



The management journal for local authority business

Est. 1893

themj.co.uk

Thursday | 30 November | 2023 |

£3.45

iESE analysis confirms care home cost divide

The North/South divide in care home costs has been reconfirmed in an independent analysis of data given by providers in the recent Department for Health and Social Care (DHSC) Fair Cost of Care Exercise.

Among the findings were regional variations in median rates, reconfirming the North/South divide in relation to care home costs, with the South-East, South-West, East of England, and London showing the highest care home costs. Higher costs in the South when compared to the North and Midlands was consistent across all spend categories. This was to be anticipated for capital costs (due to higher property costs) and staffing costs but was also reflected in higher levels of staffing intensity.

Regionally, staffing intensity was seen to be highest in the South-East and South-West, which is also a key factor in regional cost variability. A larger proportion of self-funders correlated with higher median costs, particularly for residents needing nursing support. This was found to be particularly acute when self-funders represented greater than 75 per cent of beds. Furthermore, higher costs for these residents corresponds with the greater distribution of self-funder occupied beds in the South of England.

These findings come from a report and analysis conducted by not-for-profit social enterprise iESE on a subsection of national data from the recent Fair Cost of Care Exercise for over-65s mandated by the DHSC. All local authorities were asked to complete and publish the findings of a Cost of Care Exercise by October 2022 for over-65 care providers of residential care homes and nursing home beds in their area. The exercise was aimed at supporting local authorities in administering the forthcoming market sustainability and fair cost of care fund which is now delayed until 2025.

iESE, the provider of the industry-leading care pricing tool CareCubed, was commissioned to provide a free data collection tool based on its existing solution to enable local authorities to carry out the exercise. This allowed providers to submit data in a standardised format without the need to duplicate information. The extensive benchmarking data underpinning the full version of CareCubed, which allows providers and local authorities to come to an agreement on the fair cost of care, was removed.

To build upon the exercise and conduct a national and regional analysis, iESE

sent a data request to all providers which used the iESE tool asking for permission to use their data in a further analysis. Of the 1,702 providers which used the tool, 511 gave permission (representing 19.45 per cent of total beds within the national exercise). More than 94 per cent of councils which took part and nearly 60 per cent of all over-65s care providers – representing around 40 per cent of all beds nationally – used the iESE-designed tool to complete the task.

While the iESE analysis underscores the urgency of addressing the evolving landscape of adult social care, the data was baselined to 21/22 and therefore is fast becoming out of date and not indicative of costs in 2023/24. While the DHSC exercise represents a moment in time analysis, the nationally recognised, independent benchmark data in the full version of CareCubed is being used to understand real-world changes affecting the cost of delivering care, and importantly supporting councils and care providers with a whole range of day-to-day commissioning and brokerage challenges, and strategic uses such as fee setting for 24/25.

Councils are using the tool to model a range of different scenarios to create a sustainable market, such as new care homes or alternative provision which could be more cost effective and more suitable for some residents – such as extra care housing – and iESE is already working with several councils on further exercises for the 18-64 market.

CareCubed is rapidly becoming recognised as the industry-leading National Care Costing tool, used by more than 60 per cent of councils and hundreds of care providers across the UK. Craig White, Head of Business Development at iESE, said: ***“The Government asked local authorities to gather information about the market for older persons care homes, but many councils are realising they need to get a view of the whole market to ensure every pound of shrinking budgets is spent in the best possible way. CareCubed is built using the most robust, up-to-date independent data to support decision making and create sustainable local markets – and is the perfect solution to create a consistent national approach.”***

• Find out more about the National Care Costing tool known as CareCubed on the following page. For more information about the iESE analysis contact: carecubed@iese.org.uk



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STAND E6



NATIONAL CHILDREN AND ADULT SERVICES CONFERENCE 2023

BOURNEMOUTH 29 NOVEMBER – 1 DECEMBER

CareCubed: About the National Care Costing Tool

The National Care Costing tool, also known as CareCubed, is the flagship product of the not-for-profit social enterprise iESE. With an ever-increasing customer base of local authorities and care providers, CareCubed is a low-cost product that delivers immediate benefits and helps create fair and sustainable care markets.

