, Software CRM, ECM)' category where it was included in the median calculation for that heading. This was done for those entries where there was a directly compatible standard data entry line.

Choice of median – all lines or sub-total

This was reviewed internally as to which method of reporting would provide the most representative view. It was acknowledged that if there were any unusual entries in the specific costs' lines, then using the sub-total median would help smooth out such anomalies. Through the liaison with providers and error-checking that was carried out, we were able to get to a position where we did not think there was any risk from this, and so it was decided to use the approach of using the median of the individual lines. It was felt that this would provide further benefit in that it would allow for more detailed analysis of individual cost types and pressures. It would also allow for ongoing conversations and modelling (now and into the future) around specific issues if they arise. The detail would also allow for useful comparison with future fee setting models as they are built.

PPE

Submissions from providers were varied around this, due to the availability of PPE free of charge through the portal. Through the support sessions we asked services to provide details of what their current PPE usage was based at the cost it would be if they were to purchase from their suppliers.

Exclusions/out of scope (closures etc)

The only exclusion we made was a return from a supported living provider who had submitted in error as this was out of scope for this exercise.

22-23 price base and beyond

The key data set for analysis was based on known costs as of May/June 2022 for 22/23. It is expected that this dataset will be uplifted by the relevant inflationary factors if used in any comparison and modelling work for future year rates. The factors have not yet been determined on an individual level, but such a methodology will be shaped through ongoing engagement and consideration. Potential factors that would be considered for use would include such as CPI/RPI, National Living Wage (rates and uplifts), average earnings, and wider industry and market data.

Return on Operations

At this stage we have chosen to include the median of reported values as sent by the providers. The range seen across providers for all cohorts has been significant and suggests the need for further analytical work and engagement with providers before any decisions are taken around a representative level for Kirklees providers, the approach taken, and how this will input into the approach to future fee setting. This will be part of a wider consideration of market position and sustainability.

Limitations

What has become apparent through the analysis of the data from the tool is the vast array of differences in their workforce terms and conditions among different providers, especially around the hourly rate. The hourly rate that most providers have used is for contact time only and a significant number of providers (approx. 50%) whilst paying a more premium rate for contact time then don't pay anything for travel time between visits. More work is needed with the sector to therefore look at what the true costs of travel time actually are and other non-contact time (e.g. gaps in rotas). Other anomalies include things like training days – we have some providers who expect staff to do training in their own time and therefore do not pay for this. These are market sustainability issues that will impact on recruitment and in particular retention and therefore in any future fee setting we would want to include more detailed analysis. This needs to be considered more fully, in conjunction with the market over the next few months to determine what the real hourly rate of care workers is and how we can improve terms and conditions to aid recruitment and retention.

It is also worth noting that the median that was calculated was a composite rate per hour. This is not immediately comparable to our existing model of payment per hour. Due to the wide and varied geographical spread and make-up of Kirklees, we have different rates that are applicable for urban areas and for rural areas. The FCOC median is not directly comparable to these. Ongoing work and engagement will help to determine a representative split/weighting of the FCOC rate that allows for comparison. There is also opportunity to review the rurality of the postcodes within the Kirklees footprint, and the density of need for homecare in different areas. This work would feed into the wider modelling and determination when considering fee rate setting.

Other arising issues.

Due to the timescales involved in completing this exercise, it does not include changes in the economic climate and in national policy. At the point of submission it is acknowledged that the results will not incorporate the following:

- recently announced (September 2022) changes to policies around National Insurance.
- recently announced national policy around energy assistance.
- changes in the Bank of England % base rate.

It will also not take into account any presumption or estimate of potential changes in policy.

Results from the Fair Cost of Care exercise

Appointments per week by visit length	Lower Quartile	Median	Upper Quartile	Total number of appointments per week
15	61	167.5	274	2984
20	39	315	429	2745
25	14	42	57	216
30	373	791	1135	11689
35	15.25	23	33.25	102
40	49	68	126	414
45	117	197.5	299.5	3296
60	59.75	126	233.25	2259
60+	19	24	37	337

Cost per visit	£'s
15	£7.97
30	£13.11
45	£18.25
60	£20.56

Cost of care results for 18+ domiciliary care:

Cost of care exercise results - all cells are£ per contact hour, MEDIANS.	Lower Quartile	Median	Upper Quartile	Count of Observations
Total Care worker Costs	£15.53	£19.09	£21.04	14
Direct care	£9.91	£11.13	£11.50	14
Travel time	£0.00	£1.02	£1.76	14
Mileage	£0.48	£1.02	£1.62	14
PPE	£0.15	£0.52	£0.80	14
Training (staff time)	£0.00	£0.16	£0.28	14
Holiday	£1.28	£1.47	£1.67	14
Additional noncontact pay costs	£0.00	£0.00	£0.02	14
Sickness/maternity and paternity pay	£0.02	£0.35	£0.43	14
Notice/suspension pay	£0.00	£0.00	£0.02	14
NI (direct care hours)	£0.00	£0.79	£0.99	14
Pension (direct care hours)	£0.12	£0.41	£0.46	14
Total Business Costs	£2.70	£3.32	£5.40	14
Back office staff	£1.33	£3.78	£5.37	14
Travel costs (parking/vehicle lease et cetera)	£0.00	£0.05	£0.13	14
Rent/rates/utilities	£0.17	£0.56	£0.64	14
Recruitment/DBS	£0.03	£0.12	£0.38	14
Training (third party)	£0.00	£0.05	£0.09	14
IT (hardware, software CRM, ECM)	£0.03	£0.29	£0.44	14
Telephony	£0.03	£0.15	£0.26	14
Stationery/postage	£0.01	£0.06	£0.09	14
Insurance	£0.08	£0.13	£0.18	14
Legal/finance/professional fees	£0.00	£0.12	£0.21	14
Marketing	£0.00	£0.04	£0.09	14
Audit and compliance	£0.00	£0.05	£0.19	14
Uniforms and other consumables	£0.00	£0.10	£0.13	14
Assistive technology	£0.00	£0.00	£0.02	14
Central/head office recharges	£0.00	£0.00	£0.20	14
Other overheads	£0.00	£0.00	£0.03	14
CQC fees	£0.06	£0.12	£0.17	14
Total Return on Operations	£0.46	£0.99	£1.51	14
TOTAL	£21.05	£23.40	£27.12	14

Supporting information on important cost drivers used in the calculations:	18+ domiciliary care
Number of location level survey responses received	14
Number of locations eligible to fill in the survey (excluding those found to be ineligible)	59
Carer basic pay per hour	£11.09

Minutes of travel per contact hour	6
Mileage payment per mile	£0.30
Total direct care hours per annum	704020