



Calculating the Cost of Care

A Collaborative Evidence-Based Approach

Why C.Co?

We are passionate about public services and work with public sector partners to create dynamic and forward-thinking organisations that really deliver for people. We help to explore options, design solutions, and make evidenced based decision that contribute to the advancement and wellbeing of society.

C.Co is a value driven organisation that puts integrity, creativity, and sector expertise at the heart of everything we deliver. Our two core values, **collaboration** and **evidence**, underpin every project, big and small, to inform design, decision making, and implementation. This will give you better results, smoother implementation, and better outcomes.

We believe that theory is important - our knowledge of the approaches to establishing the true cost and quality of care are underpinned by world-class evidence informed by best practise from the leaders in public financial management, CIPFA. Along with CIPFA's guidance and approaches to calculating the cost and quality of care of care and sustainable commissioning we bring the latest thinking to your project. But theory is irrelevant without practical delivery; and good delivery requires the right people for the job. Coming from the public sector, we understand what it's like to have to deliver change from within an organisation and we understand how important it is to get real value and insight from external support. C.Co are a team of experienced practitioners from across the public sector with extensive track records of delivery. Whatever the scale or stage of our involvement, we will always leave you with solutions and insights that you can put into practice.

What's more, as budgets are squeezed, we understand that price matters. We offer a package of services for public sector reform, improvement, and efficiency that are tailor-made for you; the possibilities are endless.

We love what we do and we hope you will too. So, SpeakToUs@WeAreC.Co

Why Getting the Cost of Care Right is Crucial?

The Care Act 2014 places duties on local authorities to facilitate and shape the whole publicly-funded and self-funded care and support market and to provide choice that delivers outcomes and improves wellbeing. Unlike previous case law, the Care Act strengthens the general duties of councils when setting fees, meaning commissioners have to **"promote the efficient and effective operation of a market in services for meeting care and support needs" and "[have] a variety of providers to choose from who (taken together) provide a variety of services"**. A less than rosy picture for commissioners, who are operating in a context of unprecedented challenge; less money, more demand, less supply – including; expectations for more outcome driven services, increasing demand, increased quality, reducing budgets, personalisation, skills and workforce shortages, market failure risk, increase costs... the list goes on. At the heart of all this are vulnerable people who need to be cared for.



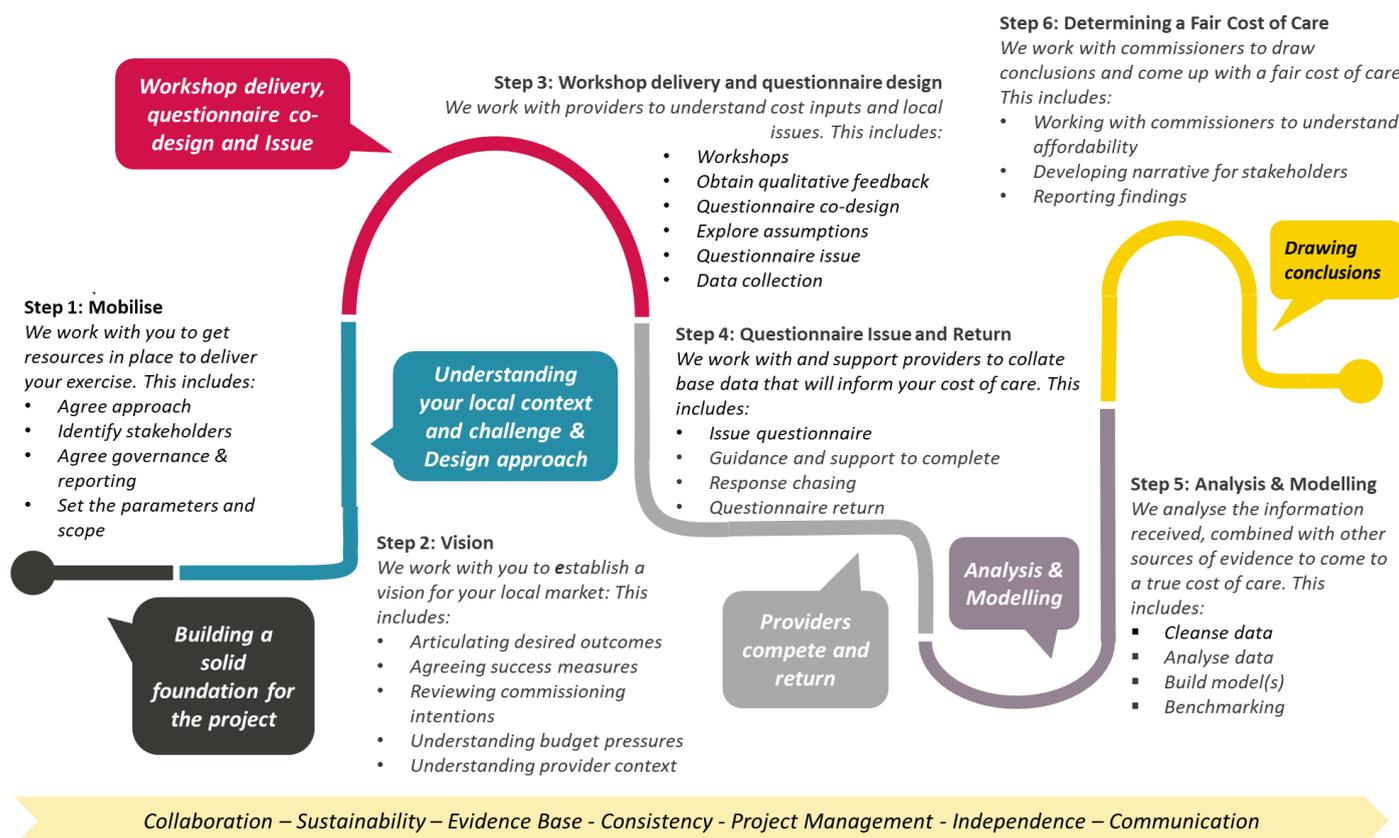
Driving down costs, managing public spending and increasing efficiency are crucial to reducing waste in public organisations. But in doing so, what commissioners cannot lose sight of is the importance of public value for money.