WHAT CLIENTS OUR SAY

To not be using CareCubed means you are missing a crucial tool in your armoury for both tactical, day-to-day commissioning, and for those wider strategic projects. It is robust, nationally recognised, impartial and pays for itself from just one or two uses.

Hugh Evans, Executive Director of People, Bristol City Council

CareCubed is a secure online platform which is rapidly becoming the most widely used care costing tool by care commissioners and providers. The unique online tool benchmarks the cost of placements based on continuously updated evidence and robust data, helping all parties reach agreement on a fair price for fair care, ensuring packages deliver positive outcomes for residents. CareCubed offers four modules: CareCubed for Working Age Adults, CareCubed for Older Persons, CareCubed for Children & Young People and CareCubed for Health. The system can be used for residential, supported living and extra care housing and work is underway on several new modules, including a SEND and AP module.

CareCubed is used tactically on a day-to-day basis to support negotiations between commissioners and providers by providing a consistent, single common currency for open, transparent discussions around care packages and costs. Calculating the cost of delivering a wide spectrum of care packages is complex, but CareCubed's data-driven benchmark models can accurately benchmark across cohorts, care settings, age groups, geographies and staffing to name a few. It is perfectly placed for daily use in agreeing new placements and for brokerage, reviews, and uplift processes.

The tool also has a wide range of strategic uses to aid planning and development. Customers are increasingly using CareCubed to hypothetically design and model new services that can be developed with existing providers, or to feed into business cases to bring some provision back in-house.

The now fully digital tool began life as an offline spreadsheet called the Care Funding Calculator, with the online application version launched in 2019. The rich history of the tool cements iESE's credentials as the experts in care costing and benchmarking. **"We offer an unrivalled combination of tools, skills, and experience to commissioning authorities and providers. We have done this for longer than anyone else, are the only national care costing and benchmarking solution on the market and continue to invest significantly to improve the tools to meet future challenges,"** explained Craig White, Head of Business Development at iESE.

CareCubed data models are not based on surveys asking providers for their costs, they are based on vast amounts of robust data and evidence from a range of credible sources to give a fair, sustainable, consistent, and independent view on placement costs.

Who is using CareCubed?

CareCubed is now used by 60% of all councils in England and more than 50 care providers.

Using both the children's and adult modules helps transition clients between services more seamlessly.

Local authorities can purchase a core licence for officers to work on cohorts of cases, or a place-based licence to give controlled access to care providers and health service colleagues to support collaboration.

The CareCubed Community networking space is used by more than 550 commissioners and brokers allowing intelligence and idea sharing and collaboration across multiple councils.

WHAT CLIENTS OUR SAY

CareCubed has made an immediate impact and delivered significant benefits, exceeding our expectations we had for the first 12 months. It is now embedded into our processes and playing a critical role both in day-to-day commissioning and also as a strategic tool for us to work closely with providers to shape our market and ensure it is sustainable.

Chris Tisdall, Commissioning Service Manager (Corporate Parenting), Surrey County Council

CareCubed has a user group and advisory board made up of sector experts from both health and social care commissioners and providers.

CareCubed is continuously updated with data model updates taking place bi-annually to ensure the latest data is available to support negotiations and quantify real-world changes. CareCubed is developed in conjunction with customers too. As a not-for-profit company, iESE's mission is to improve public services

for the benefit of communities. The most recent version of CareCubed (version 17) was released at the start of November 2023.

• Find out more about CareCubed by contacting craig.white@iese.org.uk or visiting our website www.iese.org.uk/project/carecubed

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Doing nothing is not an option: Get ahead of the children's care reform



Children's care sector reform is in progress, but you can get ahead of the curve by starting to tackle placement shortages and high costs in your area now using the CareCubed tool.

The recommendations made by the Competition and Markets Authority (CMA) to tackle lack of availability of placements in the children's social care market and high prices were fully accepted by the Department of Education earlier this year. This work is ongoing and in progress but changes on the ground are not yet visible, with local authorities still feeling pressured in many cases to accept high-cost placements for children in their care.

