



# Certificate of Credit in Commissioning & Purchasing for Public Care

Module 2 Session 1

# Working online – hints/tips



Everyone enters on mute. Mostly stay on mute so we are not all talking at once



Use the chat to ask questions and make comments. This will be a dynamic learning experience



Turn on your video camera, please!  
Unless you have a shaky connection! In that case, switch off your video



You will be going into breakout rooms, be prepared to be in rooms with 6 - 8 people



Raise your hand or click the hands up symbol if you want to speak in discussions

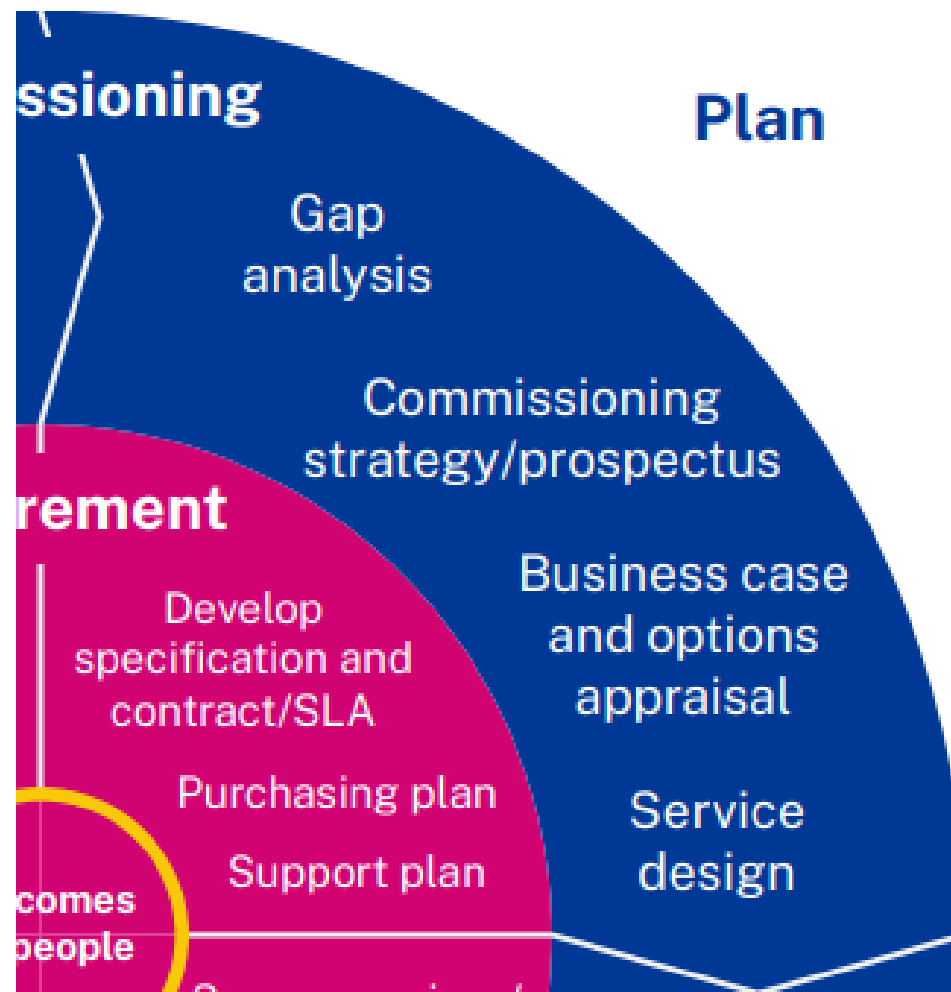


Be on time for breaks

## Sessions 1 – 8 will cover

- The national and local agenda
- What is commissioning and how well are we doing it?
- Needs and resource analysis
- Planning and options appraisal - ✓
- Market shaping - ✓
- Accreditation – overview
- Commissioning for outcomes
- Contract management and procurement
- Monitoring and review
- Person centred approach to commissioning
- Delivering change
- Commissioning skills