Setting rates without adequate due diligence, can be a false economy. Where market failure occurs, additional administrative burden is placed on local authorities in terms of sourcing alternative care, increased costs for emergency placements and the reduction in market competition leads to authorities paying a premium. In addition, local authority clients risk being priced out of care provision from self-funders who can often afford more, or worse, the creation of a two-tier care system where self-funders subsidise local authority clients and quality differentials. Failing to agree a *fair* cost of care is a lose-lose situation, for the local authority, provider and most importantly those who require care and support.

Taking a Collaborative, Evidence-led Approach

Underpinning all of our services are two fundamental values; **collaboration** and **evidence**. There are various possible means to arrive at an understanding of cost and quality of care. In accordance with CIPFA’s Cost of Care Guidance, at C.Co we believe that locally informed cost and quality modelling, based on actual costs incurred by providers is most reliable and relevant for Councils and Commissioners. We believe this approach takes out some of the challenges posed by national models. Our approach recognises that good commissioning practice requires an understand of both the market and provider costs incurred in running a business. We understand that critical to sustainable provision is that providers have sufficient cash flow to service costs and a sufficient return to ensure continuation of business in the long term – meaning the outcome of any cost of care exercise has to be affordable, reasonable and most importantly fair.

Our approach can be summarised into 6 steps:



Our approach is guided by the following:

- **Collaboration:** We engage with commissioners and providers; from articulating issues, engaging in data identification; data collection and modelling assumption;
- **Sustainability:** We aim to ensure that our input has a lasting legacy and value add to our client, sharing our knowledge, tools, techniques and templates – an exercise you can run yourselves in the future.
- **Evidence base:** We incorporate local data analysis, financial modelling, qualitative feedback, risk analysis, benchmarking and market research to inform our recommendations;
- **Project Management:** We take a structured approach to delivering projects at scale and pace and will schedule regular checkpoints with you;
- **Consistency:** We aim to agree modelling assumptions to take a consistent and accepted approach to deriving a fair cost of care
- **Independence:** We bring an independent voice and operate an open and transparent approach is taken, showing objectivity and credibility.
- **Assurance:** Throughout the project lifecycle we deploy our assurance tools to provide added confidence, assurance and challenge to emerging proposals.

Case Study

Since the introduction of the Care Act 2014 local authorities have a statutory duty to facilitate and shape the local care and support market. It is however, well documented that care services in the UK are experiencing increased demands and increasing complexity of care needs as well as rising costs for care providers – and these pressures have a direct impact on the setting of Care fees.

Because of this, the Council wanted to assure itself that fee levels for care and support services were appropriate to enable the delivery of care packages against the required quality of care.

C.Co worked with the Council to understand the market situation and the cost incurred by each provider for home care, supported living, extra care and residential care provision. In accordance with CIPFA's Cost of Care Guidance, C.Co worked collaboratively with providers to establish accurate interpretations of local cost of care.

A series of workshops were conducted with providers in order to understand that cost elements that drive care delivery, enabling the co-design of data collection questionnaires which both the providers and the authority were comfortable with. Once issued, C.Co worked with providers to compile cost information and a detailed cost and quality modelling exercise was conducted to provide the council with a localised 'actual' cost of care for the borough.

A key enabler to the accuracy and completeness of responses was for providers to feel a part of the process and not as though the activity was being done to them. To make this happen C.Co engaged with providers both before, during and after the costing exercise was undertaken; encouraging ownership and understanding of the process as well as clarity on what the outputs of the exercise would be used for and how this may impact them in the future.

The output of the project provided the council with a robust evidence base that informed how the council set its care fees for the future, in a manner that supported the wellbeing of people who receive care and support, whilst allowing the service provider the ability to provide quality care at a price which supports the development of a sustainable care market. Overall, the exercise has begun to establish open conversation between the Council and the providers – with collaboration now seen as a fundamental element of future solutions.



“C.Co are an excellent organisation to work with. I would recommend C.Co to any public sector organisation requiring high-quality transformation, engagement and analytical support, delivered with the right attitude and commitment that truly provides excellent value for money.”

Director of Commissioning, North West Unitary Authority

C.Co, a subsidiary of CIPFA, will work with you to engage your market, understand the cost of care, help set sustainable care fees and provide evidence based options for future commissioning models. Why not get in touch with us today to find out more - SpeakToUs@WeAreC.Co