Looking back to the start of the millennium, those working in adult social care will recall that the adult care market faced similar challenges to the children's care market now – that of undersupply and high pricing. One of the factors that helped move the market to a healthier position was the introduction of the Care Funding Calculator (CFC) – a tool introduced by not-for-profit social enterprise iESE which allowed local authorities to benchmark the costs of placements and start to have more transparent conversations with providers.

Now, iESE has introduced the CFC's cloud-based big brother CareCubed for both the adult and children's markets, a tool which allows commissioners to see the variance between 'price' and 'cost' and start to have conversations with providers about packages, outcomes, and future placements.

While the chronic supply issues faced by the children's care market might mean local authorities feel they have no choice but to pay what is asked, CareCubed is allowing pioneering councils to begin to start taking strategic action. While there is no silver bullet, some forward-thinking local authorities are using the CareCubed tool to plan for the medium to long-term whilst seeing some immediate benefits too.

CareCubed will give a benchmark to help councils understand the variance between the 'price' charged and the 'cost' of delivering care using the extensive datasets fuelling the CareCubed model. The variance

between the benchmarks in CareCubed and what you are currently paying providers is your current 'market position', giving you a starting point for change. Change, that the system makes achievable by understanding your market better and modelling, developing, and commissioning both in-house services and external services, all the while working alongside strategic provider partners in local co-production.

Nik Jones, CareCubed Account Manager at iESE, said: ***"Unfortunately in some parts of the children's care market there is a cartel mentality – there is no regulation on what providers can charge and until you shine a light on what you should be paying there is a likelihood that these price increases are just going to continue with no end in sight, against a backdrop of ever decreasing budgets. Of course, profit is not a dirty word, and everyone expects and realises providers need to make a profit. However, this is about building sustainability and sufficiency. It is a saturated, over heated market, where a lack of supply is driving up cost, often with diminishing outcomes for children. First you can understand what the 'real' cost of placements should be and then you go out to market and try and identify some of those providers which are closer to that real cost and start to work with them to increase sufficiency."***

While the sector awaits changes to trickle down from the CMA review, there is action that can and should be taken now to help start tackling the problem from within. ***"Change needs to happen and it needs to start somewhere. Children's social care is one of, if not the biggest, cost to local authorities with significant levels of overspend. Doing nothing is not an option, and CareCubed provides an important tool to help improve services and control costs. This tool, from a not-for-profit, local authority-run enterprise is available to deliver short, medium, and long-term benefits,"*** Jones added.

Surrey County Council

When Surrey County Council created a new Corporate Parenting Commissioning Team in January 2021 it also implemented CareCubed for Children as an important tool in the armoury. The council realised it needed to rectify some of its sufficiency in the county and was also aware that it wasn't clear on what it should be paying for some aspects of care locally. James Atkins, Commissioning Manager (Corporate Parenting) at Surrey County Council, who was charged with heading up the new team, said: ***"We weren't really certain around what we should be paying for certain aspects of care and what that looked like in terms of a regional, local market."***

The Challenge

- Increasing semi-independent living provision for young adults (age 16-plus).
- Engaging with providers and having transparent negotiations.
- Understanding the pricing of cost outliers (providers charging more or less than average).
- Deciding whether to agree to children's social care uplift requests.

The Solution

- Using CareCubed Children's as part of a package of tools to aid negotiations and understand costs.
- Rolling out iESE's negotiation training to all commissioners to increase commercial awareness and confidence.
- Using CareCubed to help new suppliers of semi-independent accommodation put together a pricing package.
- Undertaking CareCubed assessments on cost outliers to understand how costs are created and ensure fairness and transparency.

The Result

- Greater confidence that the council is paying a fair rate and helping deliver a sustainable and sufficient environment for providers and children.
- An increase in over-16s in supported accommodation being placed in county – up from 35 per cent to 65 per cent in one year.
- An increase in block bed commissioning from 229 beds up to 350, whilst saving £1.1m.
- £750K saved on market spot purchasing.
- Improved relationships with providers due to open, transparent and consistency of approach.

