

Market Shaping

Institute of Public Care

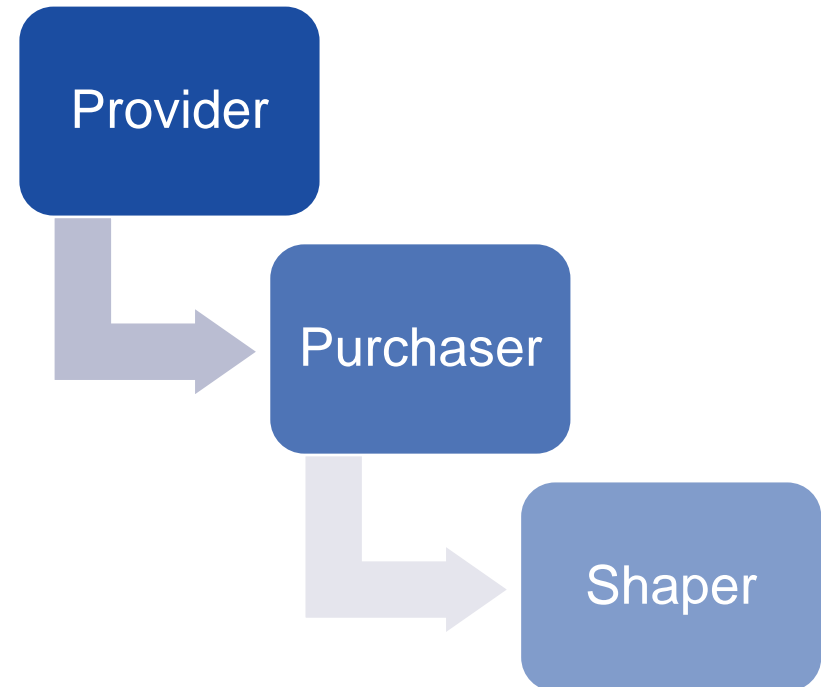


A duty towards care markets

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

The market should be:

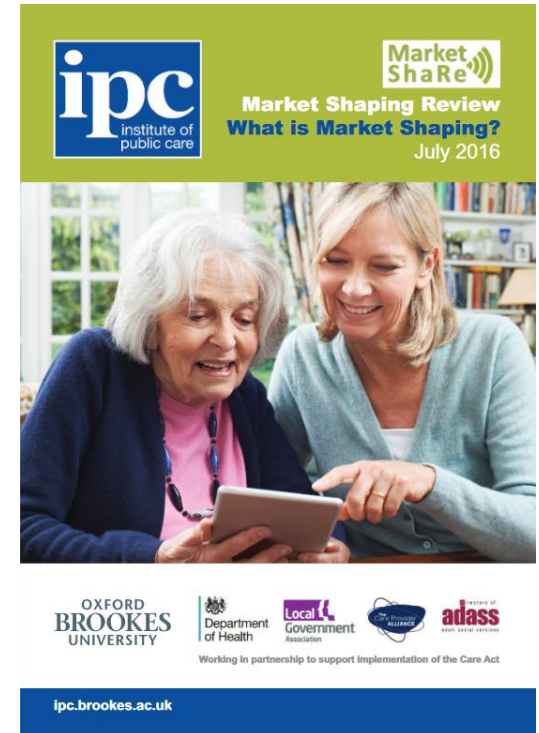
- Sustainable
- Diverse
- And focus on quality



Market shaping review

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

Market
ShaRe



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.”

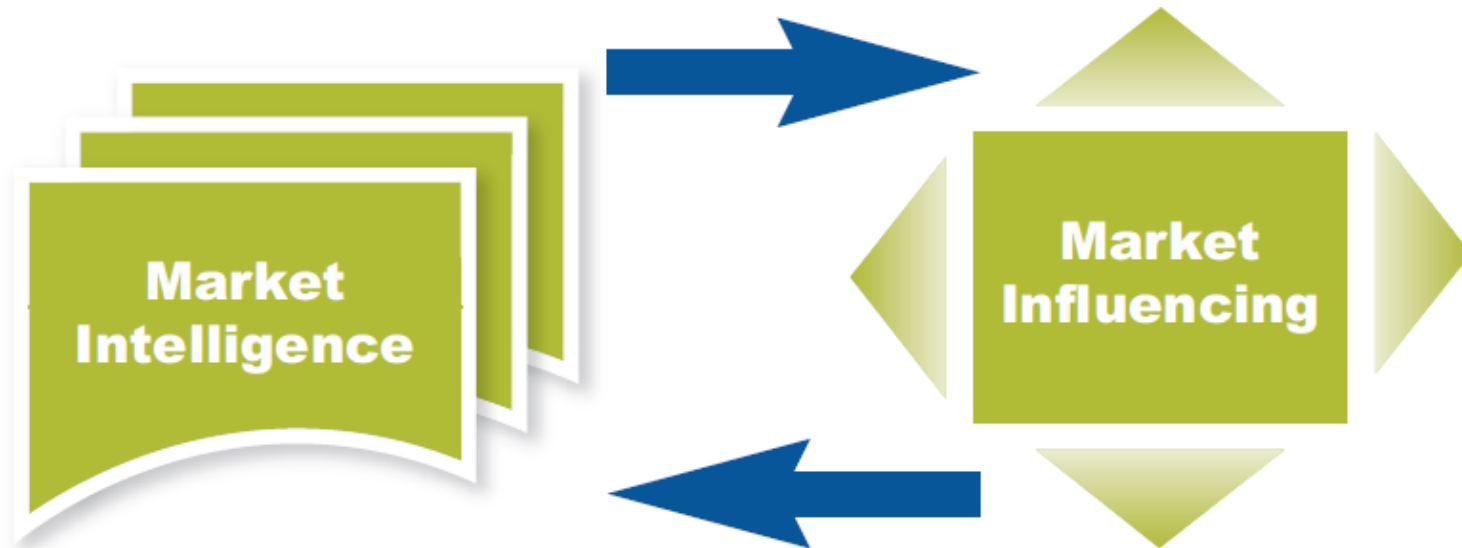
Care and Support Statutory Guidance,
Section 4.6



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



What does the market look like?



