

# Market Shaping

# Institute of Public Care Commissioning Cycle



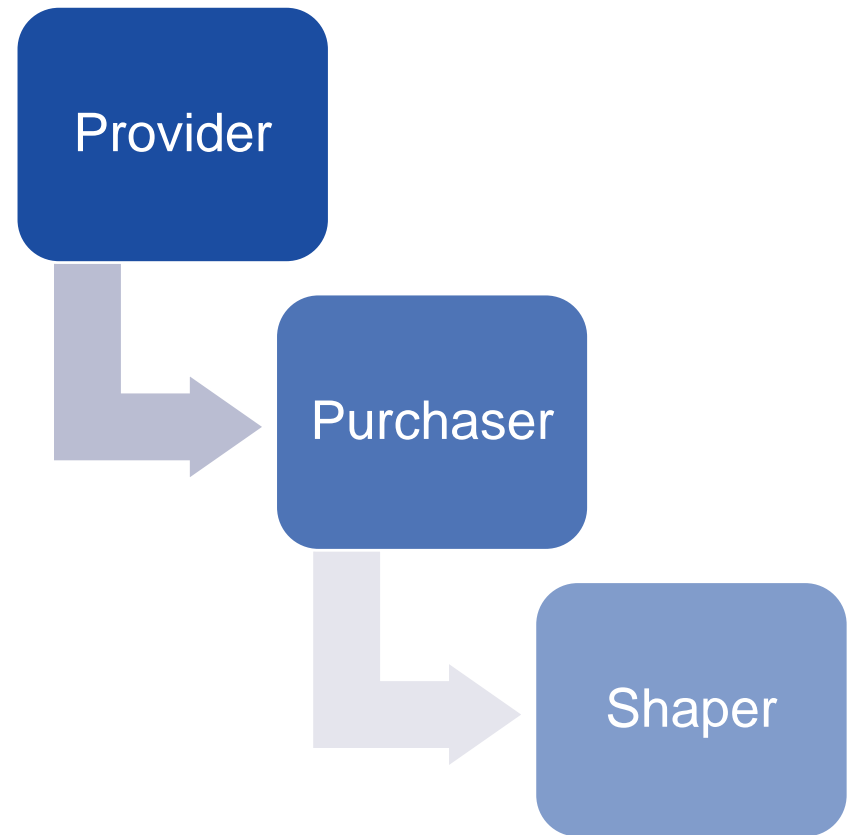
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# A duty towards care markets

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

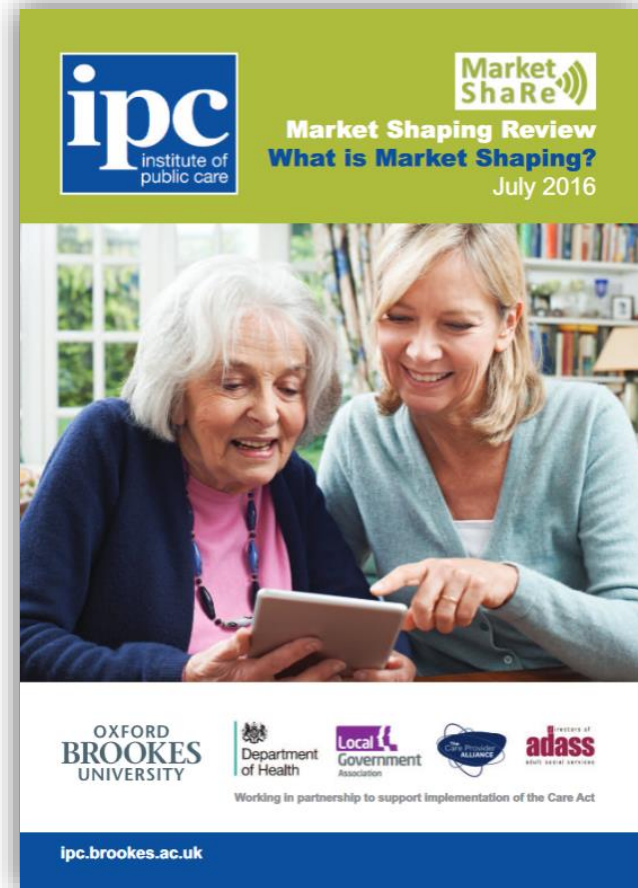
The market should be:

- 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



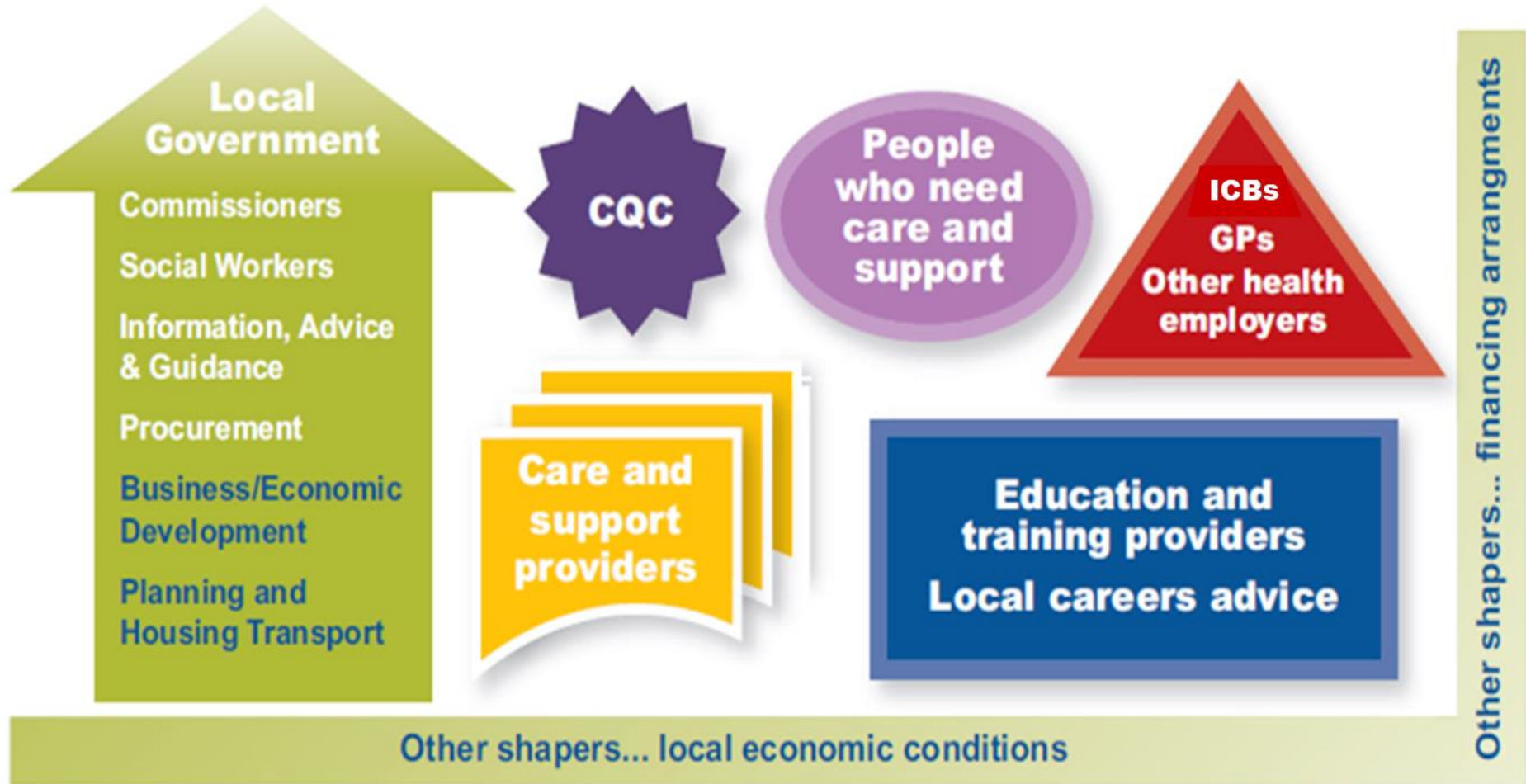
# What is market shaping?

“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

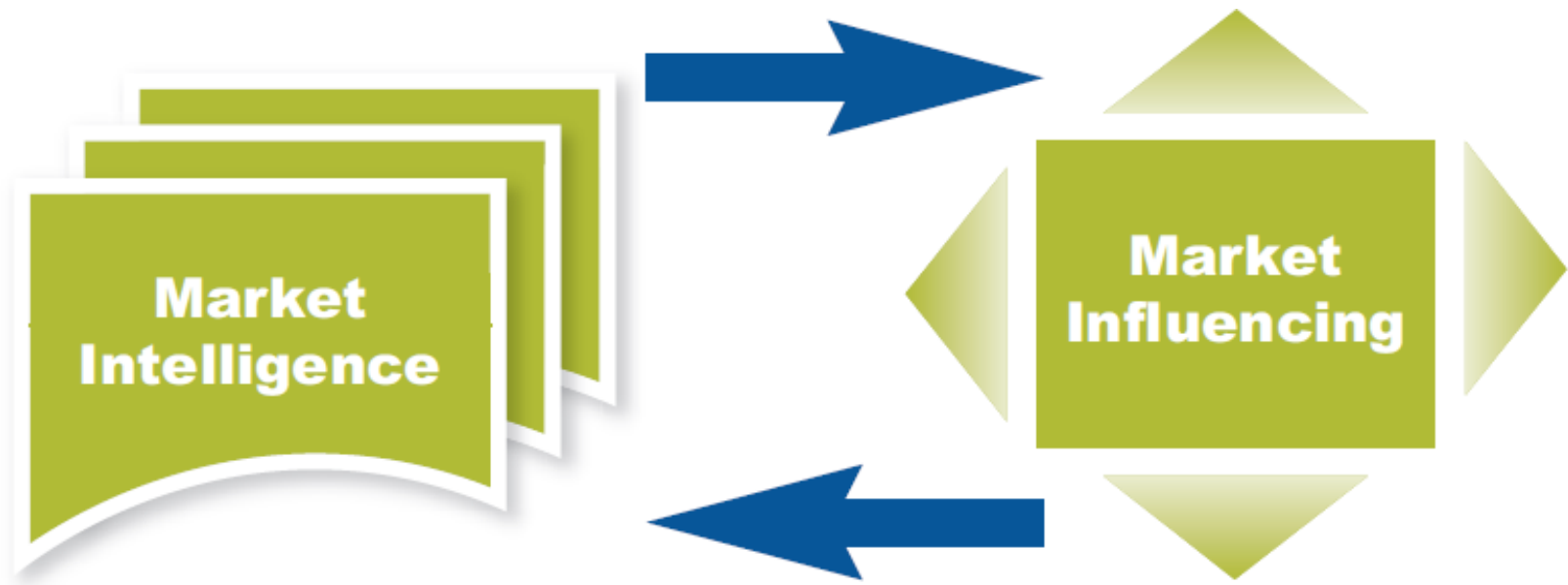


# Who shapes the market?



# Key components of market shaping

Market  
ShaRe 



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 state of the adult social care sector and workforce in England

### Recent trends - workforce supply and demand



[Download PowerPoint](#)

[Press here to view more data from the report](#)

In adult social care in England, as at 2021/22, there were:

**1.79m total posts**



Up 0.3% since 2020/21

**1.62m filled posts**



Down 50,000 or 3% since 2020/21

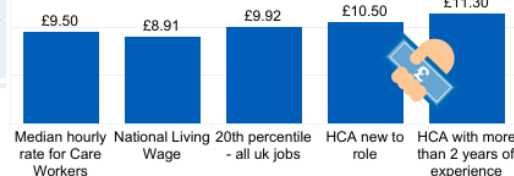
**165,000 vacant posts**



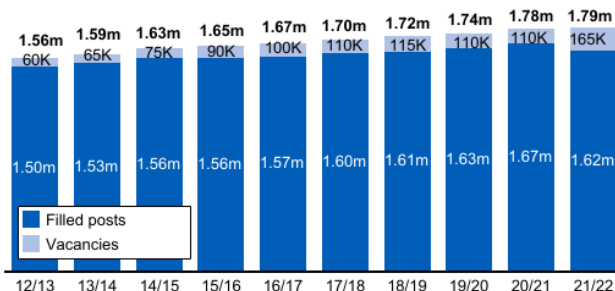
Up 55,000 or 52% since 2020/21

The number of posts in the sector increased by 0.3% in 2021/22. However, fewer posts were filled and more were vacant highlighting recruitment and retention difficulties and not a decrease in demand for social care staff.

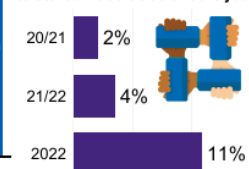
### Median care worker pay compared to other job roles 2021/22



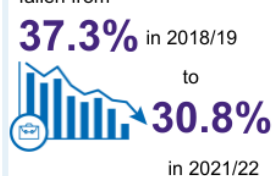
### Filled posts and vacancies between 2012/13 and 2021/22



### New starters arriving in the UK to start an adult social care job



The **starter rate** has fallen from



To view up to date monthly information on how the adult social care workforce has changed since March 2021, due to COVID-19 and other other reasons, press the button to go to our month tracking dashboards

[Press here to go to COVID-19 information](#)

# Workforce forecasts

## Workforce forecasts

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.

[Download PowerPoint](#)

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).

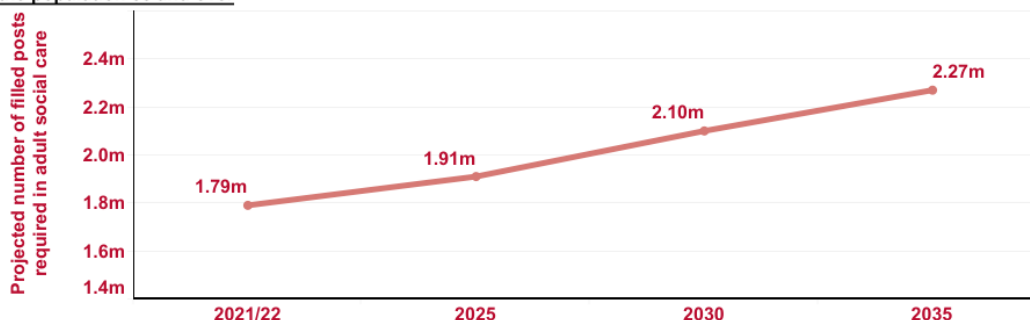
65+ model

1,790,000

480,000

+27%

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<sup>1</sup>

[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](#)

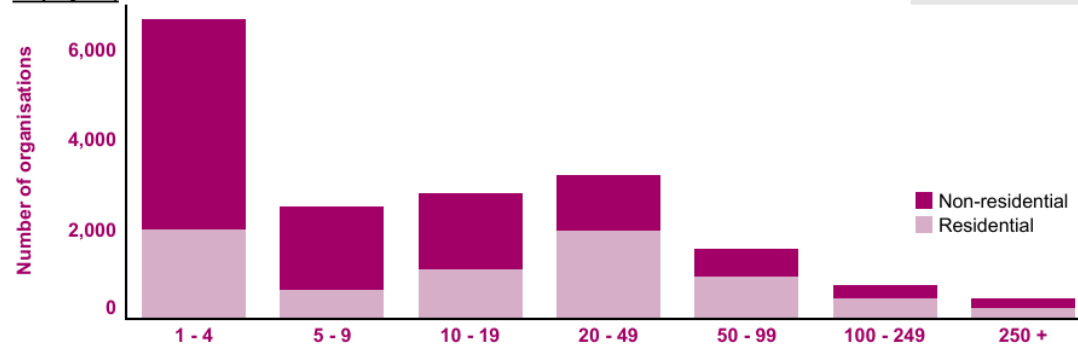
#### Notes about the data

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.

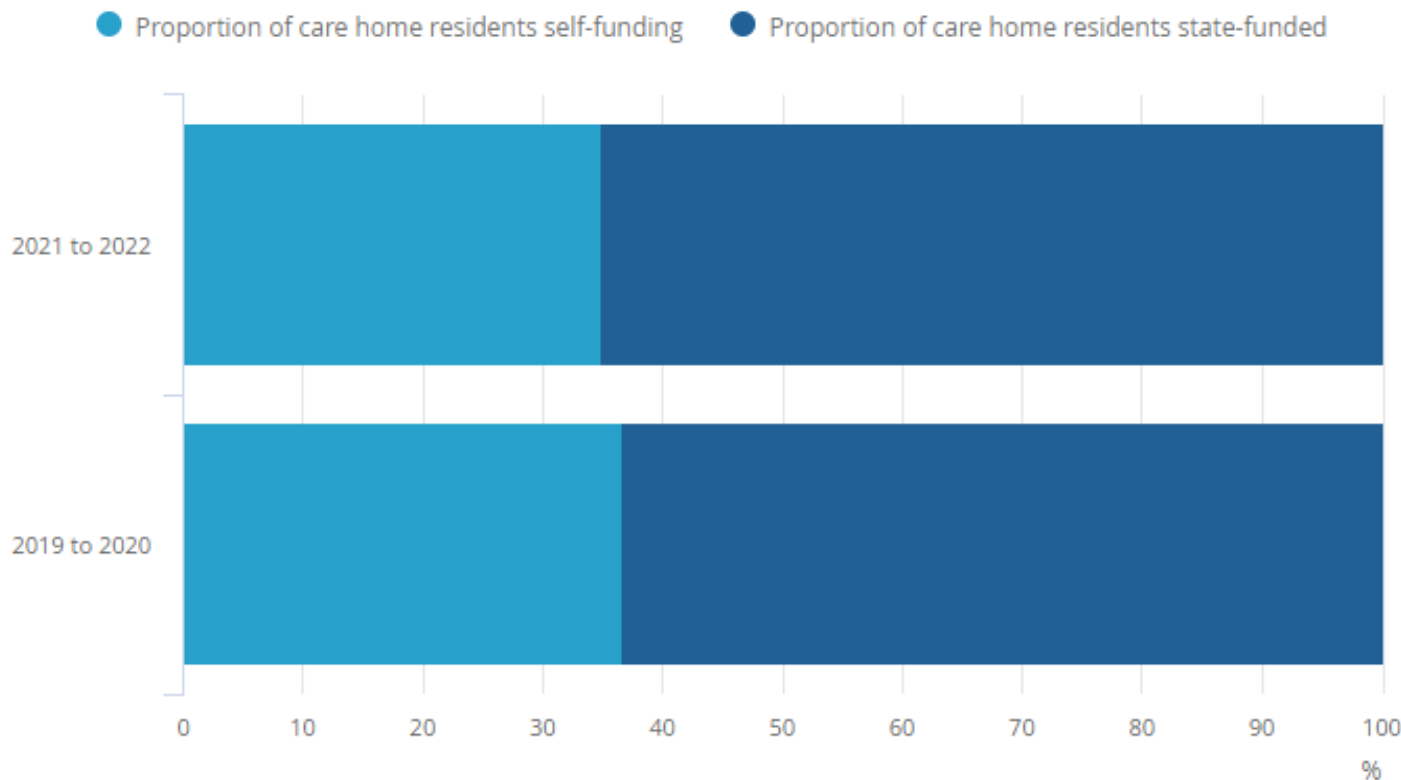
Estimated number of adult social care organisations in England by size group (number of employees)





# Percentage of people in care homes who are self funders

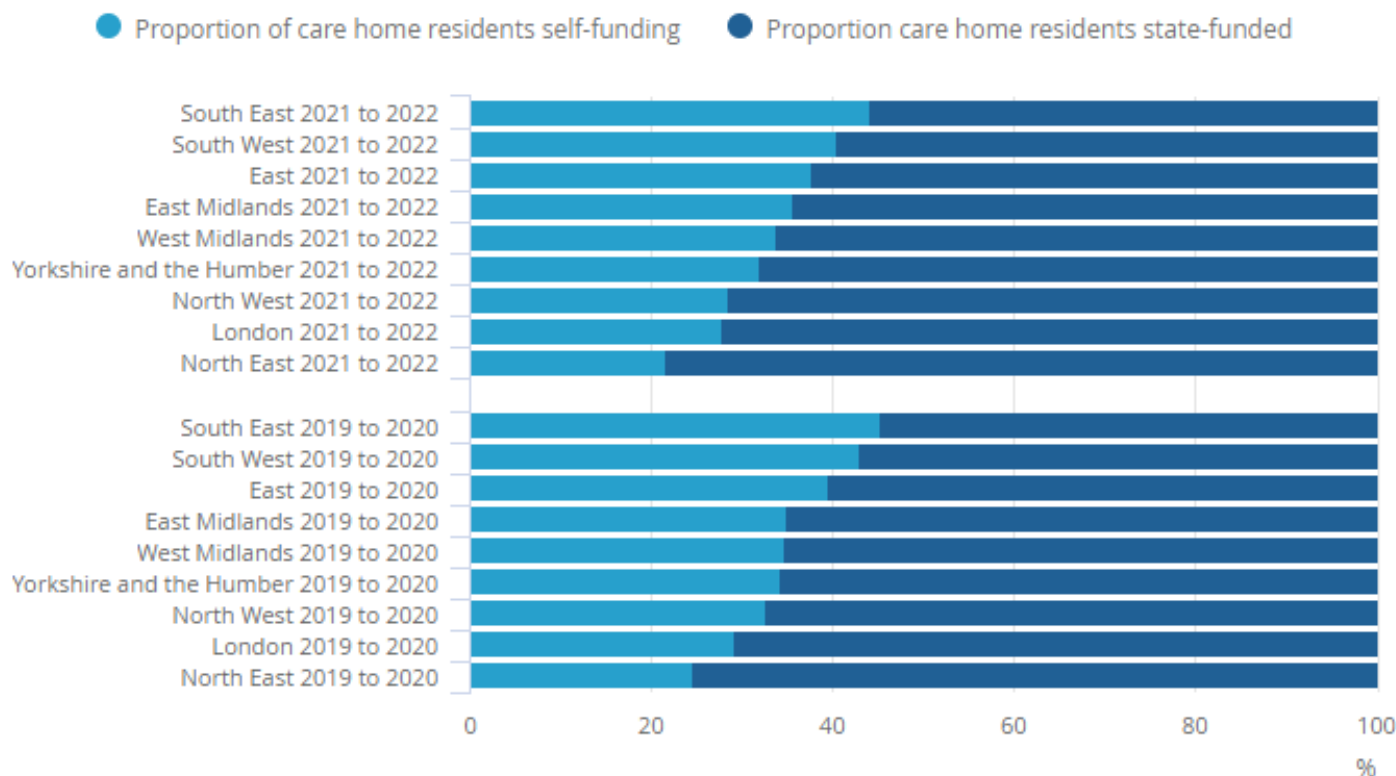
Total care home resident population by the proportion of self- and state-funded care home residents, England, 2019 to 2020 and 2021 to 2022



Source: ONS (2022)

# Percentage of people in care homes who are self funders

Regions by the proportion of self- and state-funded care home residents, England, 2019 to 2020 and 2021 to 2022

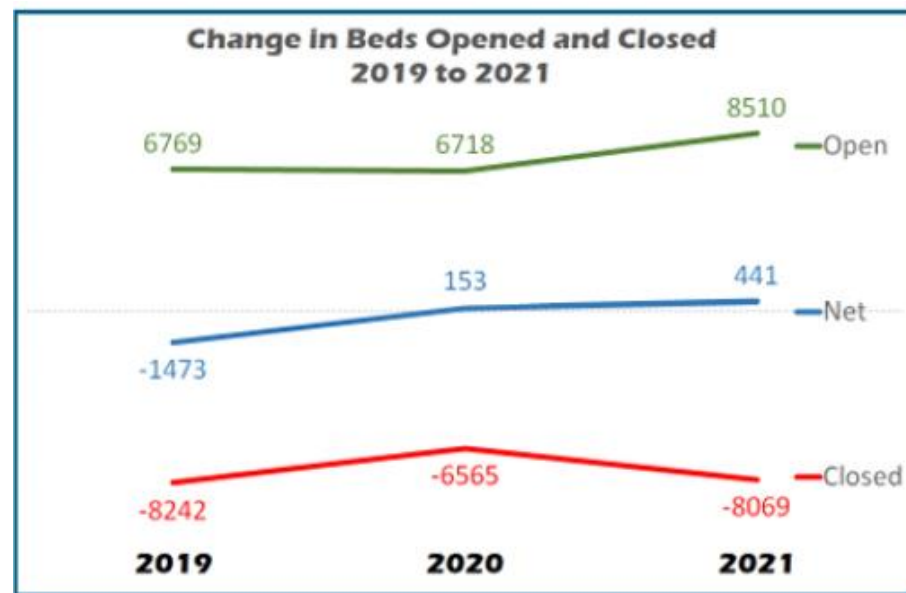
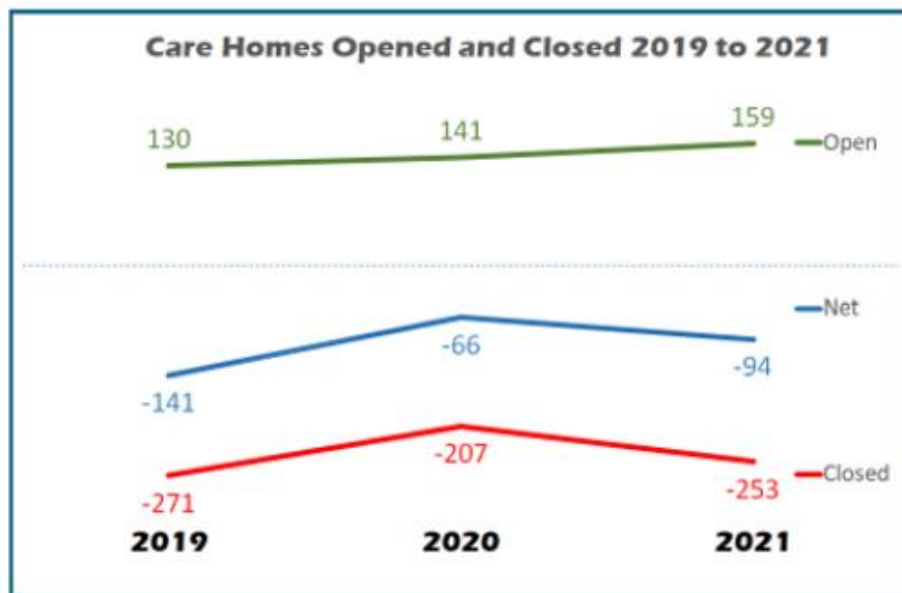


Source: ONS (2022)



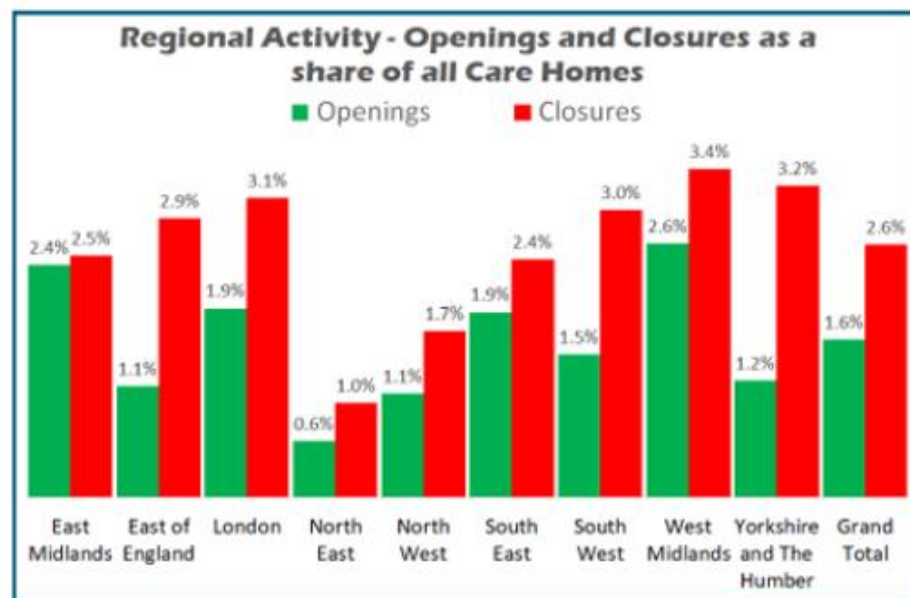
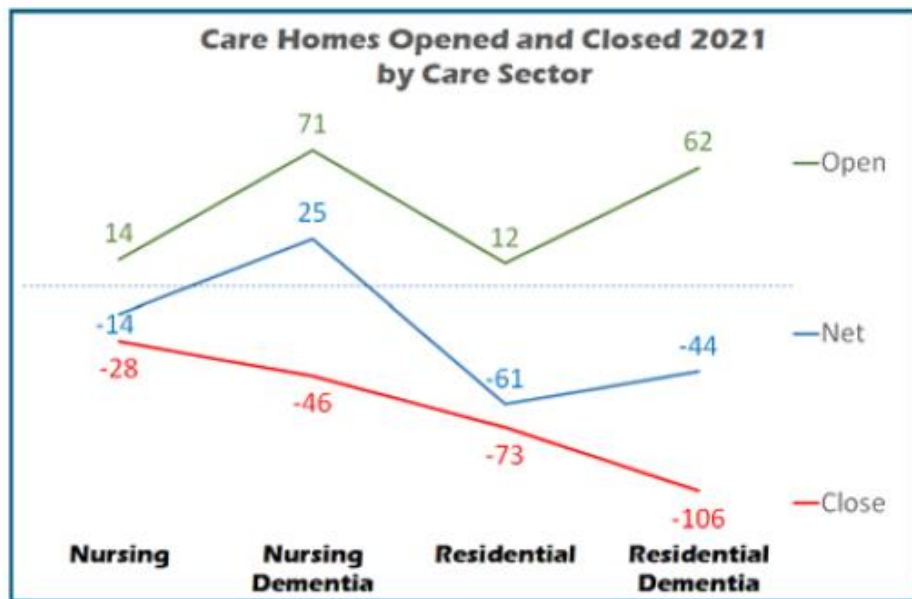
# Care Home Availability

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

Change area:  Change comparison group:

[Twitter](#) [Facebook](#) [LinkedIn](#) [E-Mail](#)



## Registered adult social care provider market in Peterborough (Oct 2022)



Written by LGA Research from Local Government Association

LG Inform

Registered adult social care provider market in Peterborough (Oct 2022)



## Summary of registered adult social care provision in Bristol as reported through the PIR



Written by LGA Research from Local Government Association

LG Inform

Summary of registered adult social care provision in Bristol as reported through the PIR

### About this report

This is a first draft of a report drawing on data reported by registered care providers to the Care Quality Commission (CQC) through the Provider Information Return (PIR). We want to test this report with councils and other users and will adapt and/or create additional views as required. Please send any feedback to [Marketsandcommissioning@local.gov.uk](mailto:Marketsandcommissioning@local.gov.uk). This is a new aggregated dataset - time series views will be added as new datasets are created each month. This report has been developed as part of a wider range of support around the use of intelligence to inform commissioning by the Care and Health Improvement Programme.

# Understanding and mitigating risks to care markets

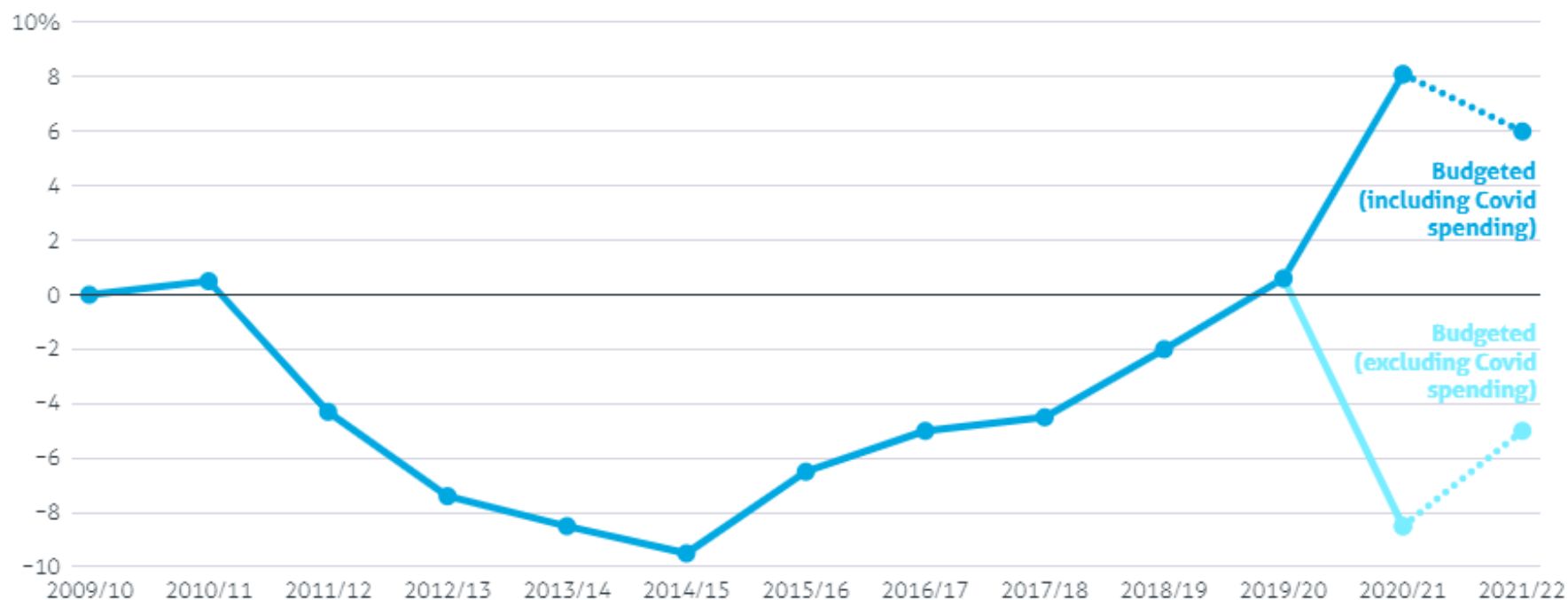


- What do you know about your providers **sustainability and financial health**?
- What **information sources** do you use?
- Do you look at the **whole market** or just the providers you contract with?
- Do you understand what factors are impacting on their **viability** and why? (e.g. workforce supply)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

# Change in spending on adult social care in England

Change in spending on adult social care since 2009/10 (real terms)

IfG



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

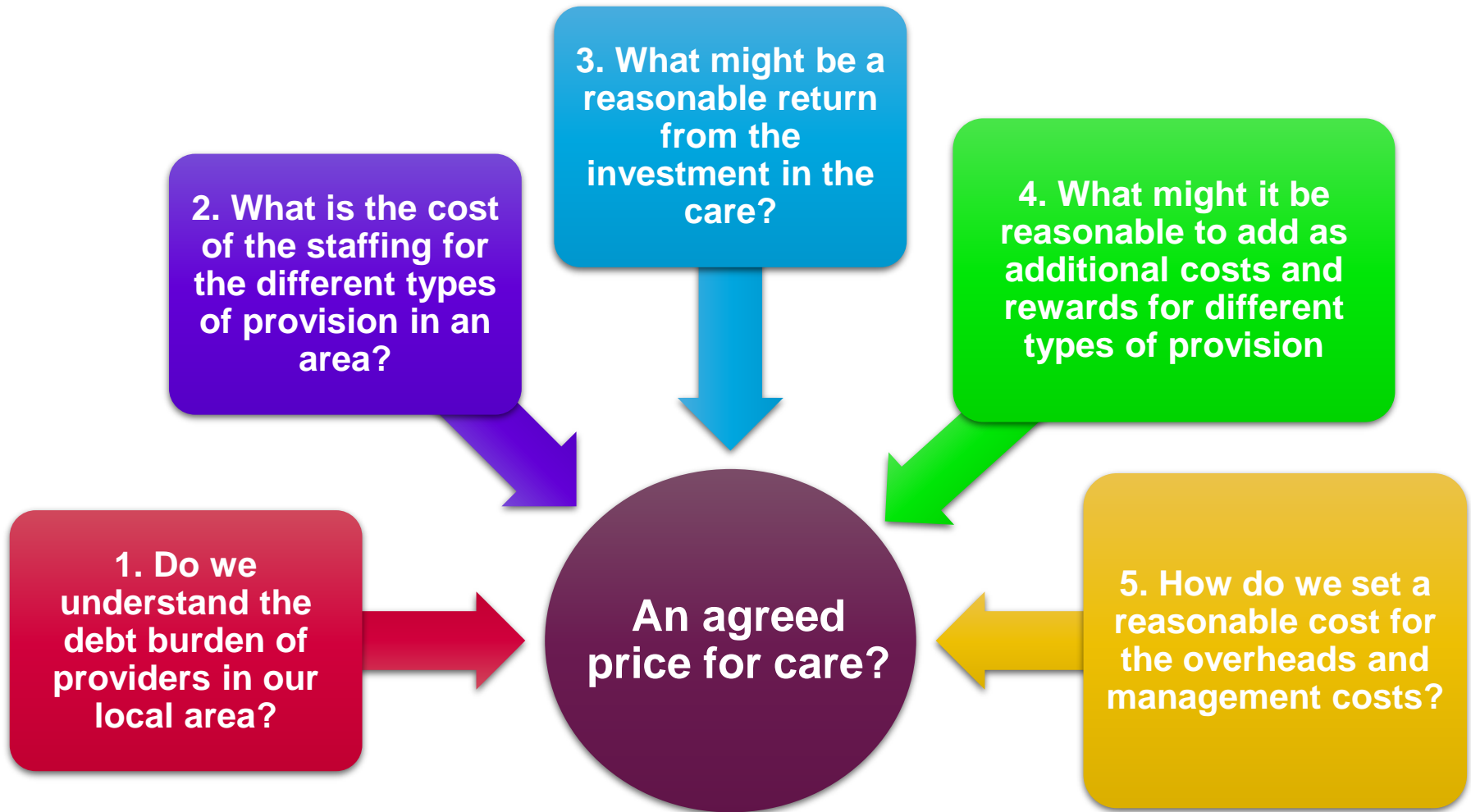
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# Understanding the cost of care in your local area

## Why might this be important?

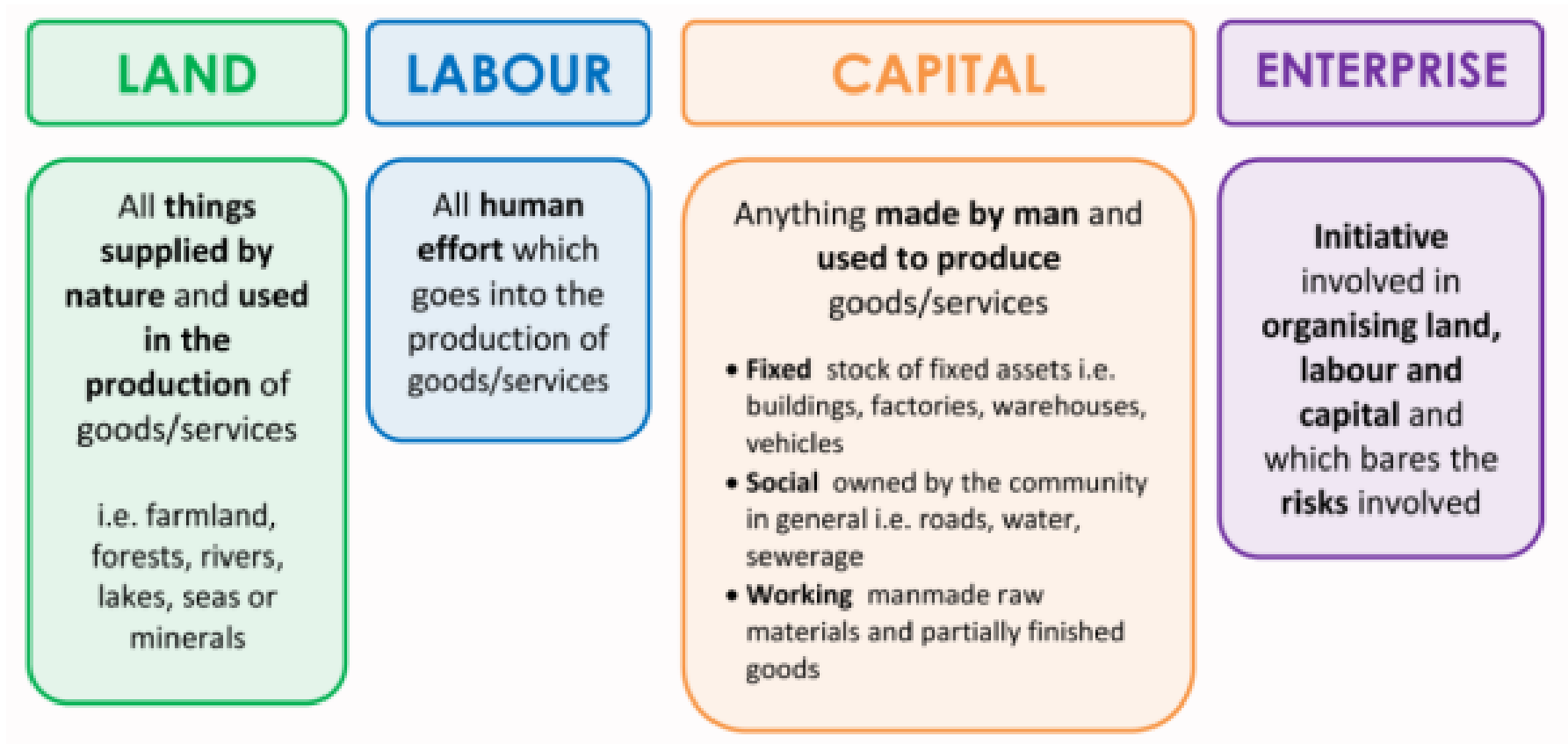
- Ensuring we pay a fair price/ value for money
- Sustaining local markets
- Build partnerships with providers
- Understanding to help negotiations
- To justify the local price paid for by the council
- Assisting with market position statements
- Judicial Reviews require that the process to reach a decision on cost should be transparent
- **Statutory requirements – Market Sustainability and Fair Cost of Care Fund**

# Considerations





# The elements that make up the cost of care



# 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!



# 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



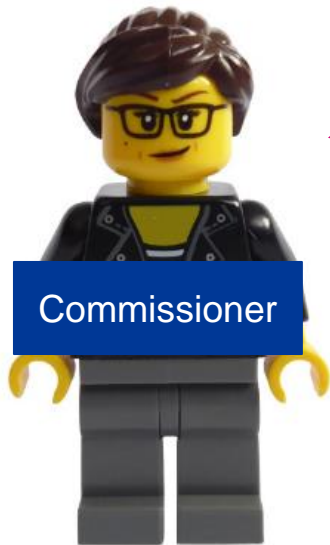
# Market sustainability and contingency planning



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?



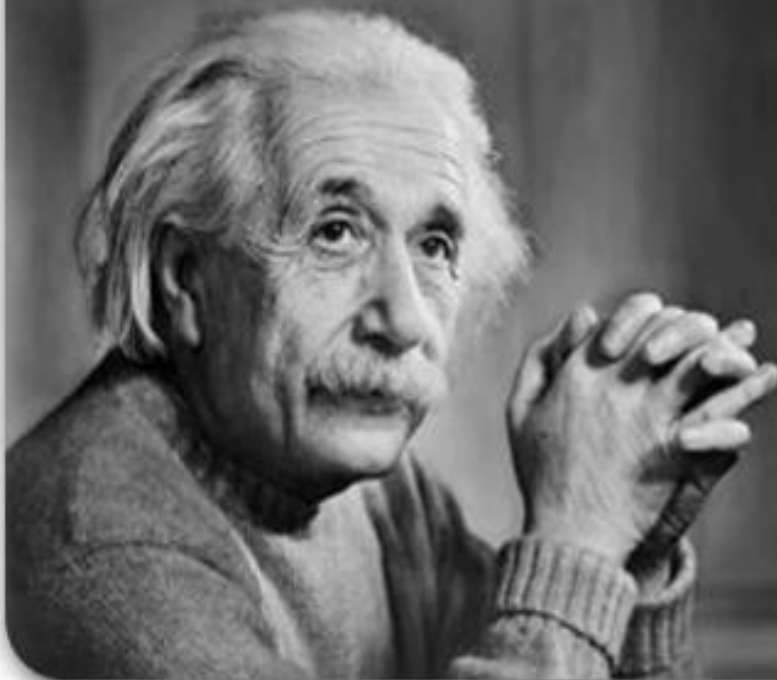
In your target population groups:

- 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

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

– Albert Einstein





# 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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