- **The above text is an extract of a longer case study which can be downloaded here:** <https://iese.org.uk/downloads/sustainable-care-fair-cost>

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Last chance to join SEND trailblazer project

Only a few places remain for forward-thinking local authorities

to join iESE's groundbreaking project aimed at increasing transparency in the Special Educational Needs and Disabilities (SEND) and Alternative Provision (AP) markets to enhance relationships with providers and, ultimately, improve provision for service users

Not-for-profit social enterprise iESE is looking to further develop its flagship product, the National Care Costing Tool known as CareCubed. To add to the health and social care placements that can be benchmarked and negotiated through the unique online digital platform, iESE is now developing SEND and AP modules. This will mirror the way CareCubed currently allows local authorities and providers to cost and negotiate other care placements in the children's and adult markets.

iESE has already recruited several trailblazer local authorities, with just a few spaces remaining to be part of this groundbreaking work and take advantage of a suite of support and digital tools.

"SEND and AP placements are some of the most complex and therefore expensive packages. Over recent years they have not been regulated in same way as other placements," said Sheriff Attia, Head of Design at iESE, **"What we are trying to do is develop a benchmark tool for providers and councils to provide transparency, help shape positive outcomes and to point towards value for money in these placements."**

iESE is looking to engage a maximum of ten councils to share vital intelligence and best practice: **"We want to get interested local authorities onboard for training as soon as possible. We need bold forward-thinking councils that are looking to make a change in this area which appreciate there are some challenges in this space and want to work with us to build a solution. Unfortunately, we cannot offer a space to all councils and expect a lot of interest so please do get in touch if you would like to be involved,"** he added.

Why help develop SEND and AP modules?

The Special Educational Needs and Disabilities (SEND) and Alternative Provision (AP) markets have been under renewed scrutiny since 2022 with the launch of the SEND and AP green paper. Further recognition was given in The Special Educational

Needs and Disabilities (SEND) and Alternative Provision (AP) Improvement Plan published in March 2023 by the Department for Education that the SEND system and AP are achieving poor outcomes and navigating the system is not a positive experience for children and families. And despite continued investment, local authority spending on these placements is not financially sustainable.

From the start of this year a new regime of SEND inspections came into force which has made changes to the way Ofsted and the Care Quality Commission jointly inspect local partnership areas. Inspections now look at compliance with legal duties but also at the impact local area partnerships are having on the lives of young people and children with SEND. The new inspections also look at how local authorities commission and oversee alternative provision.

iESE has received several enquiries from councils looking for support. The time is right to start to build a new module within CareCubed to allow commissioners and providers to work together to gain transparency over costings, help shape sufficiency in the market and have a better handle on costs.

What will the project involve?

To achieve its goal, iESE has set out a programme with four aims, starting with building internal capacity and knowledge within local authorities. First, iESE will deliver a package of four training and consultancy support sessions to local authorities taking part in the project:

- 1) Overview of the SEND review 2023 and the expectations on Local Authorities
- 2) Internal Policy and Procedure
- 3) Communication with families and providers
- 4) Education Reviews – what to look for.

After this initial training, there are a further three planned phases. The first is Data Capture and

Benchmarking, which will use a digital tool to ensure data about providers is captured in a consistent way to enable reporting, benchmarking, and sharing of information across local authorities signed up to the programme. Next is the Review phase, during which councils will be supported to review placements for suitability and value for money. During the third phase we will develop a network of specialists who can continue to bring improved market understanding to the newly developed module.

Being involved from the start will keep your local authority at the forefront of SEND and AP good practice and developments. Don't delay in securing your space!

- [Contact carecubed@iese.org.uk](mailto:carecubed@iese.org.uk) to find out more about joining the programme.

SEND Post-16 Review

iESE is seeking 10 x trailblazer local authorities to join our pilot project!

Aims of the project

- Support the sector to have a more **informed and shared understanding** of the expectations of the National SEND review.
- Understand the **challenges of reviewing post-16 education placements** as part of the transition process into Adult Social Care.
- Develop a **CareCubed SEND module** to support local authorities in the negotiation of placement outcomes and costs.



If your local authority would like to be involved, please contact us at carecubed@iese.org.uk.

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