

Better financial and data management can improve resilience and support growth for care providers

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Proactive financial management and strategic planning should be a priority for independent care providers amid a series of economic and societal challenges, according to a new industry report.

The white paper by Kent Finance, in collaboration with The Social Care Foundation and UK and Ireland law firm Browne Jacobson, argues that detailed financial modelling and strategic reviews can help businesses to achieve the delicate balance between providing high-quality care and maintaining financial sustainability.

Titled The future of social care: Navigating financial and regulatory challenges, it features case studies of organisations that have transformed adversity into growth opportunities by investing in financial acumen and embracing digital innovation.

It is the first white paper to be commissioned by The Social Care Foundation, a cross-party think-tank set up by Dr Robert Kilgour in 2023 to bring positive debate, ideas and suggestions on how to reform UK social care.

Dr Kilgour, who also founded social care businesses Renaissance Care and Four Seasons Health Care, said: “Social care businesses have been confronted with a post-Covid ‘new normal’ characterised by high inflation, stagnant fee increases, higher interest rates and labour shortages.

“Despite these complex financial challenges, there are important steps they can take to position themselves for long-term success in a digitally dominant horizon.

“This white paper underscores how embracing innovation, leveraging data and adopting proactive financial management strategies can enable social care organisations to thrive amid uncertainty, and chart a course towards a resilient and sustainable future.”

The white paper highlights recent research published by the **Lancet Journal** showing that the Care Quality Commission (CQC) closed 816 care facilities between 2011 and 2023, affecting 20,000 residents.

It discusses how the causes have been the inability of care operators to keep up with increases in operational costs such as energy, food and labour, combined with income lagging behind.

Other challenges it sets out as facing the sector include an increased demand for services resulting from an ageing population, complexity of care needs, a strain on social care funding, housing and infrastructure challenges, and workforce shortages.

As a higher interest rate environment affects social care organisations’ ability to access funding, manage debt and maintain financial stability, the report provides advice on how to develop prudent financial management and contingency planning to navigate macroeconomic fluctuations and ensure service continuity.

It also features takeaways on how social care organisations can improve data management to drive efficiencies, increase productivity and meet regulatory requirements.

Successful turnaround case studies are highlighted in the report. We Change Lives, a not-for-profit social care provider, went from making a £1m loss to a £2m surplus within three years after a financial modelling exercise. Renaissance Care, a mid-sized care home operator, invested in financial and data management to manage slimmer cost margins effectively.

Clare Auty, Head of Independent Health and Social Care at UK and Ireland law firm Browne Jacobson, said: "Efficient data management is emerging as a cornerstone for driving operational excellence and maintaining financial integrity among social care businesses.

"Leveraging data effectively can inform better decision making, improve service delivery and ensure continued regulatory compliance.

"Care providers that do not embrace the opportunities created by better use of data risk falling behind the market. At the same time, the CQC's new approach to regulation charts an irreversible course to greater digitisation, and expects providers to rapidly improve in line with the Government's plan for digital health and social care."

Will Napier-Fenning, Director at Kent Finance, added: "Despite facing an unsettling confluence of macro factors outside of any individual's control, it's not all doom and gloom for the social care sector.

"This report confronts these issues and lays the groundwork for not just adapting but thriving under the new normal."

A roundtable discussion on the report, featuring social care sector and banking leaders, was held at Browne Jacobson's London office on Tuesday 21 May.

Browne Jacobson is also planning to host a webinar to provide insights to social care providers to provide insights as part of Health and Care Connect, a free network for anyone involved in the independent health and care sector.

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