



Care Funding Calculator

delivering over £2.8m in efficiency savings for the West Midlands

'Fair Price, Quality Care' across the West Midlands

Through the implementation of a Care Funding Calculator across the West Midlands region, West Midlands Adult Care Services are on target to deliver efficiency gains over £2.8 million over the 08-11 financial years, currently averaging a saving of 14%.

The Calculator assists in managing the costs of residential care and supported living for adults with learning disabilities, but can also help plan the future strategic direction of services. Although initially developed specifically for learning disabilities, the tool is flexible and is now being used successfully in other adult care services.

"The Care Funding Calculator generates tangible benefits and is now proving invaluable for local care providers in the West Midlands as it is easy to use and designed to fit within any structure. The results truly deliver 'a fair price for quality care'."

Mihir Trivedi, Project Manager
for the Care Funding Calculator

Identifying the opportunity

At a time when there is a national drive to save money, there is a trend for increased spend within the social services departments of councils nationwide, attributable to our ageing population amongst other factors.

Additionally, national data shows that social services often overspend their allocated funding, as it is difficult to forecast budget. For example, due to the nature of care services, it is virtually impossible to predict how many people will need care home assistance, what type of care, the cost, location or the duration.

In some councils it is the social worker's responsibility to negotiate costs and terms with care providers. Their primary concern is sourcing and arranging the care needed as quickly as possible, therefore a tool that could help relieve the pressures of negotiation and provide the best available solution for those needing social services assistance could be invaluable.

Calculating the cost of care

The Care Funding Calculator was an initiative developed and successfully trialed, by Improvement and Efficiency South East (IESE) before being deployed nationally.

The Calculator is a free excel spreadsheet-based tool designed to provide transparency and greater information to the negotiation and placement of adults with learning disabilities, mental health and physical disabilities in residential and supported-living placements. It is designed to provide cashable efficiency gains through ensuring a fair payment level for care, measured against a benchmark.

The project began its roll-out across the West Midlands in spring 2008, and is currently engaged with eleven local authorities across the region.

Programme Aims

By supporting local authorities and Primary Care Trusts (PCTs) with this tool the programme seeks to:

- Aid local authority commissioners to ensure value for money;
- Create a 'Fair Price, Quality Care' environment;
- Create transparency with the costs of placements allowing for a clear understanding of costs;
- Inform negotiations with providers;
- Foster an environment of partnership between providers and commissioners.

The tool is used by inputting a variety of factors on an individual case, which will affect the cost of the care, for example location, size and facilities of the care home and the level of care/support required.

The tool benchmarks this information against its data to provide a breakdown of specific costs as well as a guidance range for a reasonable overall total cost of care per week. This can assist negotiations with suppliers and make savings without compromising the level of care.

"This project is a great example of delivering efficiency through an innovative approach to commissioning. The achievements by Birmingham and Staffordshire are especially noteworthy."

Andy Hancox, Director
Improvement and Efficiency West Midlands

Adding up the benefits

Recognising that the Care Funding Calculator could generate savings for many local authorities in the region Improvement and Efficiency West Midlands (IEWM) funded a project manager, Mihir Trivedi, to provide free implementation support and training to local authorities across the region to encourage usage and increase rollout of the Calculator tool. Thus far:

- Eleven local authorities have been engaged and supported by IEWM;
- 323 people have been trained across the West Midlands;
- Staffordshire Joint Commissioning Unit, Procurement and Quality Team are rolling out the CFC tools across the Staffordshire Social Care and Health and have already generated savings of £350,000 per annum;
- Birmingham City Council has the tool fully embedded and is generating efficiency savings over £1.8 million;
- Regional forum has been setup to ensure that local authorities can share their experiences, good practise and promote better collaboration;
- Solihull Care Trust and Shropshire PCT are using the CFC tools to deliver savings.

“In Birmingham we took an early decision to adopt the CFC tool and found that it provided a good basis for discussion with our provider market. I feel both parties have benefited from using the CFC tool which is fair and transparent and our relationship with providers has definitely improved.”

Jon Tomlinson, Director of Joint Commissioning
Learning Disabilities and Mental Health,
Birmingham City Council

Birmingham City Council leads the way...

Birmingham City Council are undertaking a major contract management initiative, which started in 2009, its main aims are:

- To ensure care home provision is on a more sustainable footing, with pricing based on understanding of care costs to meet needs;
- To engage with the provider base on key issues arising from personalisation;
- Use the CFC to Inform negotiations with providers on residential pricing.