Size and structure of the adult social care sector and workforce in England

The size of adult social care in England

Workforce and trends

1.62m filled posts

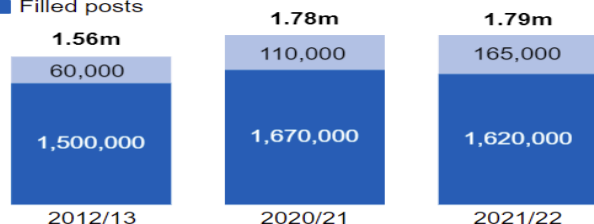
estimated in adult social care in 2021/22.
In comparison there are **1.4m filled posts** in the NHS.



1.50m people

estimated to be working in adult social care in 2021/22

■ Vacancies
■ Filled posts



The total number of posts in adult social care in England as at 2021/22 was 1.79 million (up 0.3% from 2020/21). This includes 1.62 million filled posts and 165,000 vacancies.

The number of filled posts decreased by 3% (50,000 posts) between 2020/21 and 2021/22 and the number vacant posts increased by 55,000 (52%).

The large increase in the vacancy rate shows how the sector is struggling with recruitment and retention.

Employers

17,900 organisations

estimated in adult social care in 2021/22



39,000 establishments

estimated in adult social care in 2021/22



65,000 direct payment recipients

employing their own staff in 2021/22



[Press here to view data tables](#) →

[Press here to view more data](#) →

Source: Skills for Care 2022

Social care organisations in England

Organisations ⁱ

[Download PowerPoint](#)

17,900 organisations

The estimated total number of **PAYE or VAT-registered whole organisations** (enterprises) involved in providing or organising adult social care in England as at 2021/22.



[Press here to view organisation trends](#)

Notes about the data

Source: Skills for Care estimates using Inter-departmental business register (IDBR) data

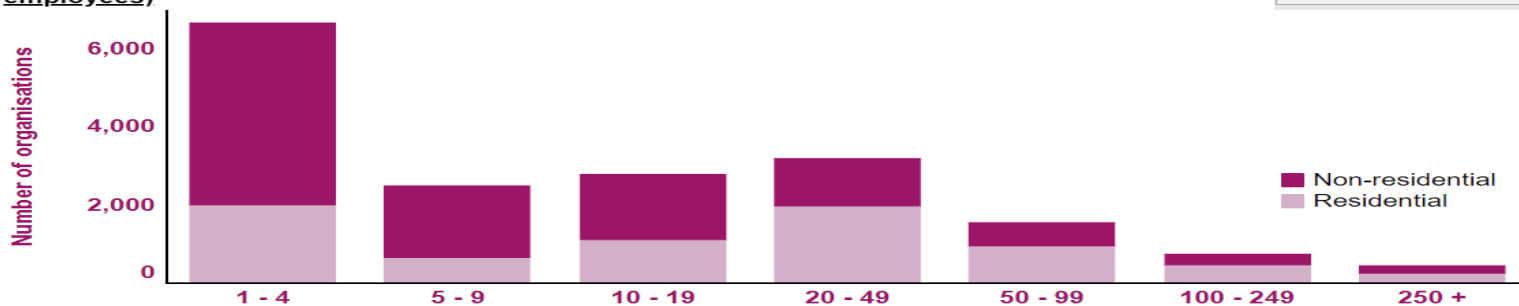
Organisations range from large national employers, large charities, and local authority adult social services departments, to small independent care homes. For example, a large company running multiple care homes would count **once** in these figures.

The estimates **do not include individuals employing** their own care and support staff or non-CQC establishments that are not registered for PAYE or VAT, such as some sole traders and individuals who are self-employed.

Estimated number of adult social care organisations in England by size group (number of employees)

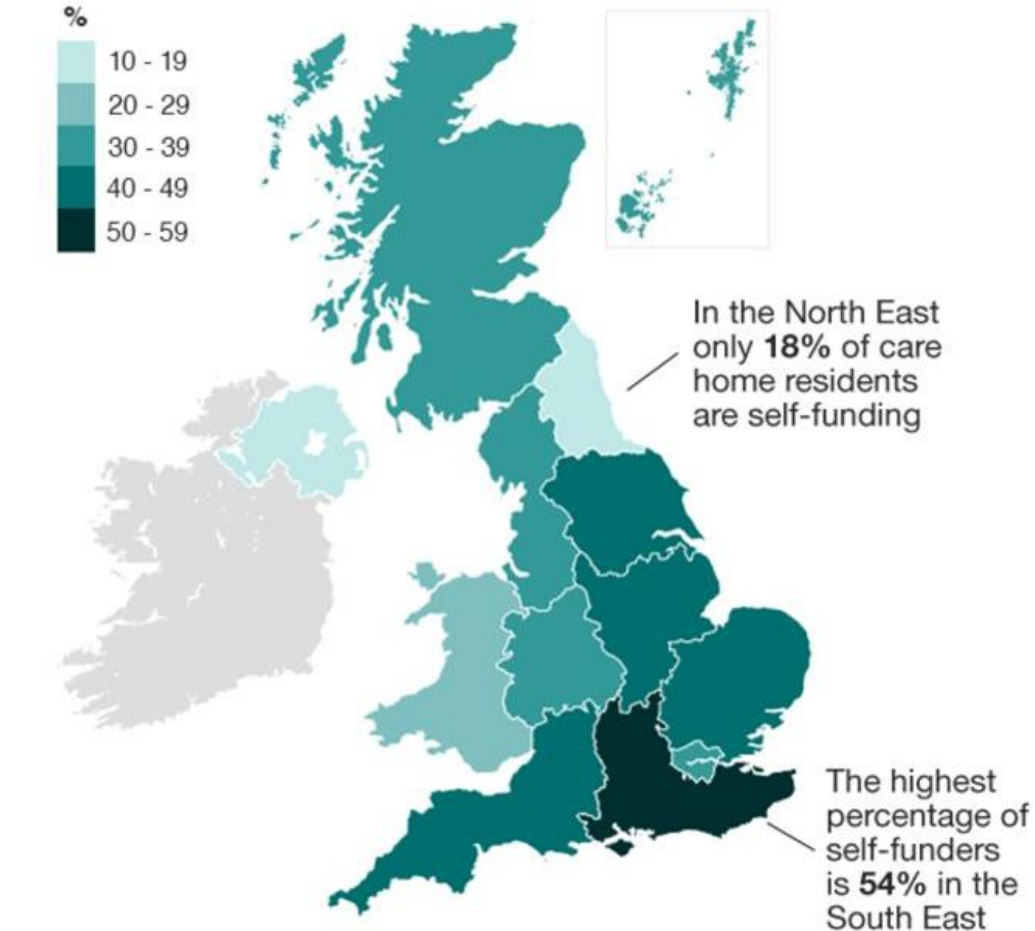
Select a view:

Bar chart



Source: Skills for Care 2022

Percentage of people in care homes who are self funders



Source: LaingBuisson

Source:

https://ichef.bbci.co.uk/news/660/cpsprodpb/D4A8/production/94904445_8_self_funders_map_pt28.png

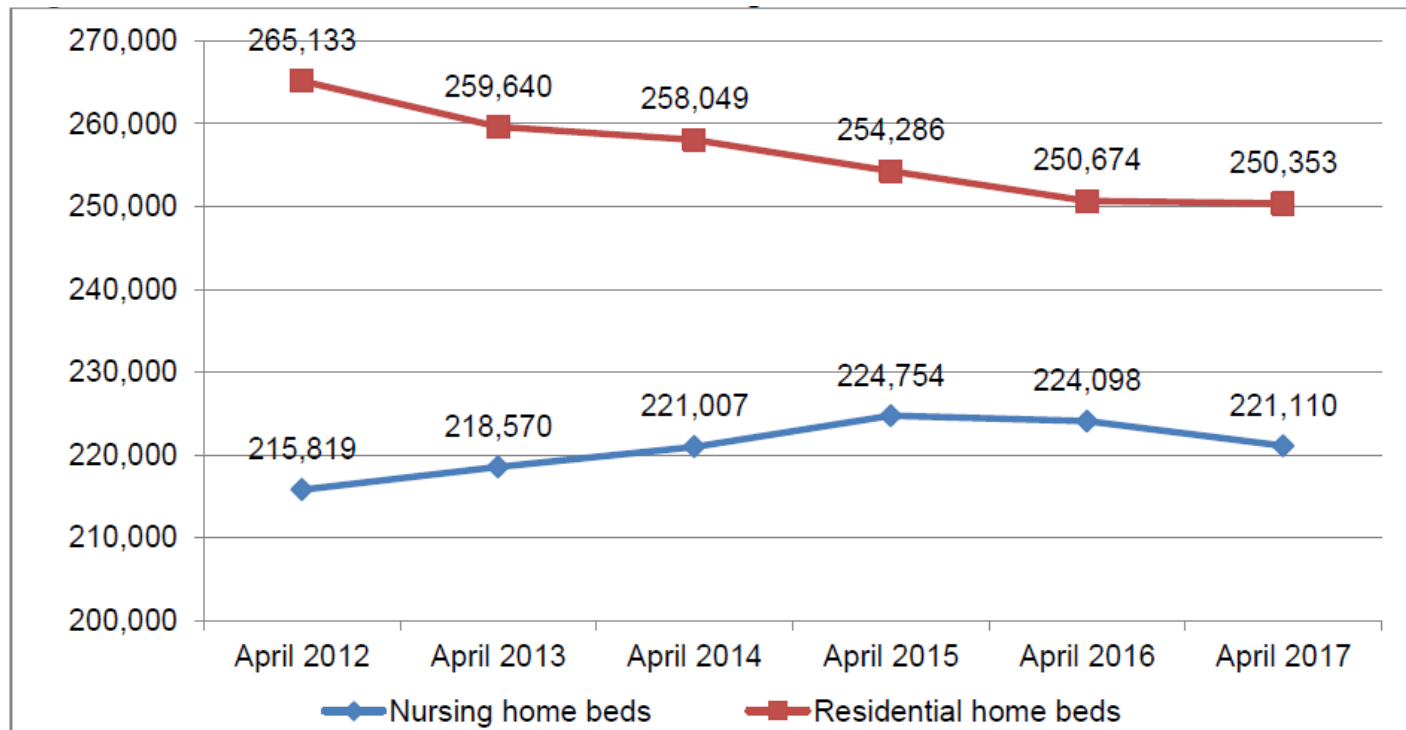
BBC

The number of care home beds in England fell 2012-2017



-3,769

Institute of Public Care (2017)
Market Shaping in Adult Social Care



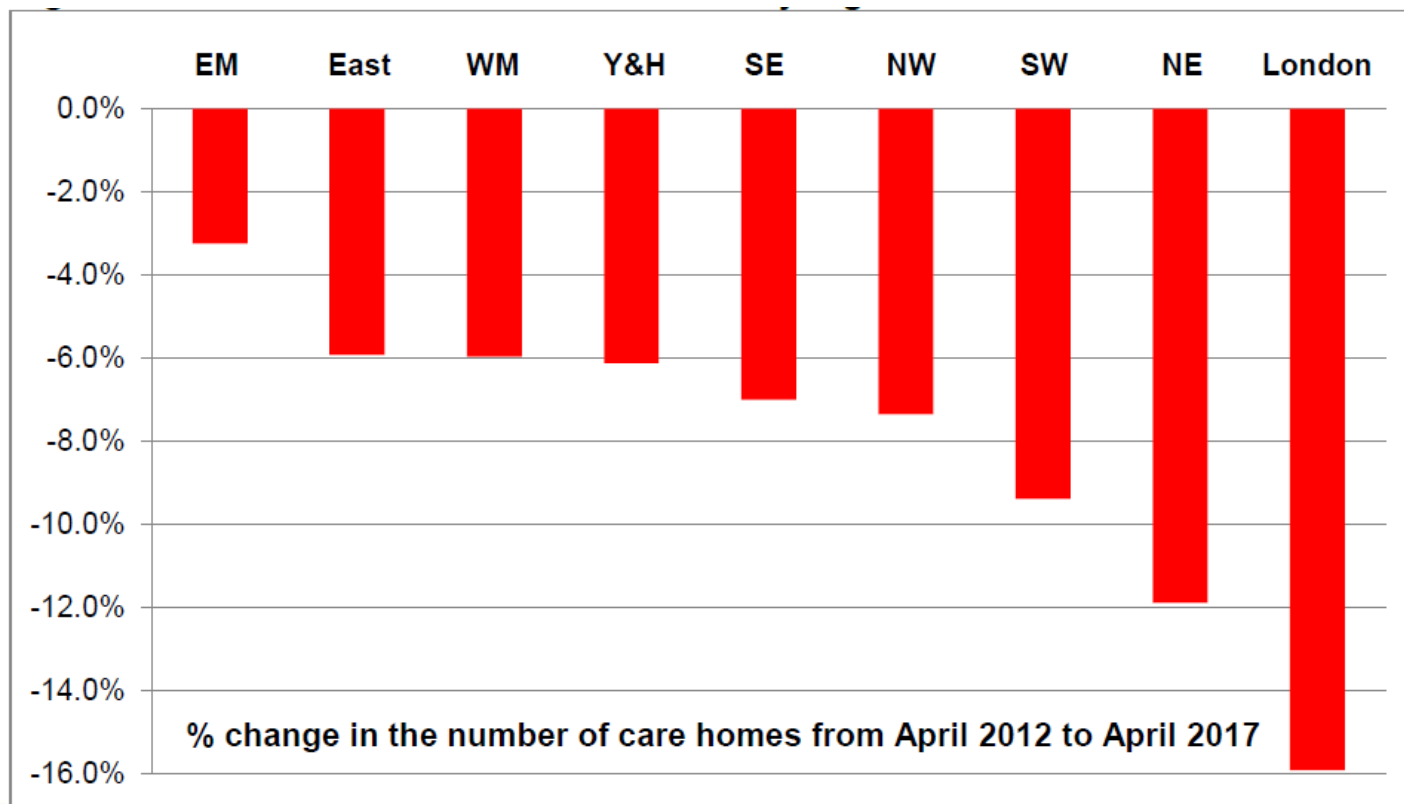
The number of care homes fell rapidly 2012-2017



-1,409



Institute of Public Care (2017)
Market Shaping in Adult Social Care



Understanding and mitigating risks to care markets



- What do you know about your providers **sustainability and financial health**?
- What **information sources** do you use?
- Do you look at the **whole market** or just the providers you contract with?
- Do you understand what factors are impacting on their **viability** and why? (e.g. workforce supply)
- How are you / can you work with the market to **mitigate risks**?

Why might it be helpful to understand the cost of care?

- Ensuring we pay a fair price/ value for money
- Sustaining local markets
- Build partnerships with providers
- Understanding to help negotiations
- To justify the local price paid for by the council
- Assisting with market position statements
- Judicial Reviews require that the process to reach a decision on cost should be transparent (e.g. Pembrokeshire Judgement – December 2010)

Some detriments of cost – the philosophy of care?

- The way in which care is delivered may determine the costs:
 - Care that creates dependency or care that promotes independence e.g. supported housing costs
 - There are some services where a high investment early on can lead to lower costs at a later stage e.g. helping people with challenging behaviour; dementia care in domiciliary care (reducing risks of admission to residential care)
 - Short term vs. longer term services – e.g. intermediate care; mental health recovery services, drug and alcohol services

The costs of care

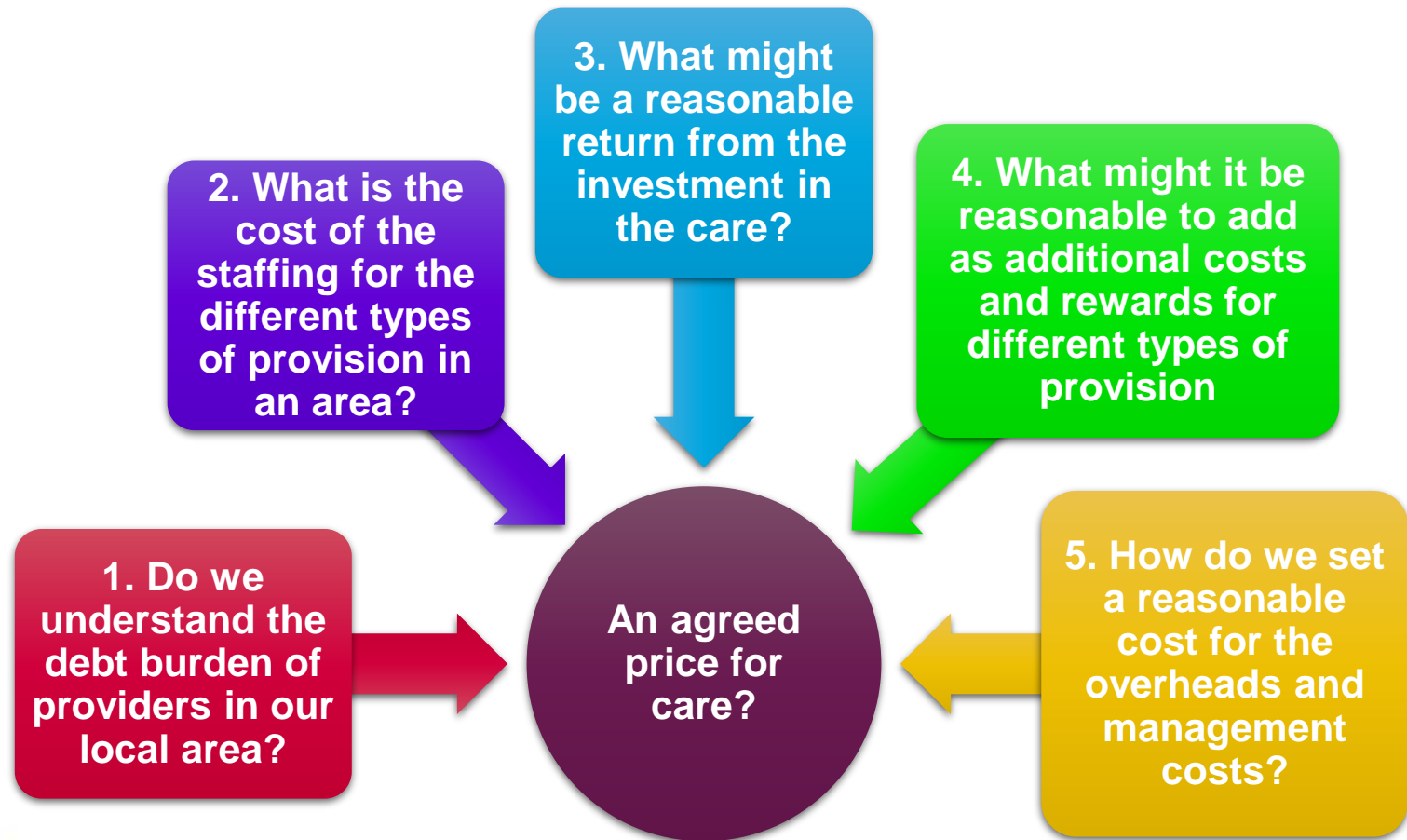
- Labour/staffing – direct costs and oncosts of employing someone
- Other non-staffing direct costs
- Indirect costs/overheads
- Return on capital

Why do care providers need to make a return on investment / return on capital employed (RoCE)?

Return on Capital Employed (ROCE)

- As well as meeting their operating costs, care services need to make a ROCE to remain viable
- This income is required by the provider for 4 purposes:
 1. Servicing the capital employed
 2. A return for running and managing the enterprise
 3. Provision for any risks related to the enterprise e.g. changes in demand, dips in occupancy
 4. Provision for upgrading and improving facilities
- The generation of profit is essential in enabling providers to invest, to make a reasonable rate of return for investors, and to maintain reserves to respond appropriately to unforeseen events

Considerations



What are the characteristics of your local market/s?



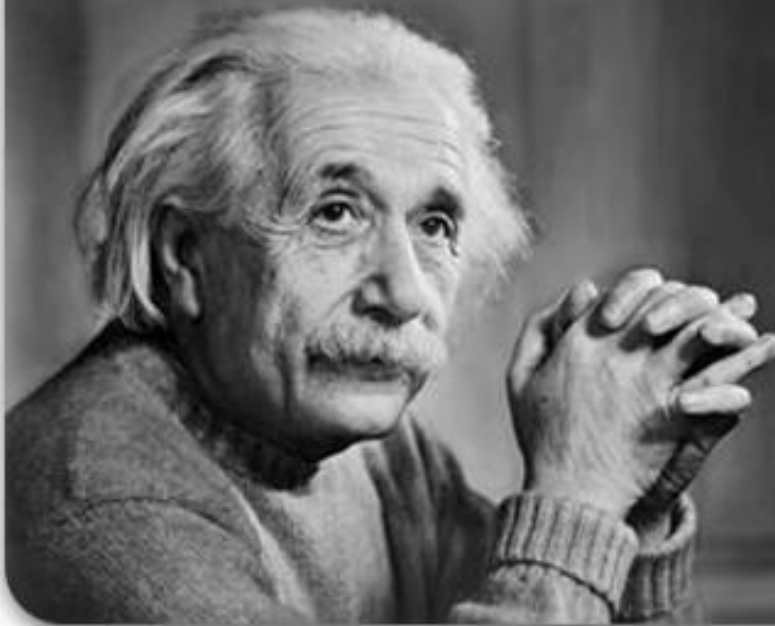
In your target population groups:

- 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 sustainable, diverse, quality market look like?

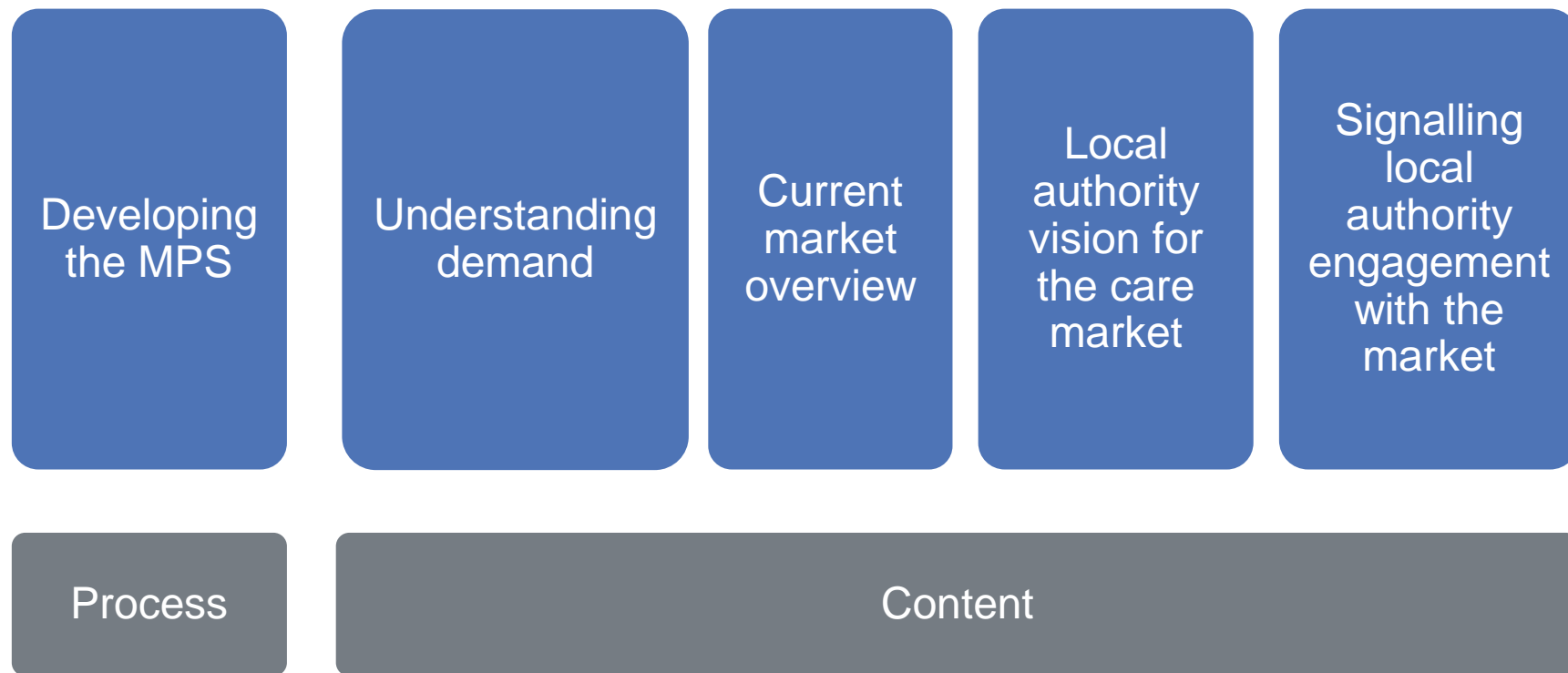
Market Position Statements

If you can't explain it **simply**, you don't understand it well enough.

– Albert Einstein



Components of a strong MPS



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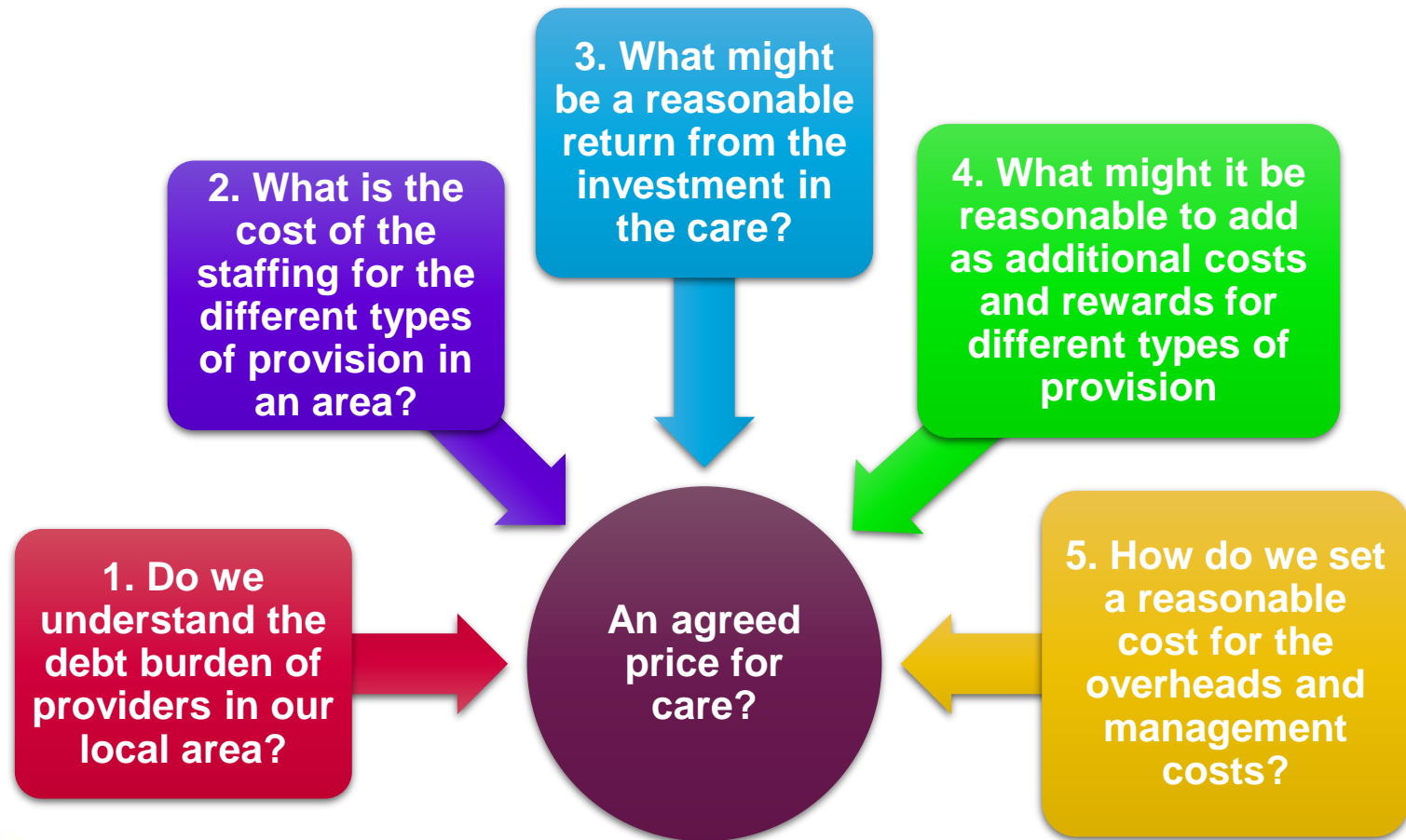
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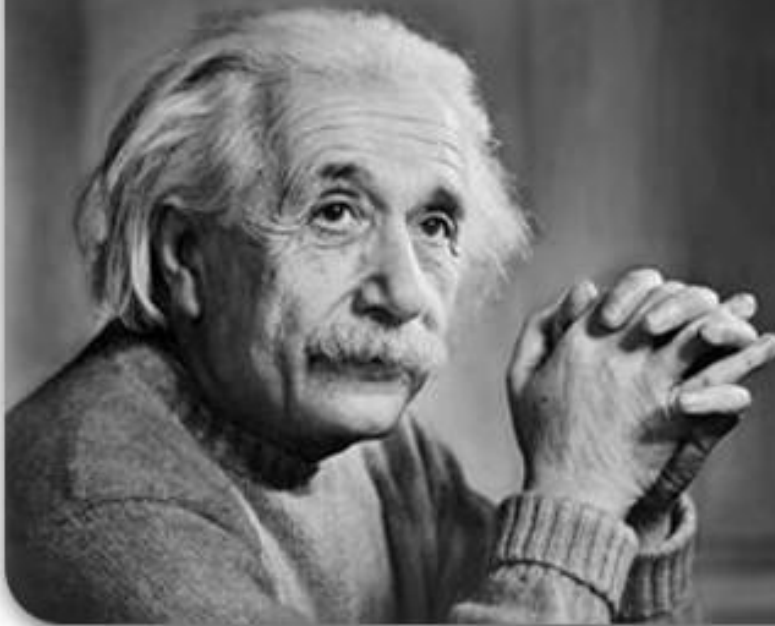
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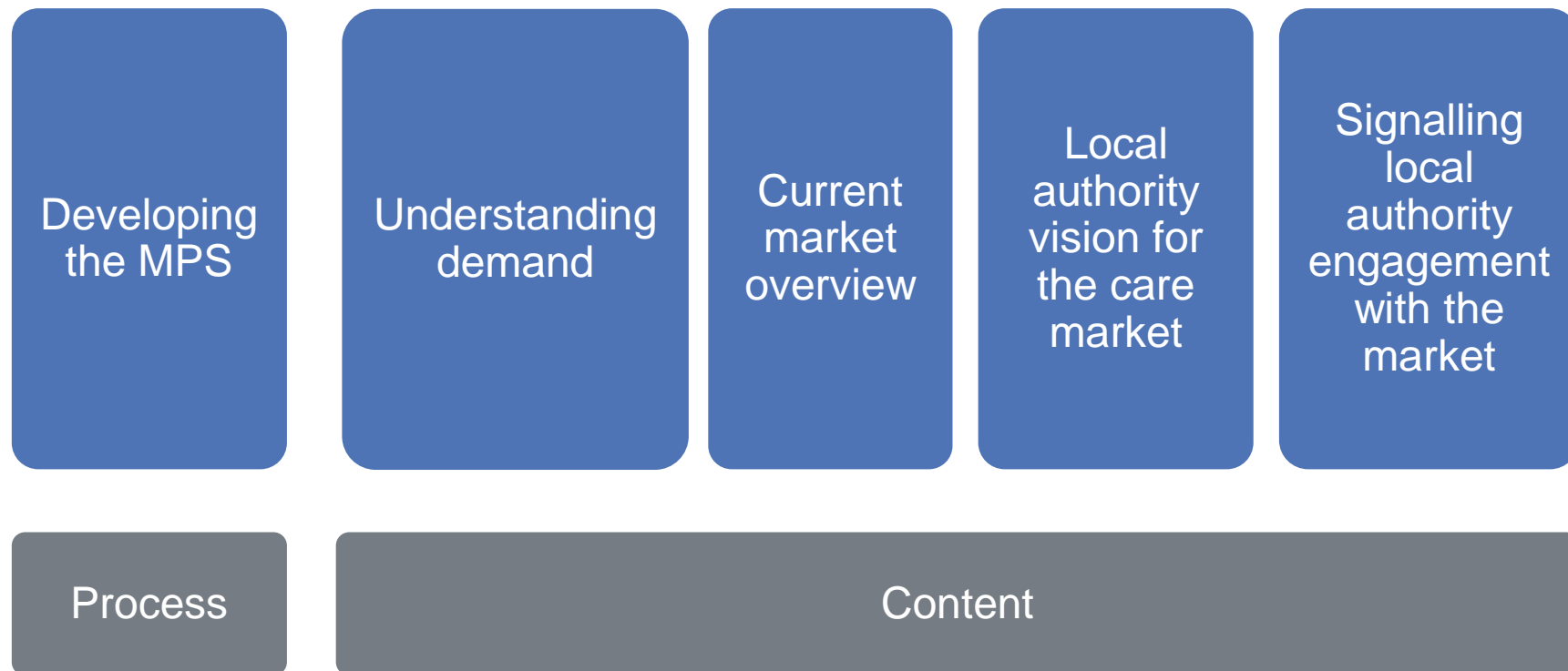
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Components of a strong MPS



Where to focus more attention

1. Market shaping should be owned at a senior level within the local authority and health partners
2. Update the MPS regularly
3. Think carefully about its scope
4. Work closely with providers and people accessing care and support, and carers
5. Provide clarity to service providers to assist their business planning

Your market position statement(s)

Think about what providers need to know:

- How could you use (or make better use of) a market position statement in your area?
- How effective is what you have at informing providers what you are seeking from the market?
- How could your MPS be strengthened?

Market Influencing

Market influencing – core activities

- Signal to the market types of services needed now and in the 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

Stimulating micro enterprises in Somerset

- Support via Community Catalysts
- Nurturing small community enterprises
- Offering older people a wider choice of local care options
- Support conditions for micros to thrive:
 - Code of conduct
 - Best practice and quality
 - Link with civic institutions (GPs, Parish councils)

Example: stimulating micro enterprises in Somerset

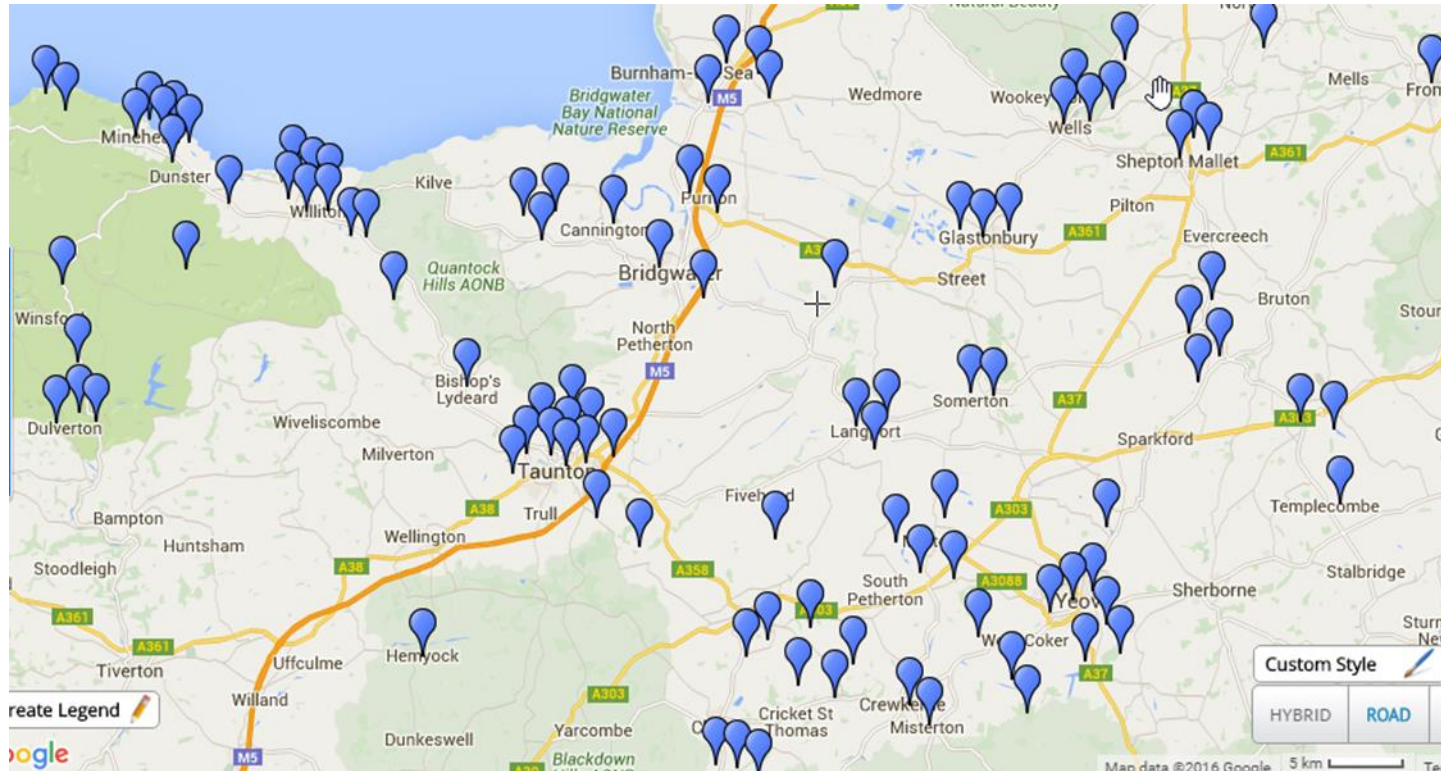
- Traditional homecare services struggling
- Lack of capacity, particularly in rural areas
- Low take up of direct payments
- Tap into local creatively and enterprise



[Vanessa's story](#): how community enterprise helped us get a good life

[Jane's Story](#): How micro-providers helped Jane find her Jam!

The result: innovative, personal, local, flexible support for marginalised communities, value for money



More people choose direct payments

£719,867 annual saving

The 'ripple effect' – local jobs, local money staying local, community confidence and resilience...

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 development 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



Group discussion: Intervening in your local markets



- Revisit the weaknesses for the provider group you identified in the earlier discussion
- What are you currently doing to address them and where are the gaps?
- What are the actions you need to take?
- Present the top three actions back to your colleagues

Contact us

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