# Planning and Options Appraisal

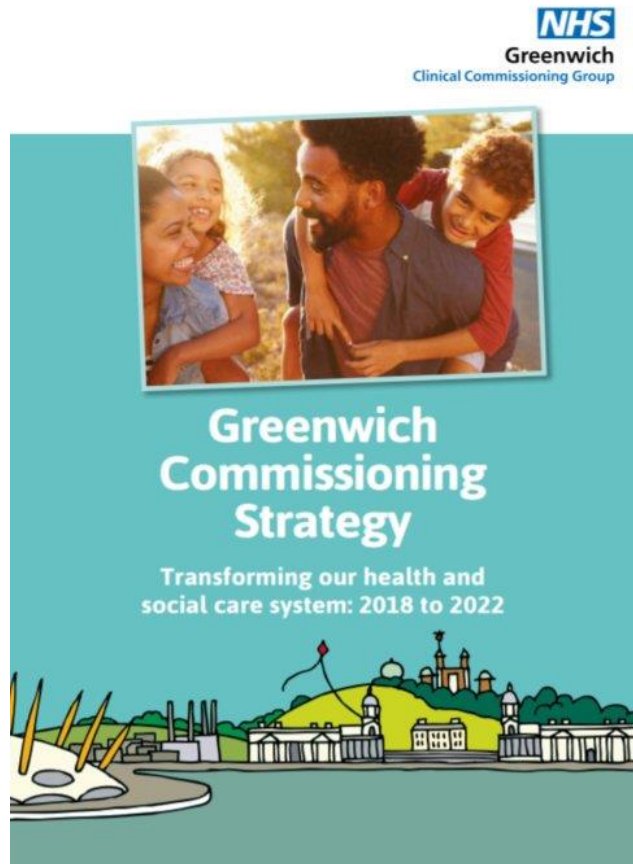


## Commissioning activity product(s) might be...

- ✓ Commissioning strategy
- ✓ Business case
- ✓ Options appraisal
- ✓ Risk assessment
- ✓ Equality Impact Assessment
- ✓ Market position statement (MPS)
- ✓ Others?



# What is a commissioning strategy?



It is a statement...

...of how you are going to effect change in the overall configuration of services across a market to meet the needs of the client group.



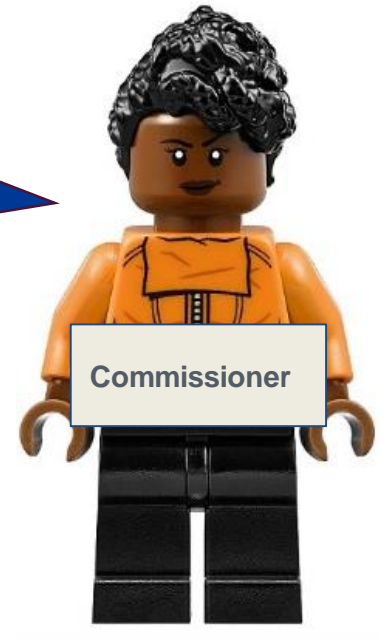
# What is a Business Case?

“The business case provides justification for undertaking a project...its purpose is to obtain management commitment.”

APM Body of Knowledge 5<sup>th</sup> edition

Two key types of business case:

- Outline Business Case (OBC)
- Full Business Case



# What is a Business Case?

## Outline Business Case (OBC) Full Business Case

- sets out the preliminary thoughts regarding a proposed service
- should contain the information needed to help the organisation make decisions regarding the adoption of the project
- should state envisaged outcomes, benefits and potential risks associated with the proposal

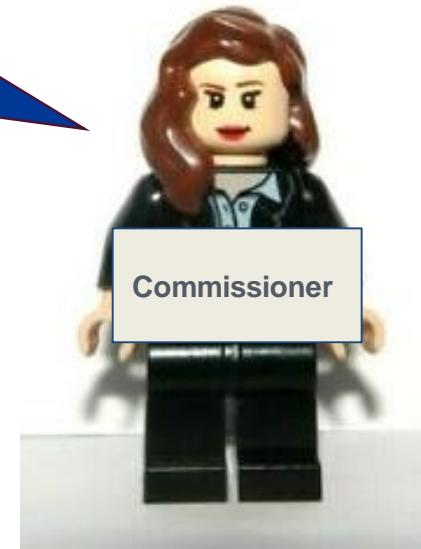
(Assoc of Colleges UK 2012)

- a management tool, developed over time as a living document as a proposal develops
- summarises research and analysis needed to support decision making in a transparent way and summarising objectives, the key features of implementation management and arrangements for evaluation

(NHSE 2013)

# How do you use business cases?

- How are your business cases used in your area?
- What are the key elements you would expect to see in a business case which includes an options appraisal?



# What is a risk assessment?



“A systematic process of evaluating the potential risks that may be involved in a projected activity or undertaking”.