IEWM supported this work, providing Birmingham City Council (BCC) with eleven training days, training a total of seventy staff across the council and supporting their communications with providers. Following training, the council started using the CFC tools by:

- Proactive Provider Engagement via forums and face-to-face meetings with key messages communicated as follows:
 - » BCC market shaping intentions is to reduce over-reliance on residential care;
 - » Transforming and personalising services including more transparent allocation of resources linked to need;
 - » Affordability with demonstrable value for money key to the review of high cost placements.

- A review process was agreed by Care Management and Joint Commissioning Teams utilising the Care Funding Calculator to enter a dialogue with providers on pricing;
- The approach has led to significant cashable benefits being realised;
- The journey has not been easy with challenges during and after negotiations by some providers, however overall the approach has improved the relationships with the providers with an honest debate on pricing.

While this process is being driven by a need to ensure value for money and realise efficiencies, these negotiations were being informed by the persons needs. The CFC tools place the individual needs at the centre and use them to define a guide price along with data on location and provider. This places the person's needs as the key element in line with the Personalisation Agenda.

Also by reviewing the needs of the service user initially we ensure the 'appropriateness' and 'suitability' of placements as well as considering the 'Putting People First' agenda.

The strategy to our 'negotiation' was central to ensure a satisfactory position pricing for all parties. This included a 'principled' approach with providers which was about being:

- Hard on facts but soft on people;
- Non competitive, appealing to logic rather than emotion;
- Carefully planned and responsive.

The negotiation meetings were based on a format used by BCC Corporate Procurement Services, whom had significant experience of a whole range of contract negotiations. This included:

- Careful team selection for negotiations to include chief negotiator and chair, summariser and technical expert (the care manager who completed the CFC);
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- Clearly communicating the scope for negotiation and expectations of parties;
- Escalation process and clear understanding of 'Ideal Settlement Position' and 'Fall-back Position' for BCC.

The success of the Care Funding Calculator has been in both cashable efficiency savings and non cashable improvements in terms of better engagement with providers and been able to have an honest and transparent discussion on pricing, as well as gaining a sense of those providers that is willing to work in partnership with BCC and undertake their own programmes of change.

“Including the free CFC tools as part of Birmingham’s overall transformation and efficiency programme has allowed us to realise efficiencies within a short time period with the support of IEWM. The tools allow for greater transparency and support to the commissioning and contracting process. Engaging with the providers in terms of process and culture has also influenced providers to undertake their own programme of transformational change.”

Simon Fenton, Joint Commissioning Team,
Birmingham City Council

Formula for success

Rolling out one tool to many different authorities, with differing processes, cultures and teams could be expected to result in varying levels of success. However, if successfully embedded into councils’ existing processes then huge efficiencies and benefits can be made no matter what the individual circumstances of the organisation. Useful learning’s gathered to date include:

- 1. Consider the most appropriate user**
The person who would be using the Calculator on an ongoing basis i.e. the person, who will be negotiating with the care provider, should be the person who can use it to best effect; and therefore this person should receive the training.
- 2. Understand how it fits into existing systems**
The Calculator is incredibly flexible and therefore should work with any team’s existing functions and processes. However, it needs to be integrated to work with those systems from the beginning – although initially free, making changes to its implementation down-the-line can be costly.
- 3. Individual costs can fluctuate**
The Calculator is aimed at providing ‘quality care at a fair price’. Whilst in the vast majority of instances teams will be able to negotiate better rates for the authority, in some minor cases, the Calculator may show that costs currently being paid are under the market value.
- 4. Improved negotiations**
There has been found to be some concern that negotiating more strongly with care providers could weaken relations and potentially hinder the speed that individual gains access to care. However, it has been found that using the Calculator can strengthen relationships, as care providers view it as a fair and transparent basis for negotiation. They can use the tool to tailor their services directly to clients’ needs, without having to create bespoke quotes for every case; therefore benefiting them too.
- 5. Success takes time**
Maximising the CFC’s potential of savings does take time. It is estimated that it is at least 6-7 months before savings appear to be realised. It is recommended councils and authorities adopt the Calculator for a minimum of a three-year period, to really establish savings.

Next steps...

Further CFC implementation support is already scheduled across the region, along with focused support to assist local authorities with any challenges they may be facing to delivering efficiencies. IEWM will also be examining other opportunities for collaborative efficiency gains across the region.

The national programme is currently working to develop a children's services version of the tools.

For more information, please contact:

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**Joint
Improvement
Partnership**

Supporting innovation and excellence
in social care in the West Midlands



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