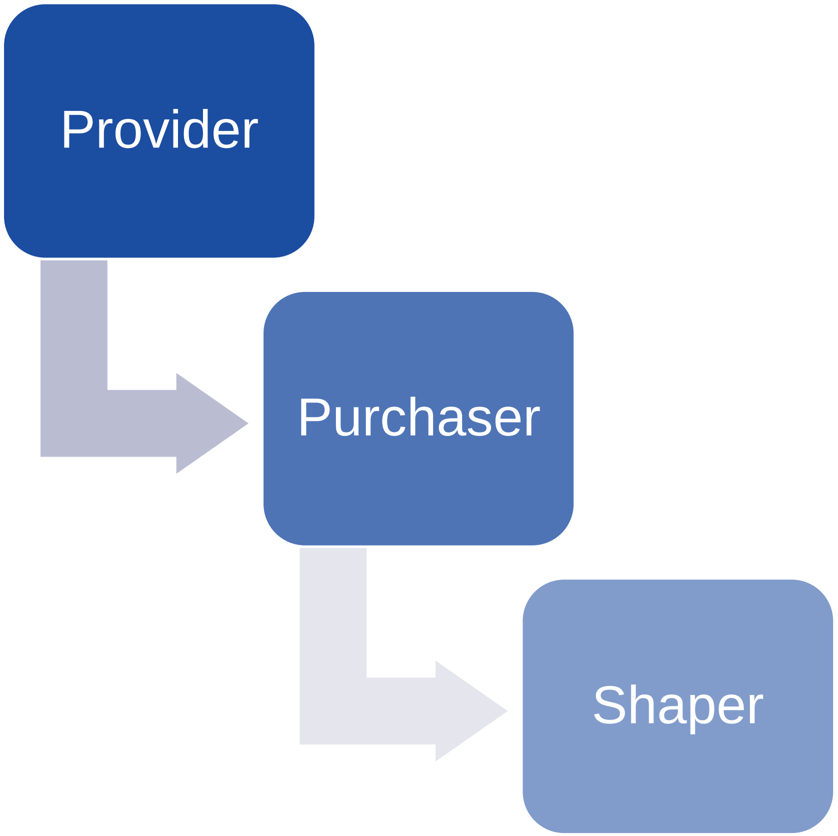
# Market Shaping

# Institute of Public Care Commissioning Cycle

# 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.

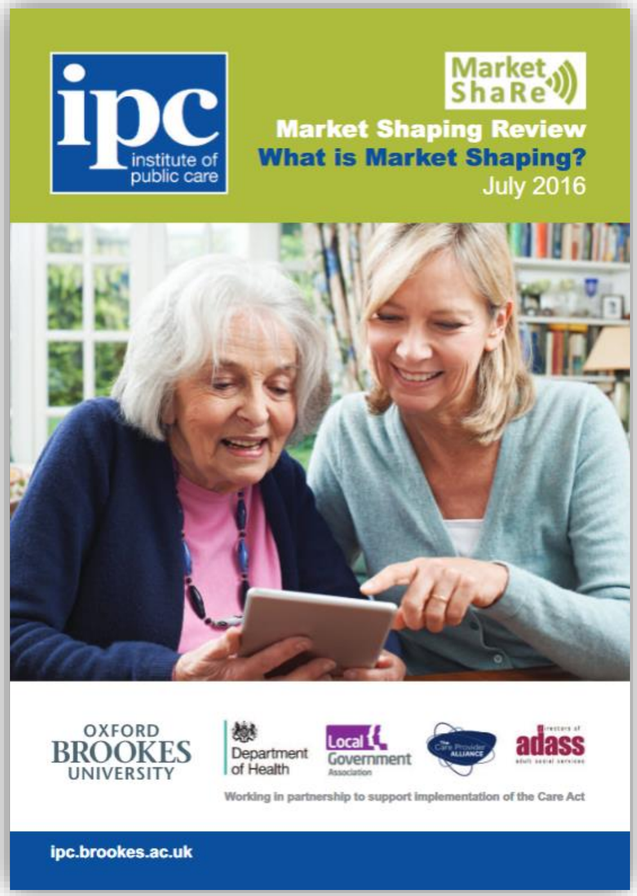



The market should be:

- 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

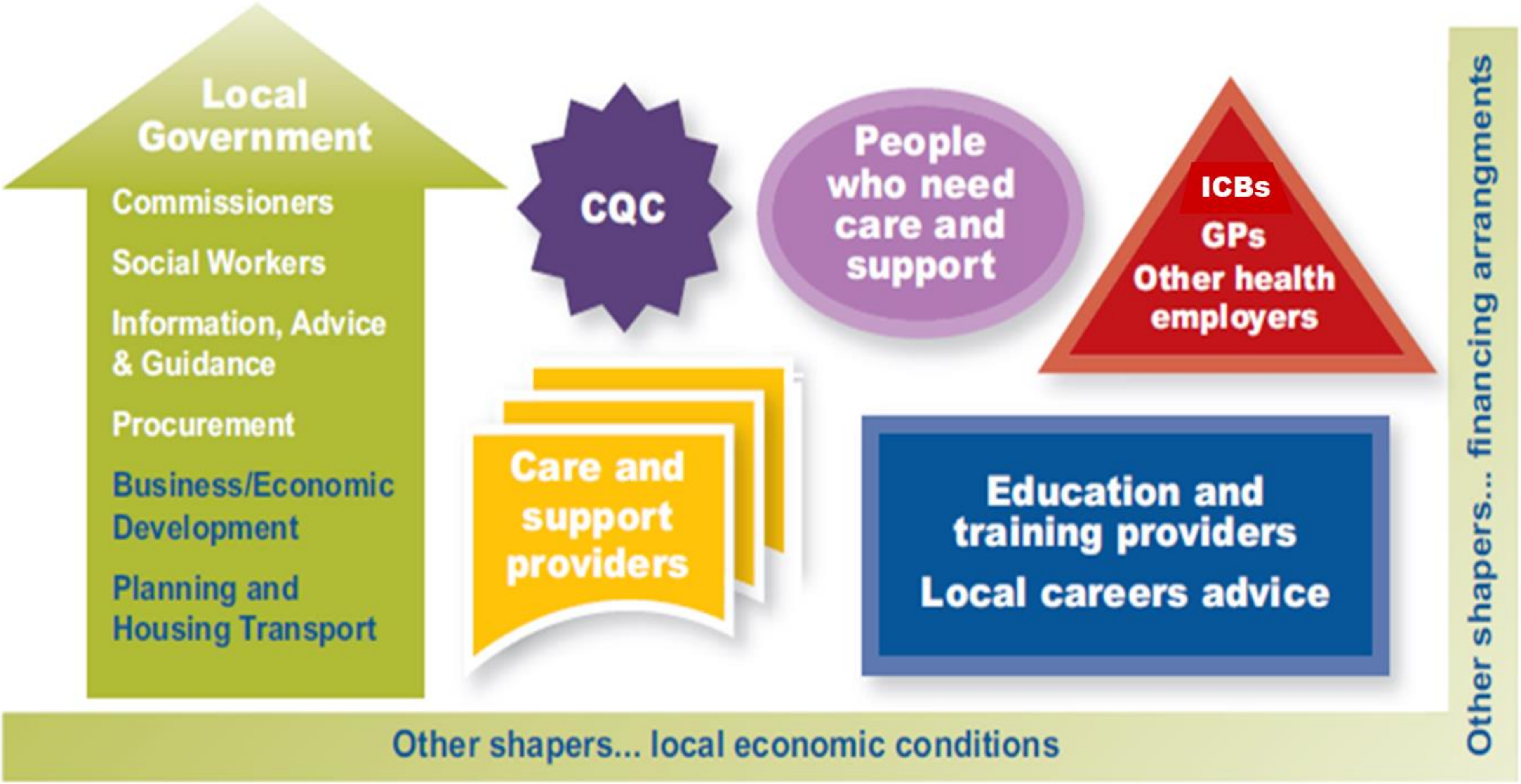


# What is market shaping?

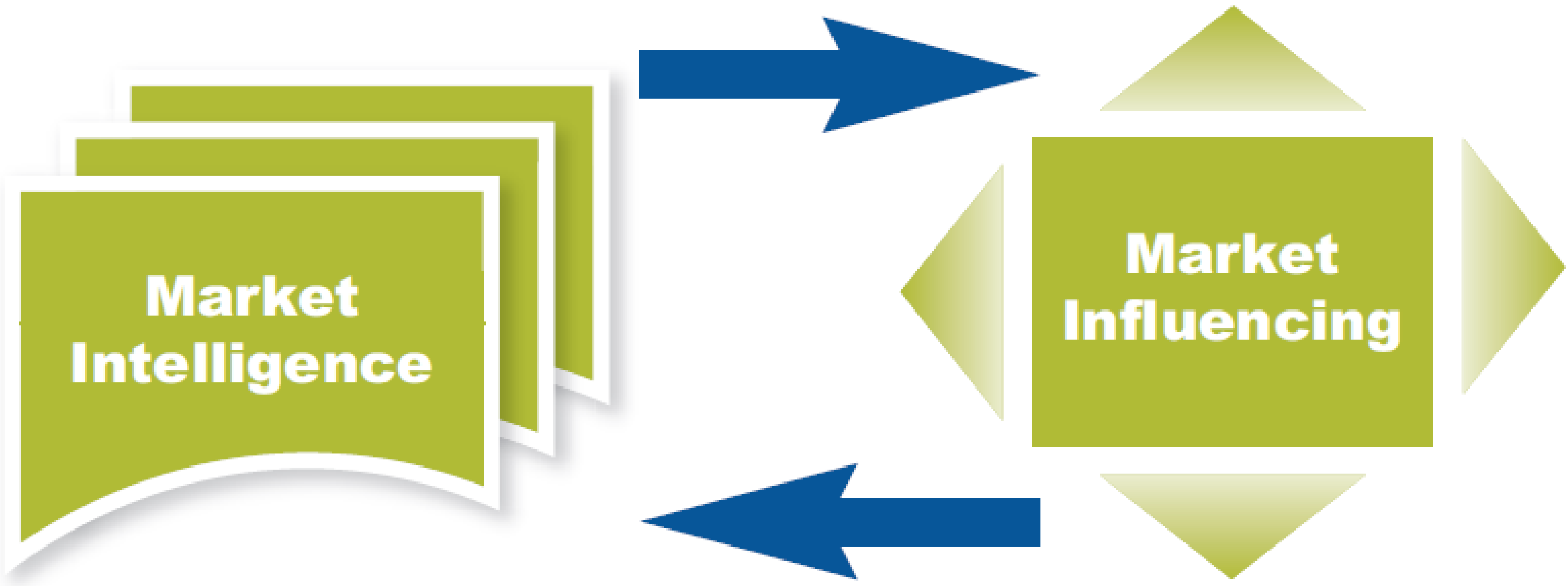
"Market shaping means the local authority collaborating closely with other relevant partners…to encourage and facilitate the whole market in its area for care, support and related services."

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…"

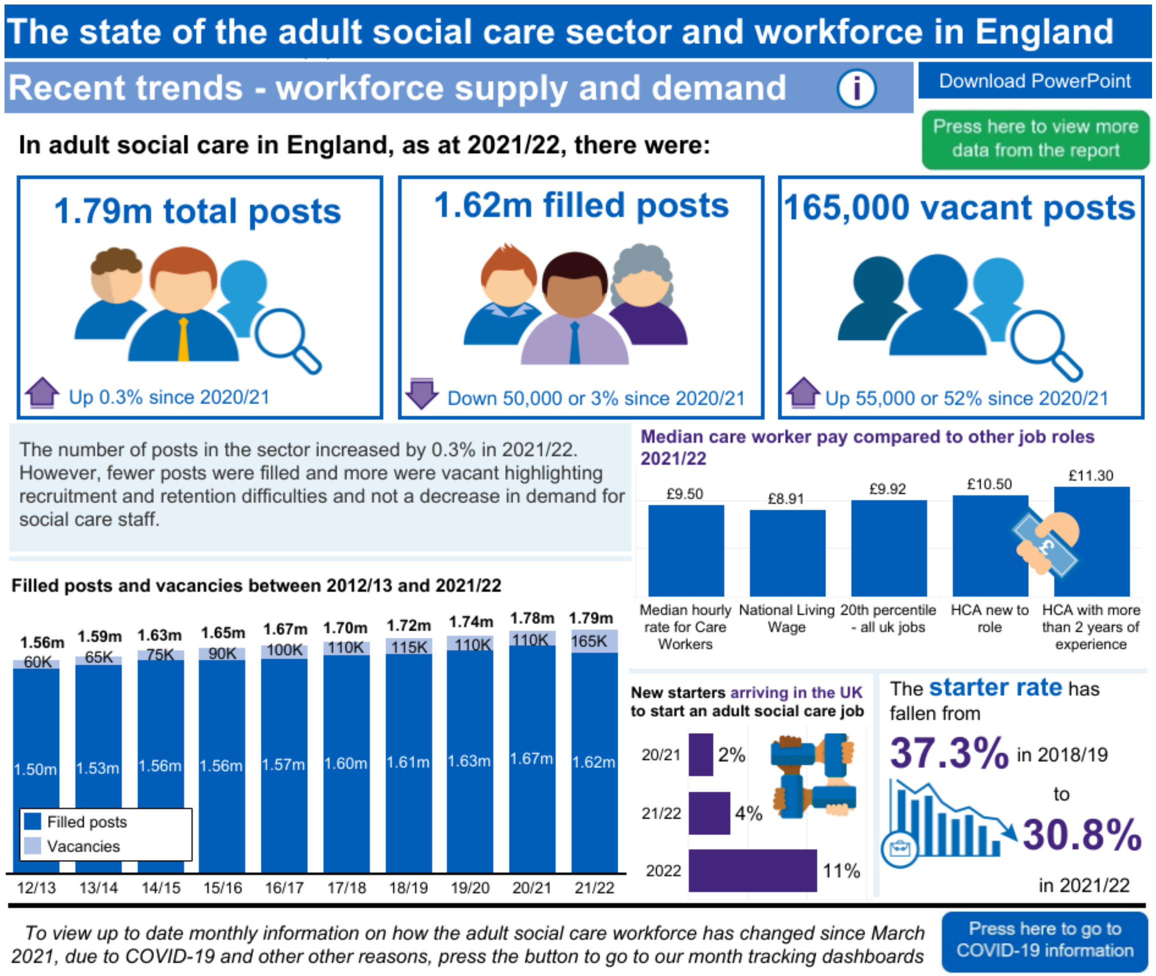
# Market intelligence

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 od 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



# Workforce forecasts

## Workforce forecasts

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It is projected that the **number of posts in adult social care** will need to

**increase by 27%**
**(480,000 posts)**

**...to around**
**2.27 million total posts by 2035**

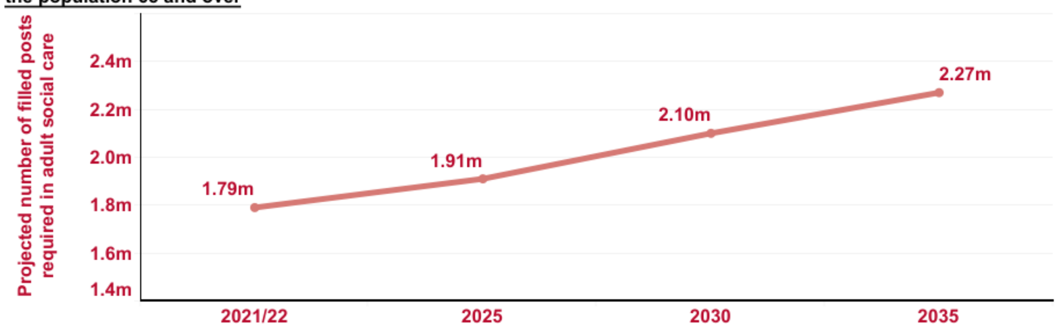
If the adult social care workforce grows proportionally to the projected number of people aged **65 and over** in the population.

These projections should be treated as 'base case' projections as they only account for demographic and population change over the period.

They do not account for any political, economic, technological, or social factors that may also have an impact on the size of the workforce in the future. Neither do these projections include the impact of COVID-19.

The projections use models that compare the number of filled posts and vacancies (i.e. all posts) in adult social care in each local authority area in England with the corresponding number of people aged 65 and over in the population. These two factors were found to be strongly correlated (on average, the more people aged 65 and over in an area, the larger the adult social care workforce was).


**Filled posts in adult social care projections between 2021/22 and 2035, based on the number of people in the population 65 and over**



# Social care organisations in England

## Organisations

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## 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**

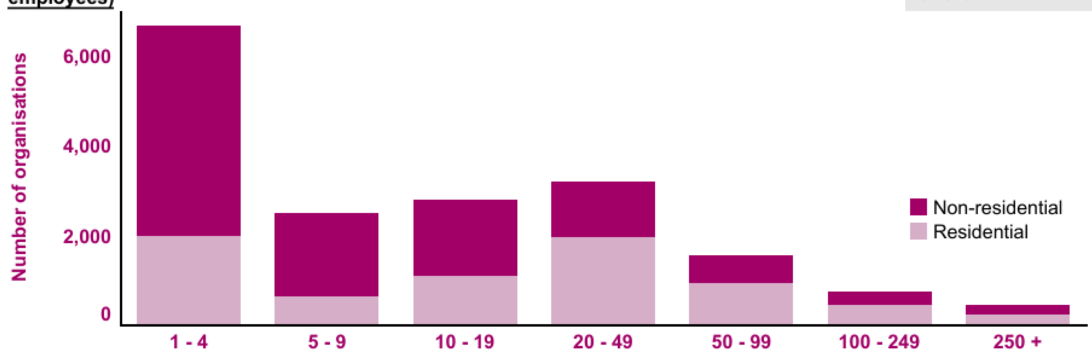
*Source: Skills for Care estimates using Inter-departmental business register (IDBR) data*

**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.

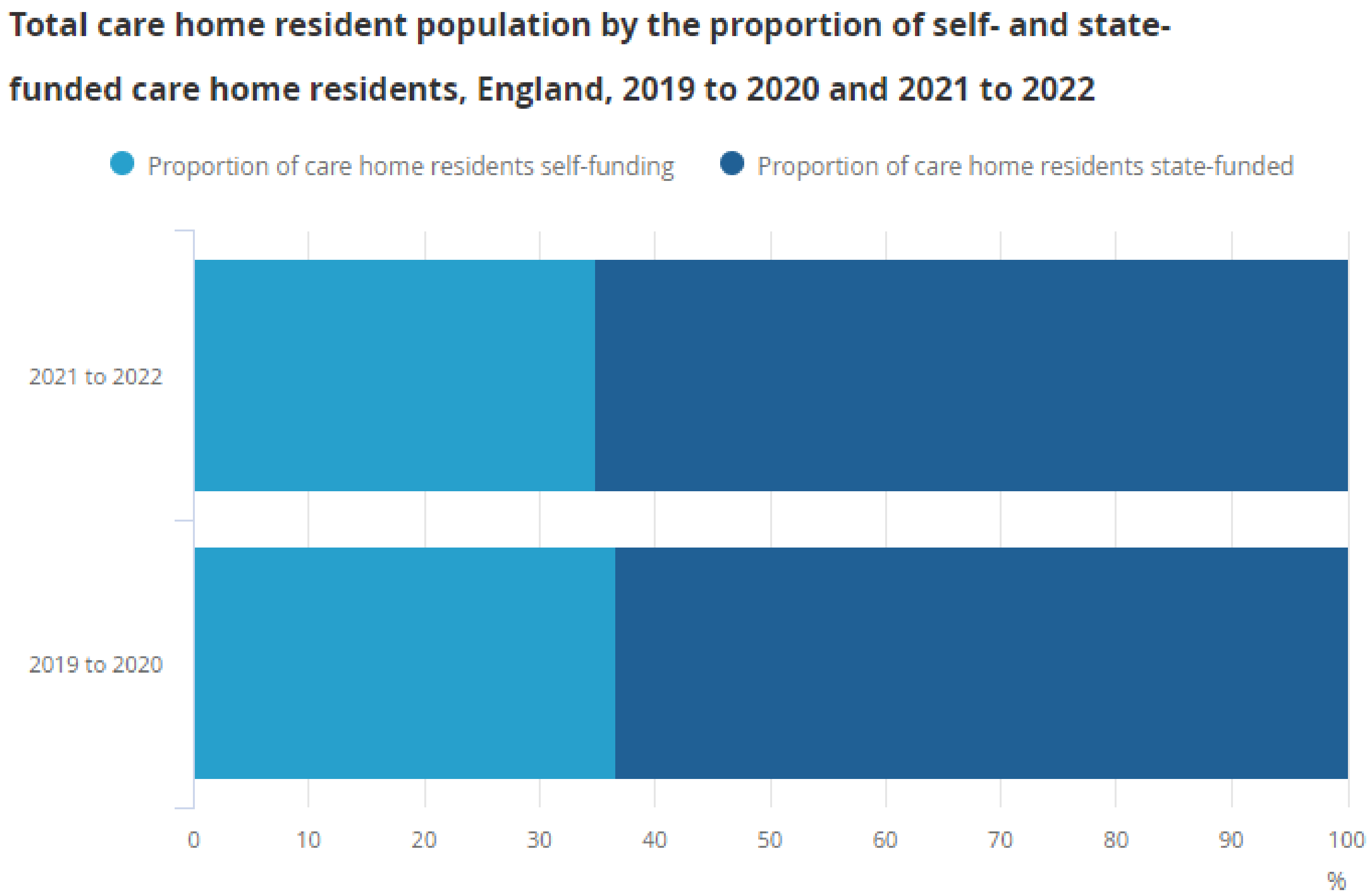
The estimates **do not include individuals employing** their own care and support staff or non-CQC establishments that are not registered for PAYE or VAT, such as some sole traders and individuals who are self-employed.

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

**Select a view:**
Bar chart

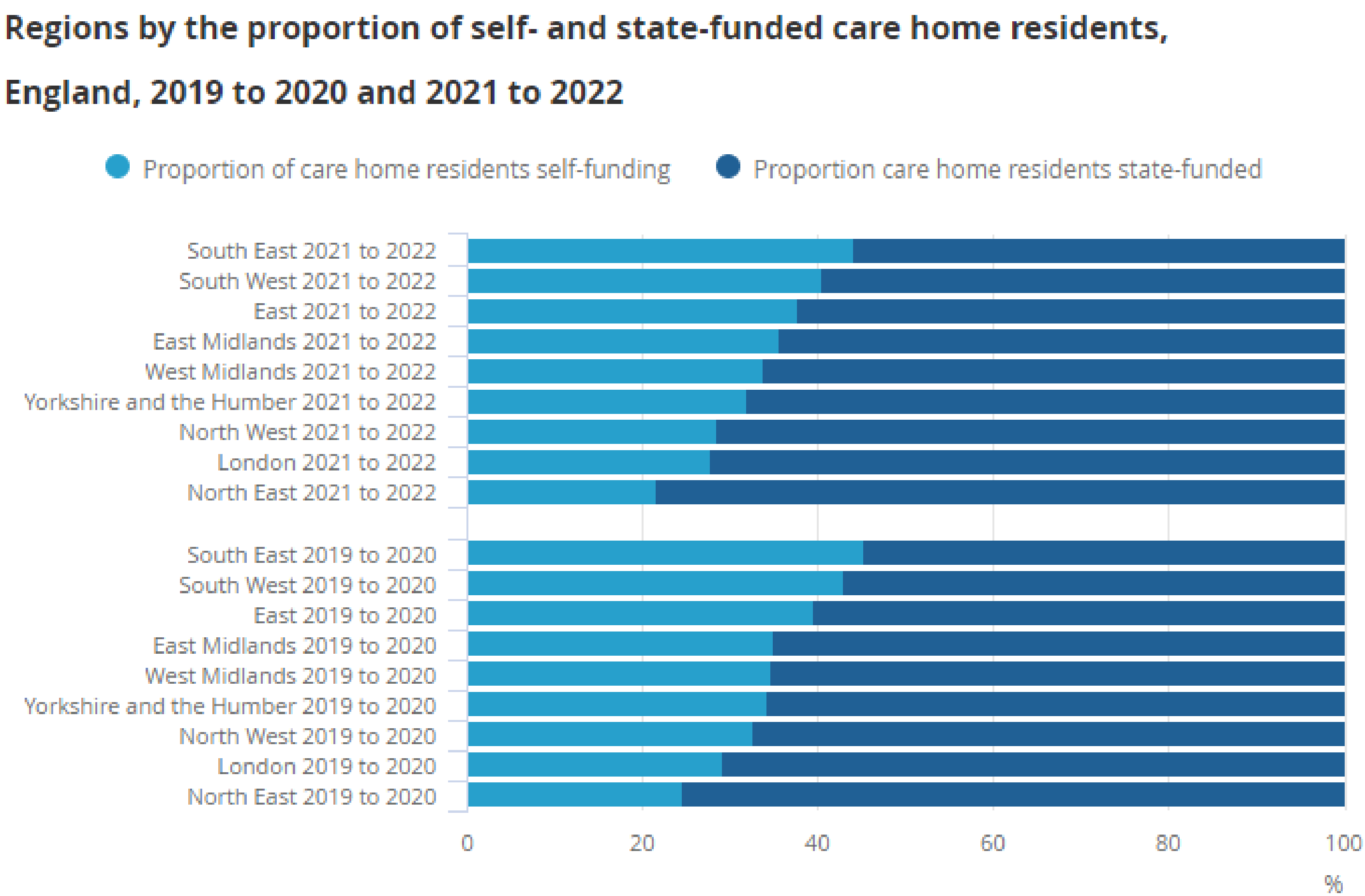


# Percentage of people in care homes who are self funders




Source: ONS (2022)

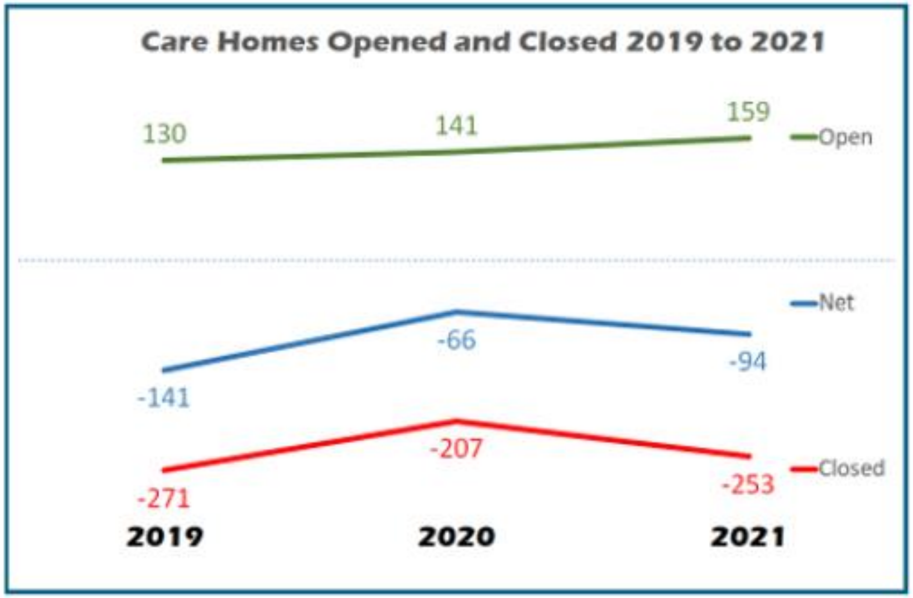
# Percentage of people in care homes who are self funders

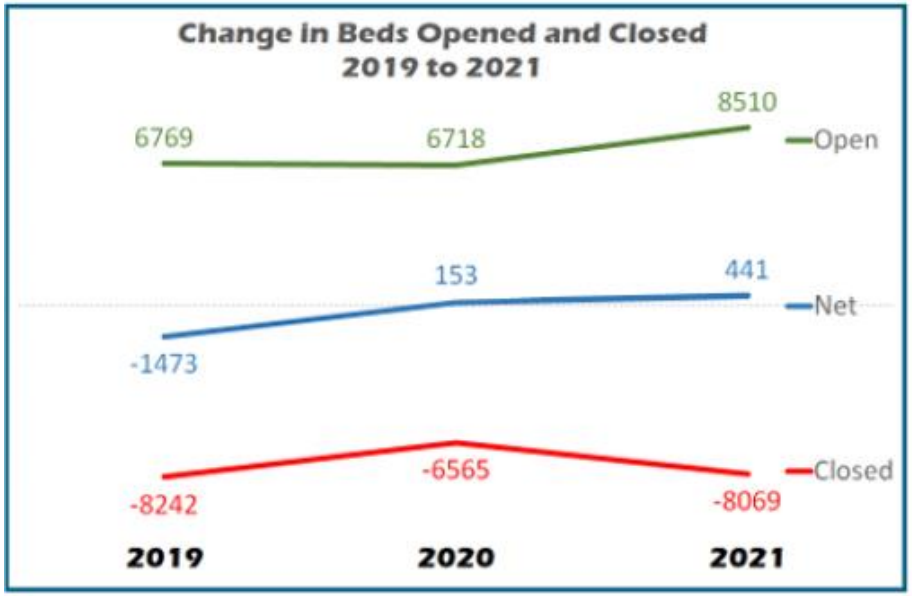



Source: ONS (2022)

# Care Home Availability

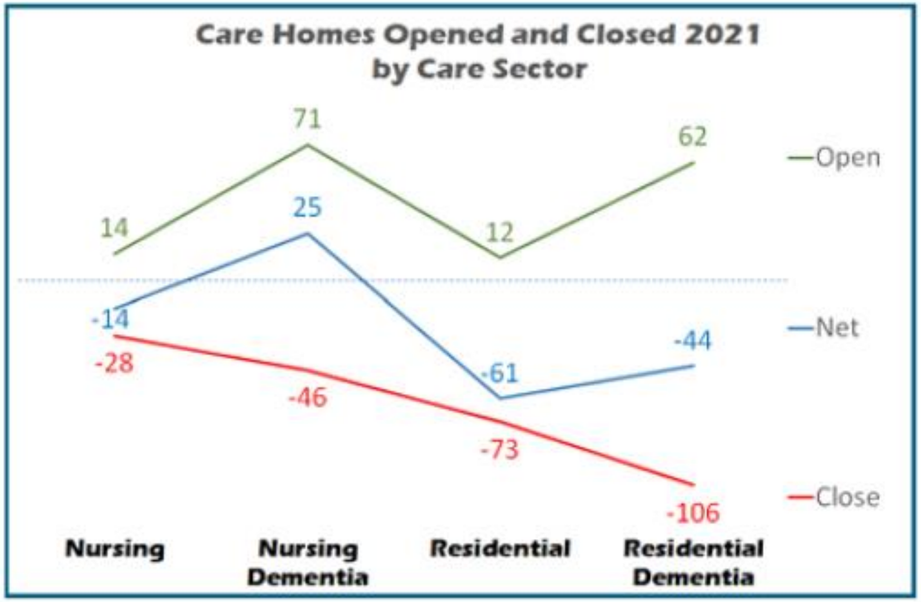
| 2021 | Homes | Beds | Average |
|---|---|---|---|
| Openings | 159 | 8510 | 54 |
| Closures | -253 | -8069 | 32 |
| Net | -94 | 441 | |

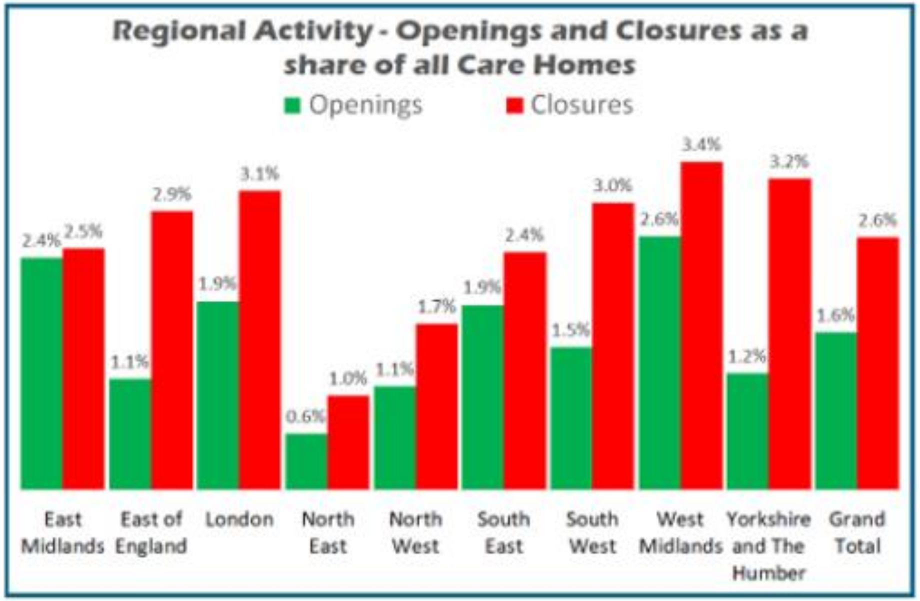



Source: CSI Market Intelligence: Openings and Closures for Older People in England

# Care Home Availability – Sector and Location



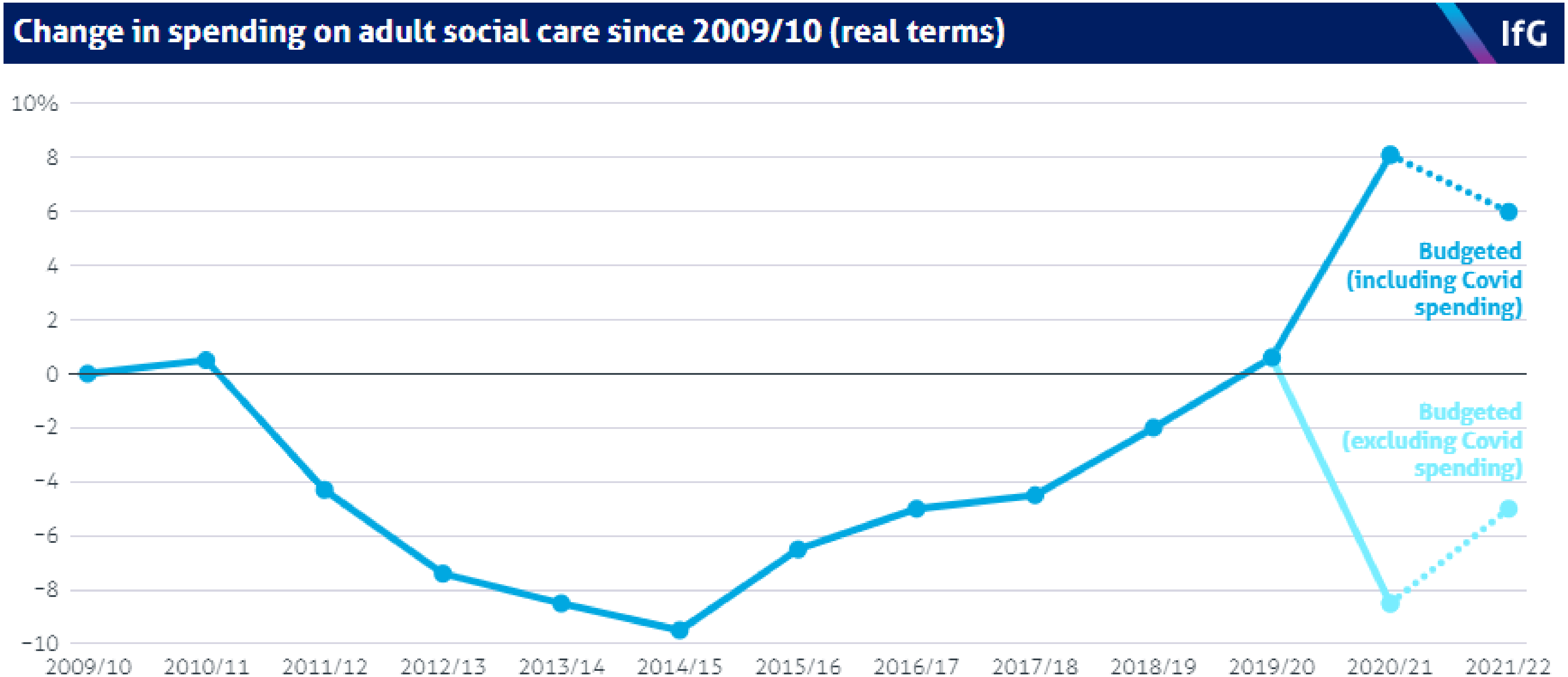

Source: CSI Market Intelligence: Openings and Closures for Older People in England

# Market Intelligence Tools - LGA


# 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?**

# Change in spending on adult social care in England




Source: Institute for Government analysis of NHS Digital, 'Adult Social Care Activity and Finance Report, England 2020-21', Appendix B, Table 5 and DLUHC, 'Local authority Covid-19 financial impact monitoring information, rounds 1–20', supported by CIPFA. • Get the data • Embed • Download image

# Understanding the cost of care in your local area

## Why might this be important?

- 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
- **Statutory requirements – Market Sustainability and Fair Cost of Care Fund**

# Considerations

An agreed price for care?

1. Do we understand the debt burden of providers in our local area?

2. What is the cost of the staffing for the different types of provision in an area?

3. What might be a reasonable return from the investment in the care?

4. What might it be reasonable to add as additional costs and rewards for different types of provision

5. How do we set a reasonable cost for the overheads and management costs?

# The elements that make up the cost of care

## LAND

All **things supplied by nature** and **used in the production** of goods/services

i.e. farmland, forests, rivers, lakes, seas or minerals

## LABOUR

All **human effort** which goes into the production of goods/services

## CAPITAL

Anything **made by man** and **used to produce** goods/services

- **Fixed** stock of fixed assets i.e. buildings, factories, warehouses, vehicles
- **Social** owned by the community in general i.e. roads, water, sewerage
- **Working** manmade raw materials and partially finished goods

## ENTERPRISE

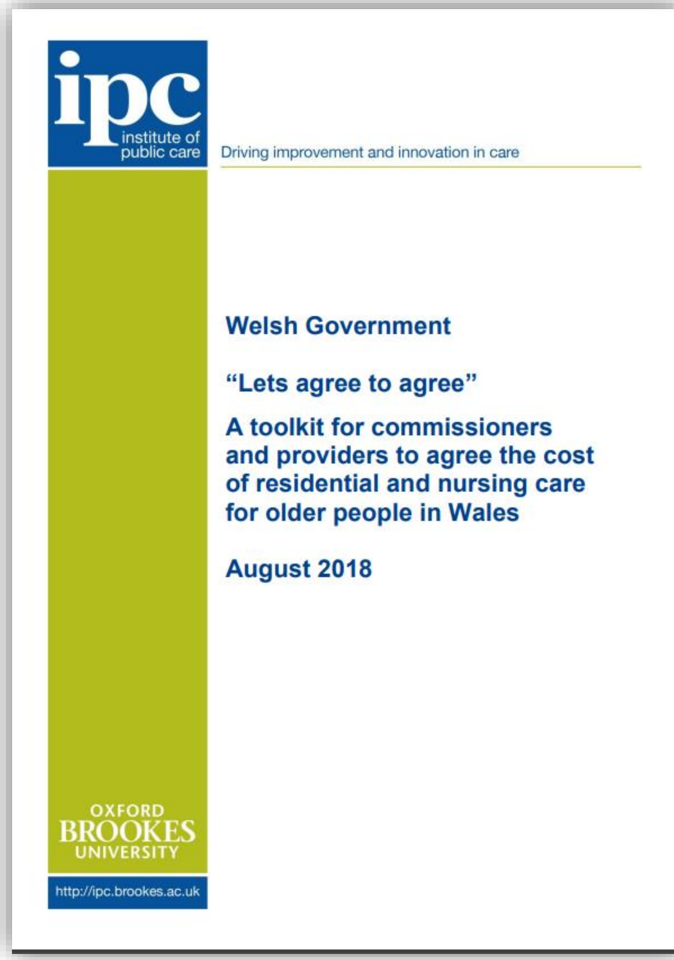
**Initiative** involved in **organising land, labour and capital** and which bares the **risks** involved

# Lets Agree to Agree toolkit – Residential Care in Wales

**Step 1**: Agree what you need to agree, who needs to agree it, what information do you need and how will you agree it?

**Step 2**: Gather the data and intelligence

**Step 3**: Make a set of decisions!


ipc institute of public care

Driving improvement and innovation in care

Welsh Government

"Lets agree to agree"

A toolkit for commissioners and providers to agree the cost of residential and nursing care for older people in Wales

August 2018

OXFORD BROOKES UNIVERSITY

http://ipc.brookes.ac.uk

# Market Sustainability Plans and fair costs of care exercise - England

**The Fair Cost of Care Fund was announced in 2021 for the 10-year ASC reform to:**

Support LAs to prepare their markets for the care reform, and supporting LAs to move towards paying providers a fair cost of care

**LAs will apply for this fund via the completion of 3 activities:**

- A fair cost of care exercise with local ASC providers (65yrs + care homes and 18yrs + domiciliary care provision)
- The development of a market sustainability plan
- A spend report detailing how funding allocated for 2022/23 will be spent

# Why is this work important?

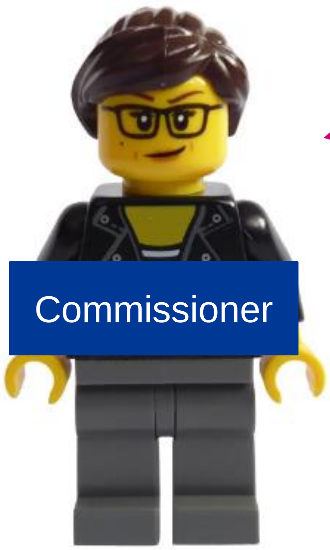
- Aims to create an even playing field for self funders and those funded by the LA
- Providers who subsidise state funded care with self funding rates are supported to remain financially viable, where possible
- The ambition is that fee rates for social care are fair and informed by cost of delivery, although there are concerns about the reality of this

# Market sustainability and contingency planning


Making sure that health and care provider markets are sustainable is a key task for health and care commissioners

The LGA have compiled helpful resources to support commissioners to help local markets to become more sustainable which can be found [here]

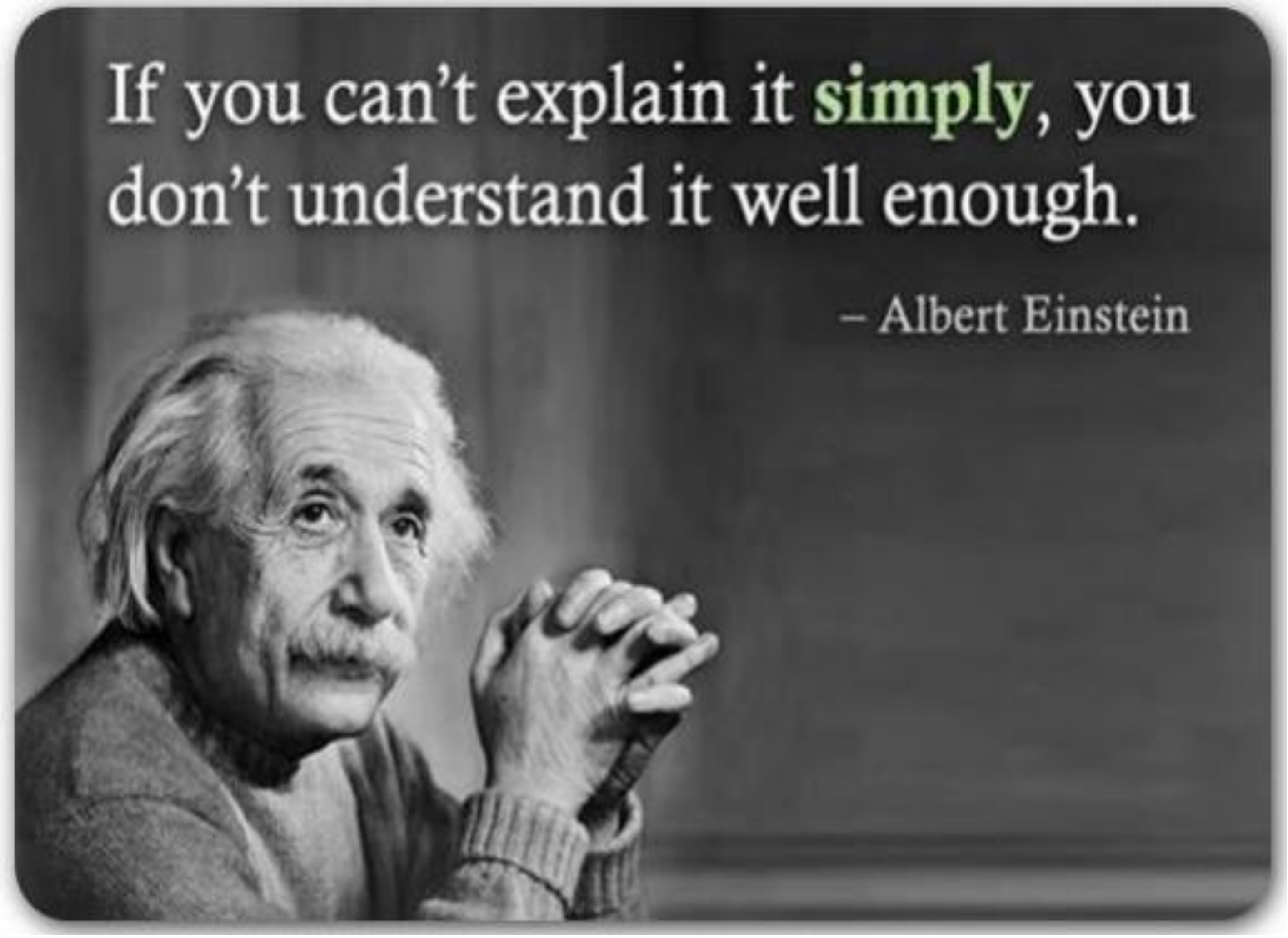
# What are the characteristics of your local market/s?




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



# Components of a strong MPS

| Developing the MPS | Understanding demand | Current market overview | Local authority vision for the care market | Signalling local authority engagement with the market |
|---|---|---|---|---|
| Process | Content | | | |

# 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)

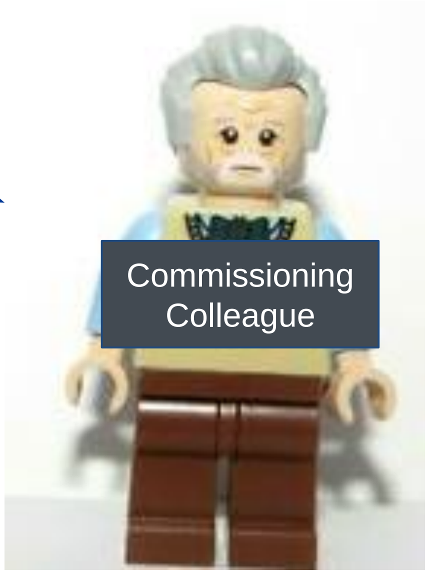
Think about what providers need to know:

- 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)

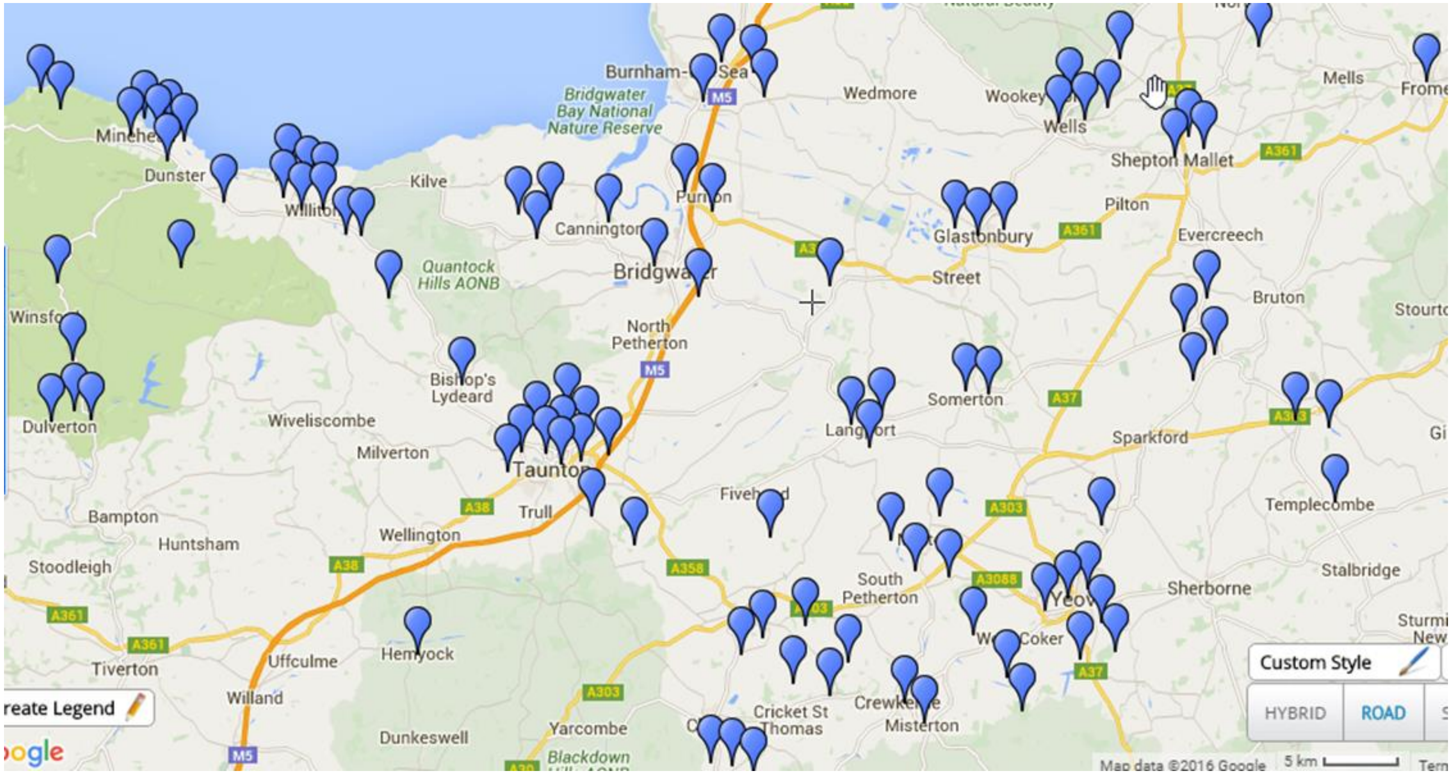
# Example: stimulating micro enterprises in Somerset

- 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

# What might determine your approach?

- 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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