Oxford English Dictionary

# Managing risk

Risk Matrix Chart

		Likelihood				
		1	2	3	4	5
Consequence		Rare The event may occur in exceptional circumstances	Unlikely The event could occur sometimes	Moderate The event should occur sometimes	Likely The event will probably occur in most circumstances	Almost Certain The event is expected to occur most circumstances
1	Insignificant No injuries or health issues	LOW	LOW	LOW	LOW	MODERATE
2	Minor First aid treatment	LOW	LOW	MODERATE	MODERATE	HIGH
3	Moderate Medical treatment, potential LTI	LOW	MODERATE	HIGH	HIGH	CRITICAL
4	Major Permanent disability or disease	LOW	MODERATE	HIGH	CRITICAL	CATASTROPHIC
5	Extreme Death	MODERATE	HIGH	CRITICAL	CATASTROPHIC	CATASTROPHIC

## Risk rating:

**Low risk:** Acceptable risk and no further action required as long as the risk has been minimised as far as possible. Risk needs to be reviewed periodically.

**Moderate risk:** Tolerable with further action required to minimise risk. Risk needs to be reviewed periodically.

**High risk:** Tolerable with further action required to minimise risk. Risk needs to be reviewed continuously.

**Critical risk:** Unacceptable risk and further action required immediately to minimise risk.

**Catastrophic:** Unacceptable risk and urgent action required to minimise risk.

## Risk Rating for this incident

<input type="checkbox"/> LOW RISK	<input type="checkbox"/> MODERATE RISK	<input type="checkbox"/> HIGH RISK	<input type="checkbox"/> CRITICAL RISK	<input type="checkbox"/> CATASTROPHIC
Acceptable with periodic review	Tolerable with periodic review	Tolerable with continuous review	Intolerable	Intolerable

# Equality Impact Assessments

- Requirement of Equality Act 2010
- Public authorities must have due regard to several equality considerations when exercising their functions
- Opportunity to ensure better decisions made on robust evidence
- Ensure decision-making includes consideration of actions that might help to avoid negative impacts on particular protected groups

# What is an Equality Impact Assessment?

*“An equality impact assessment (EIA) is an evidence-based approach designed to help organisations ensure that their policies, practices, events and decision-making processes are fair and do not present barriers to participation or disadvantage any protected groups from participation. This covers both strategic and operational activities.”*

*Equality Act 2010*



# Example from Devon County Council

Devon CC YouTube clip 2019

[https://www.youtube.com/watch?v=\\_dbuJSf1DFg](https://www.youtube.com/watch?v=_dbuJSf1DFg)

# Equality Impact Assessments – just a tick box exercise?

Court of Session ruling on South Ayrshire Council, regarding closure of a day centre for adults:

The court held that the council breached its Public Sector Equality Duty under section 149 of the 2010 Act by failing to carry out a formal equality impact assessment (EIA) to assess the effect of the policy on those persons with disabilities who relied on the service, adding that a scoping exercise which was later carried out had “all the hallmarks of a tick-box exercise” completed after the decision had been taken.

# EIA - Group Discussion

- So how are you doing with EIA's in your area?
- What still needs to be done?



## Key risk assessment questions to ask

- What is the effect on the provider?
- What is the impact on other services?
- How will this impact on children, young people, families, service users and carers, and to what extent?
- Will this effect the working relationship between the provider and the Council?
- Will this alter the current market place?
- What will be the impact of doing nothing?
- What would be the effect of doing this now v introducing a phased approach?

# Options appraisal

“The process of defining objectives, examining options and weighing up the costs, benefits, risks and uncertainties of those options before a decision is made.”

HM Government: Green Book

# Options appraisal

An effective option appraisal will include an assessment of:

- Project costs, benefits and risks;
- Whether the project benefits are worth the cost and the risk;
- The best option that will deliver the desired outcomes, at the right time, at an acceptable cost and level of risk;
- Whether there is adequate baseline information to allow a post-project evaluation to be carried out; and
- The future of the project.

(2009) RICS - Asset Management Best Practice: Making the Right Choices

# Options appraisal - tips



- Ensure evidence-based and beware of bias
- Make a realistic appraisal of risks, benefits and costs
- Include reference to the financial implications of options
- Where appropriate, use a recognised methodology e.g.
  - Cost benefit analysis (CBA)
  - Social Return on Investment (SROI)
  - Multi-criteria Analysis (MCA)



## Exercise – options appraisal

In your breakout groups:

- Read through the allocated methodology in the IPC paper
- Prepare a short summary of your allocated methodology to feed back to the whole group
- Bring the method ‘to life’ by applying it to a commissioning scenario you’re familiar with

## Develop an outline business case

- In relation to your targeted population group, prepare an outline business case, which:
  - Draws on your analysis of need/resources and community assets
  - Identifies your preferred commissioning option taking account of any risks and how they might be mitigated
- Present a 2/3 minute summary of your outline business case.

## Target population groups

- Breakout Room 1:
- Breakout Room 2:
- Breakout Room 3:

# Fitness for purpose checklist

- Is the business need clearly stated?
- Have the benefits been clearly identified?
- Is the reason for and benefits of the project consistent with the organisation's strategy?
- Is it clear what will define a successful outcome?
- Is it clear what the preferred option is and why?
- Where there is an external procurement is it clear what the sourcing option is?
- Is it clear how the funding will be put in place?
- Is it clear how the benefits will be realised?
- Are the risks faced by the project explicitly stated and are there plans to address them?

# Market Shaping



Trusted partner in public care



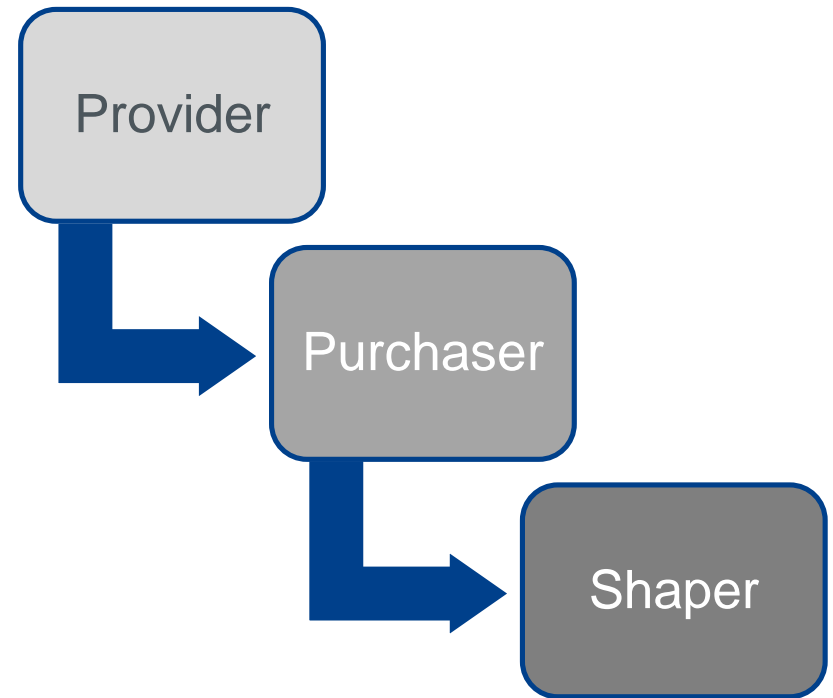
# The 'sufficiency duty' in children's services

- Statutory Guidance for Local Authorities on Services and Activities to Improve Young People's Wellbeing (2012)
- Statutory Guidance on Securing Sufficient Accommodation for Looked After Children (2010)
- Statutory Guidance for Local Authorities in carrying out their Childcare Sufficiency Duties (2010)
- Children and Families Act 2014 – including the local 'information and advice offer'



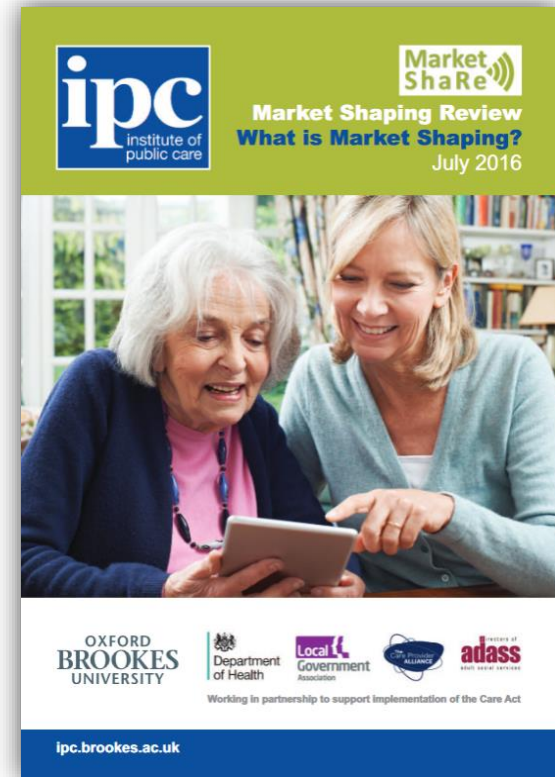
# A duty towards care markets

- The Care Act (2014) places new duties on local authorities to promote the efficient and effective operation of the care market as a whole.
  - Sustainable
  - Diverse
  - Quality



# Market shaping review

- Guidance on market shaping
- MPS good practice and checklist
- MPS database
- Market shaping across councils
- Place-based market shaping
- Individual purchasing



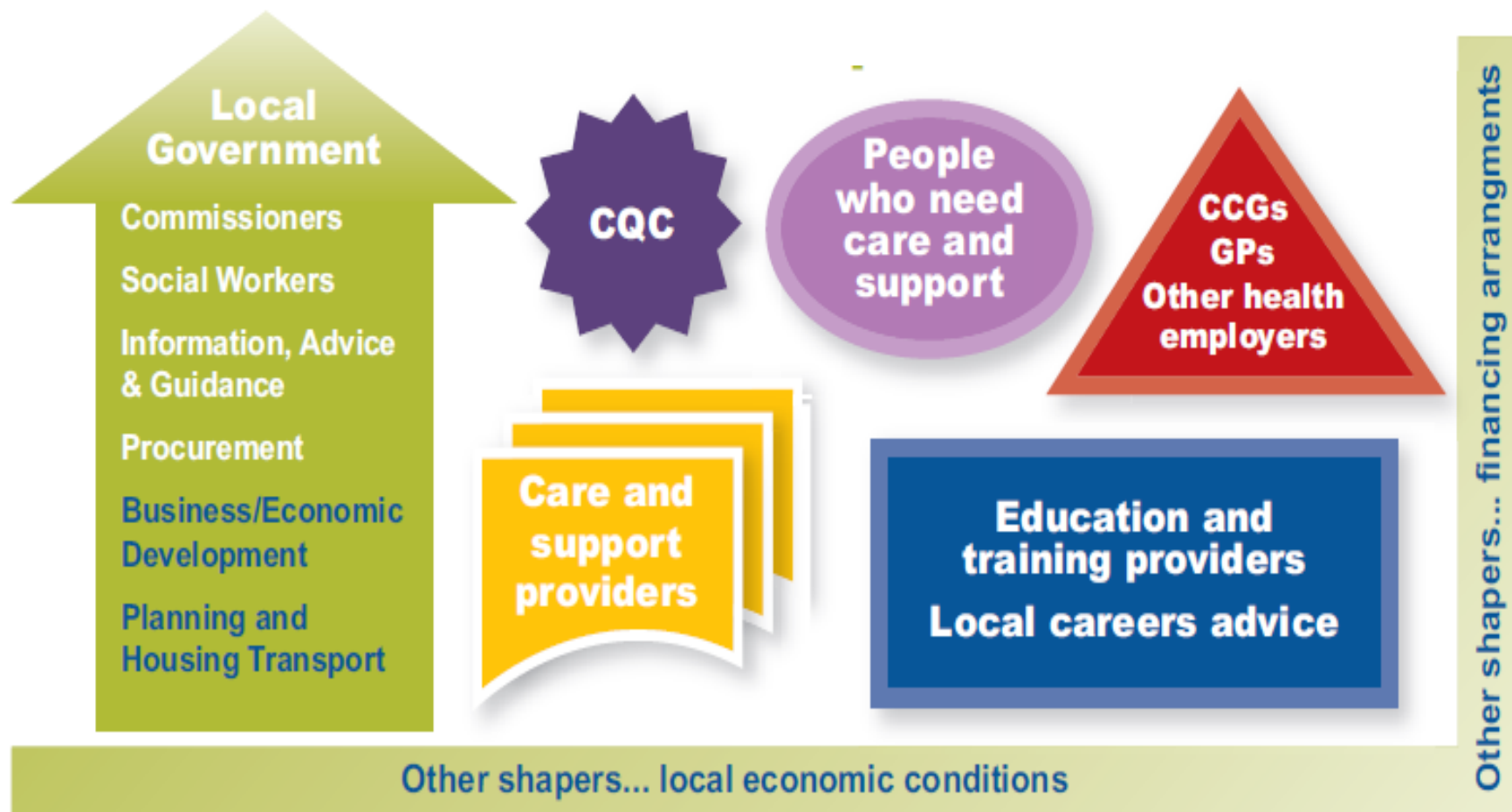
# What is market shaping?

*Market shaping means the local authority collaborating closely with other relevant partners...to encourage and facilitate the whole market in its area for care, support and related services.*

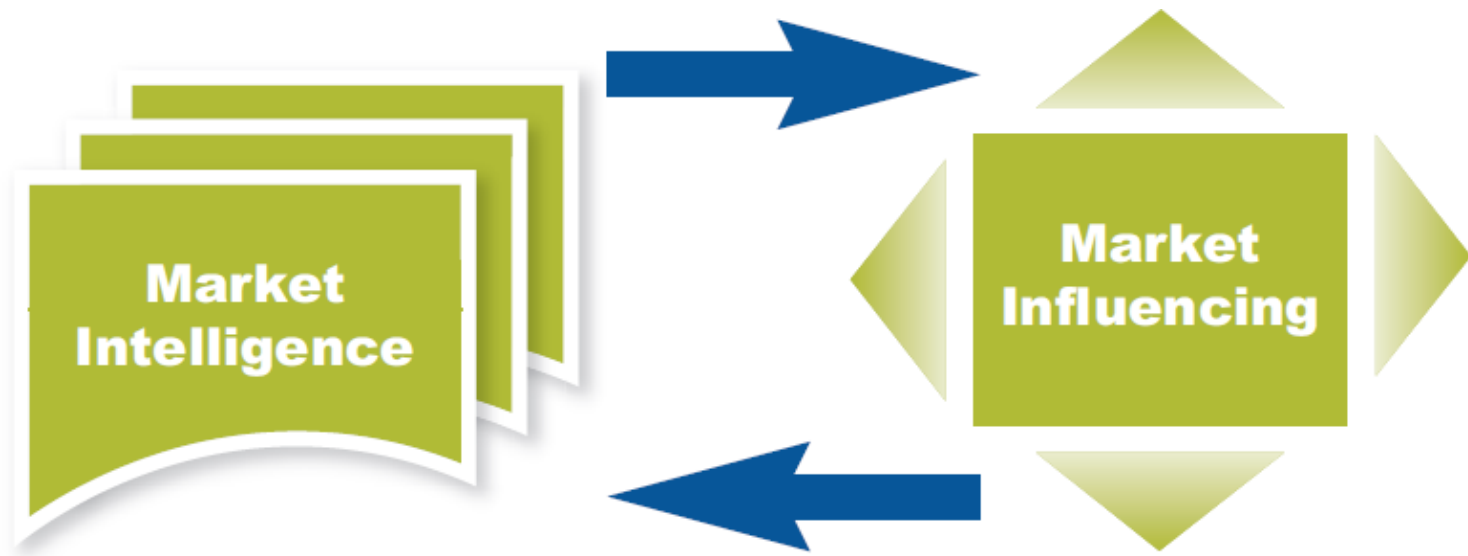
Care and Support Statutory  
Guidance, Section 4.6



# Who shapes the market?



# Key components of market shaping



Activities which seek to understand the market – published in an MPS

Activity taken to influence current and future range of supports/services - intensions published in an MPS

# Market Intelligence

“The core activities of market shaping are to engage with stakeholders to develop understanding of supply and demand and articulate likely trends that reflect peoples’ evolving needs and aspirations...”



# Market intelligence

Market intelligence can (or should) be used in a number of ways. For example:

- Informing commissioning and procurement practice by establishing the nature, gaps in and quality of supply in different market segments and the aspirations of those providers
- Enabling providers to better understand their competitors, gaps in supply and opportunities
- Underpinning market oversight and contingency planning arrangements



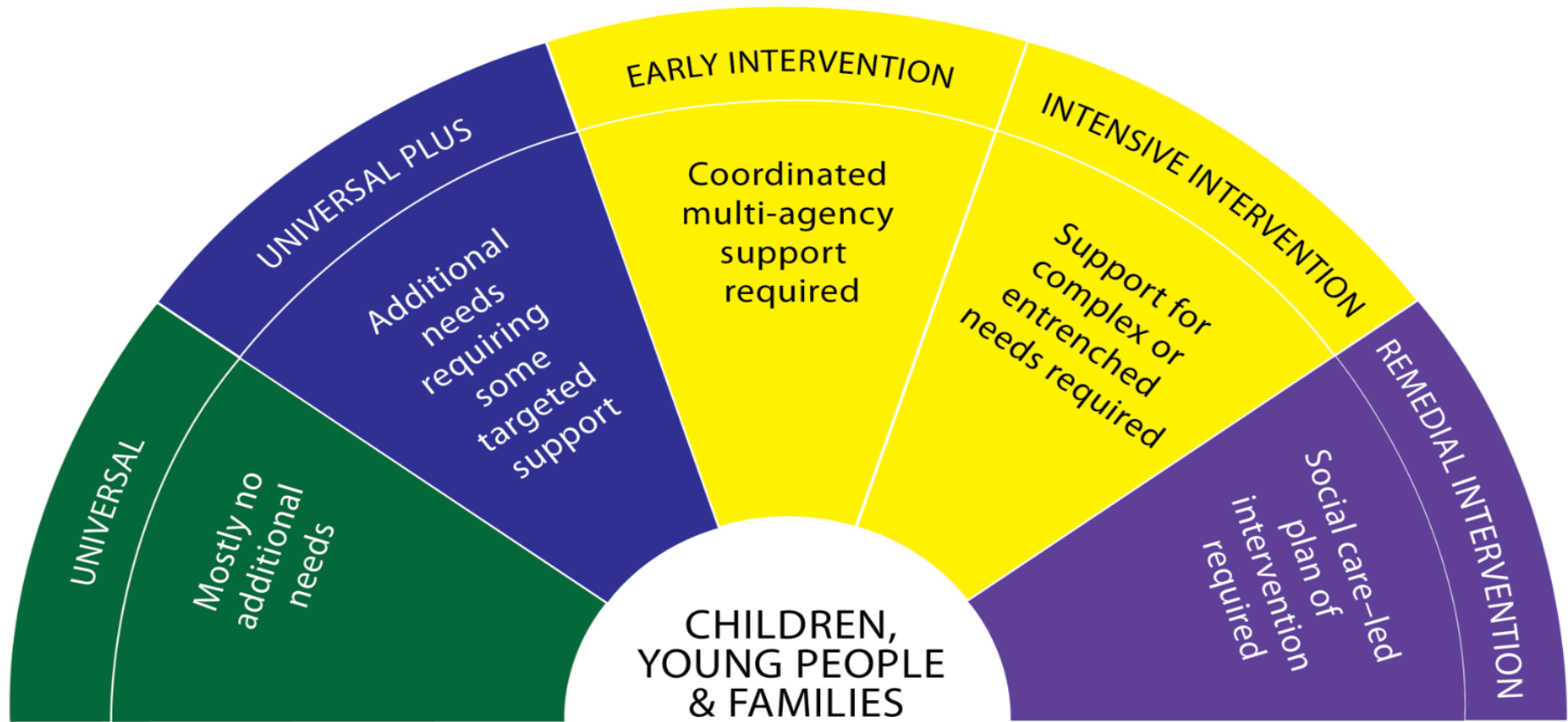


# Market Intelligence

- 80,080 CiC (England 2020) – 72% Foster Care / 13% Residential / 15% Other Settings
- Children's Homes by provider type:
  - Private – 7555
  - Voluntary – 501
  - LA – 1643
- Annual cost of Children's Services in England = £4.5 billion
- Children's homes – average annual increase 2016 – 2020 was 5.2% with annual average inflation at 1.7%
- Private Equity: in England, 6 of the 10 providers with the most children's homes and both the 2 largest providers of foster care are PE-owned

CMA – Interim Report October 2021

# What does the market look like?



# What are the characteristics of your local market/s?



In your target population groups:

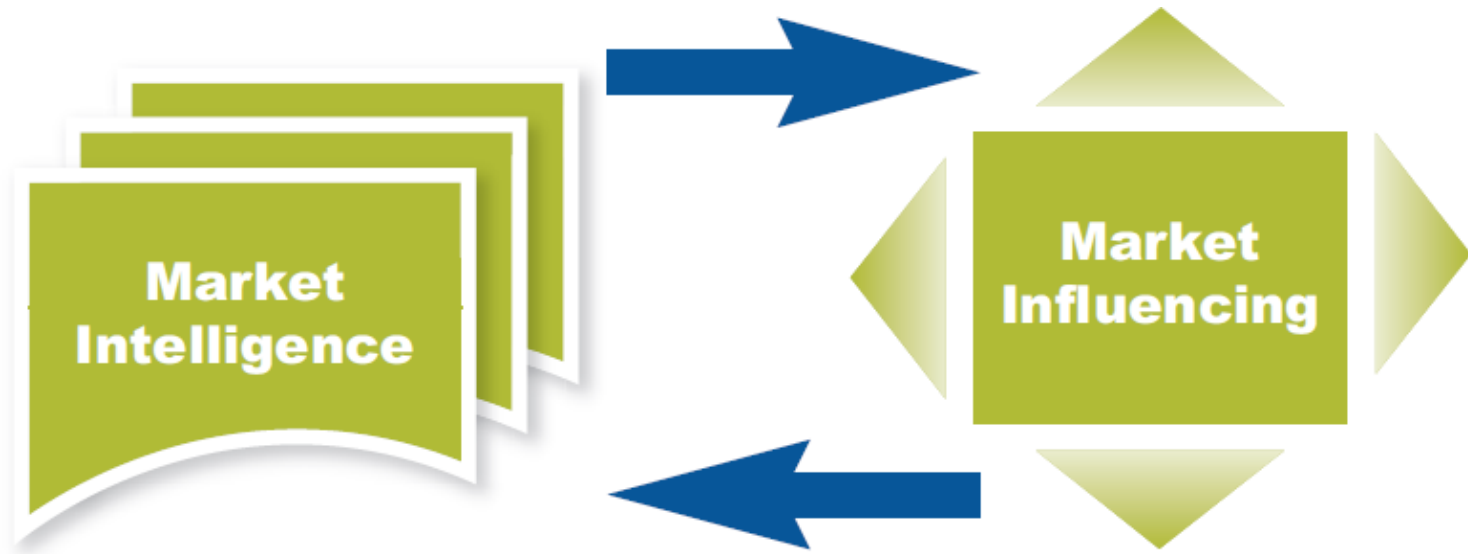
- Thinking about your target groups list a mix of three types of key provider services
- Against each identify a strength and a weakness (e.g. levels of expertise, geographical spread, financial sustainability, cultural issues, service models)
- What would a 'good', 'inclusive' and 'sustainable' children's services market look like for your area?

## Target population groups

- Breakout Room 1:
- Breakout Room 2:
- Breakout Room 3:

# Market Influencing

# Key components of market shaping



Activities which seek to understand the market – published in an MPS

Activity taken to influence current and future range of supports/services - intensions published in an MPS

# Market influencing – core activities

- Signal to the market types of services needed now and in future
- Encourage creativity and innovation
- Encourage re-investment and investment
- Promote continuous service improvements



# Some examples of market influencing activities



**Shared market and  
consumer  
research**

**Workforce  
Development e.g.  
training**

**Seed funding /  
Small Grants for  
innovation**

**Business Support**

**Performance  
Management /  
Quality Assurance  
activity**

**Jobs portal for  
approved  
providers, hosted  
by the authority**

**Dedicated housing  
for specialist  
workers**

**Lead providers for  
geographical areas**

**Meet the buyer  
events**

**Provider forums**

**Joint  
commissioning of  
residential spaces**

**YOUR  
ACTIVITIES &  
EXPERIENCES**

All these activities influence the market, yet the role of the commissioner and other stakeholders can differ



# What might determine your approach?

- Extent of knowledge about the market
- Aims – what are you trying to achieve and with whom?
- Market conditions, for example:
  - Stable
  - Underdeveloped
  - Sufficient / insufficient community involvement
  - Service quality (good or bad)
  - Accepting of or resistant to change
- Relationship with providers and between providers
- Costs of the market shaping activity or whether you can tailor the activity to make it cost effective?
- Political appetite for change



# Key Market Shaping Behaviours

## Consistent

Funding may vary but the strategic direction pursued by commissioners needs to be consistent over time.

## Coordinated

Work with other commissioners and partners where it makes sense to do so.

## Coproduced

Build a shared understanding about the solutions needed to tackle demand, shared market issues and factors that make up cost and price

## Considered

Promotion and development of evidence based solutions. Recognise and share 'what works'.

## Costed

Take account of providers' business and operation models, and understand the actual cost involved in delivering sustainable, quality services

# So what's your relationship like with your providers?

Tug of war?



Mature conversation?



# What promotes effective relationships?

- Early engagement with suppliers/providers – in developing MPS and market testing any new procurements.
- Flexibility about appropriate means of meeting agreed outcomes.
- Open channels of communication.
- Clarity about expectations.
- Commercial awareness.
- Transparency of decision making.
- Fair and proportionate specifications and contracts.



## Action planning

- Revisit the providers of services for your target groups that you identified in the previous exercise. Think about those providers in your area:
  - What are you currently doing to influence the market and what are the gaps you are concerned about?
  - What do you need to prioritise?

## Target population groups

- Breakout Room 1:
- Breakout Room 2:
- Breakout Room 3: