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institute of  
public care

# Market Shaping

# Institute of Public Care Commissioning Cycle

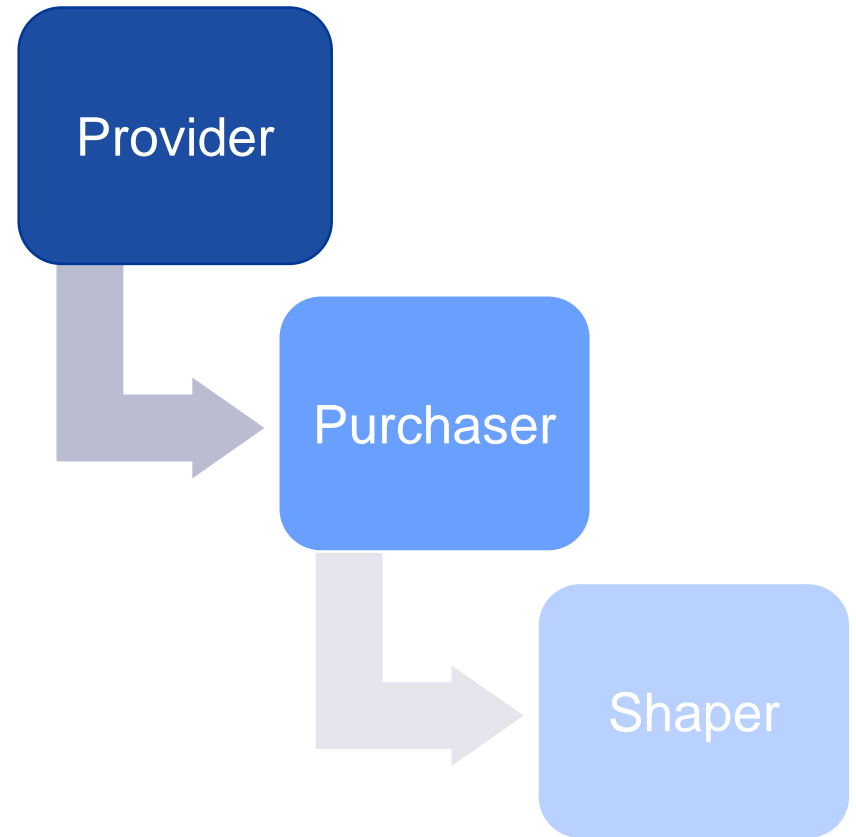


# A duty towards care markets

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

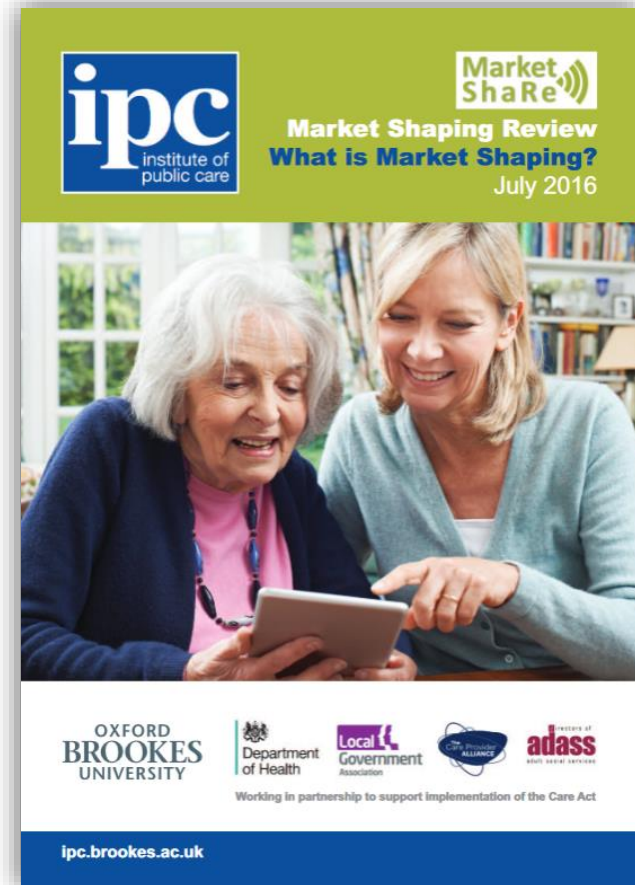


# The 'sufficiency duty' in children's services

- 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'

# 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



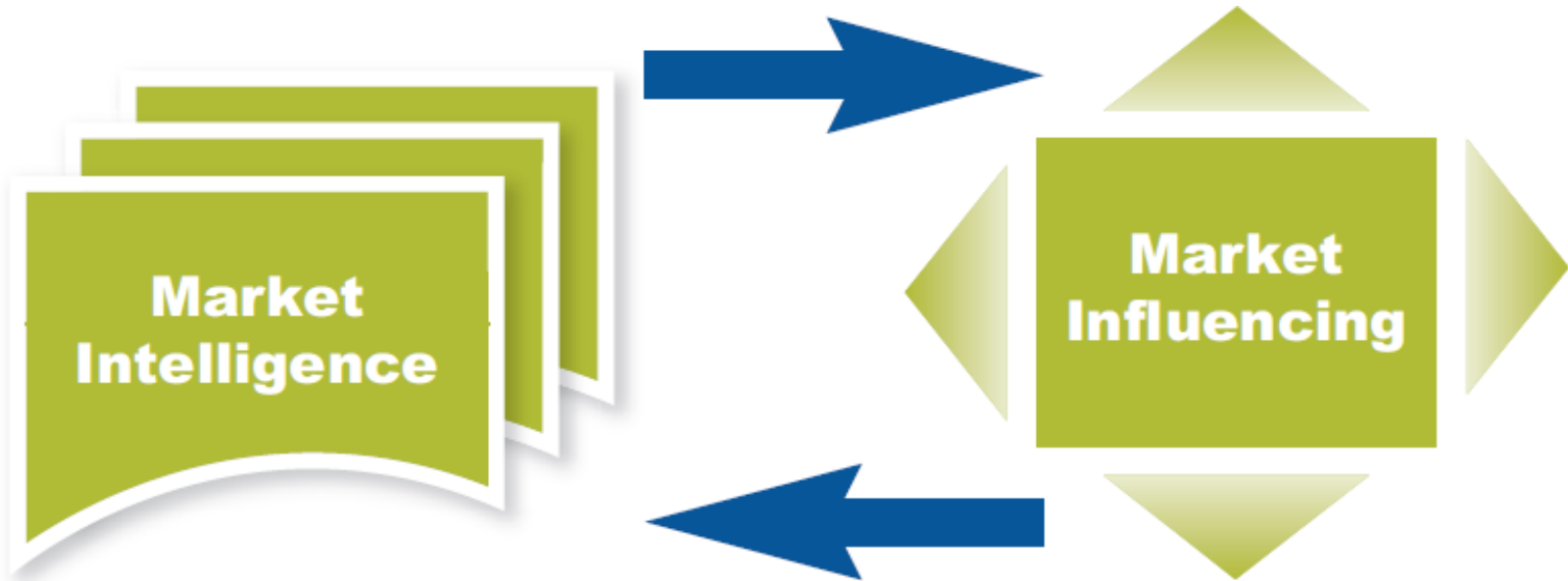


# Who shapes the market?



# 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 several 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

## Key Findings

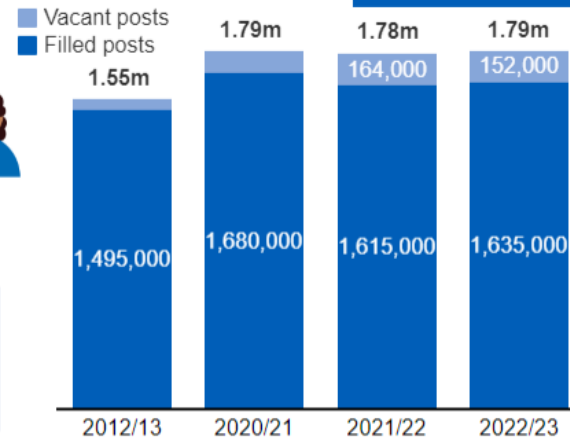
**1.635m filled posts**

estimated in adult social care in 2022/23

**152,000 vacant posts** 

estimated in adult social care in 2022/23

The total number of posts in adult social care in England in 2022/23 was 1.79 million (up 0.5% since the previous year). This includes 1.635 million filled posts and 152,000 vacancies. The number of filled posts increased by 1% (20,000 filled posts) since the previous year and the number of vacant posts decreased by 11,000 (-7%).



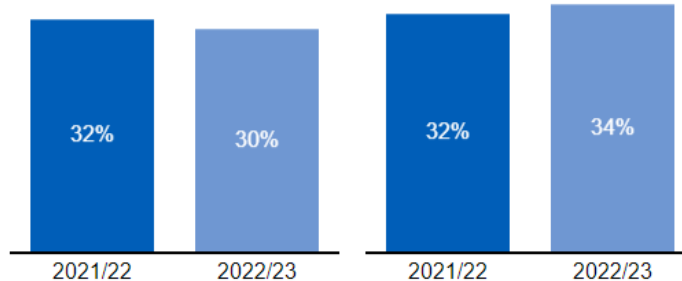
[Glossary](#)

[Download PowerPoint](#)

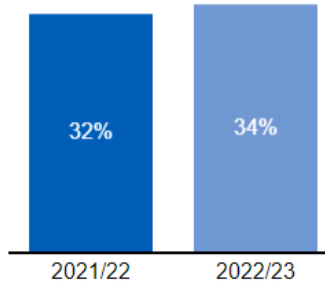
[Download Tables](#)

### Turnover rate

These charts show independent sector data only



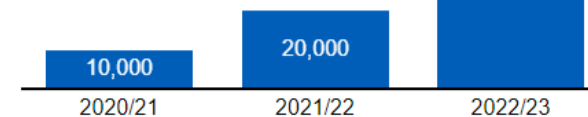
### Starter rate



### International recruitment

This chart shows data for direct care providing roles in the independent sector.

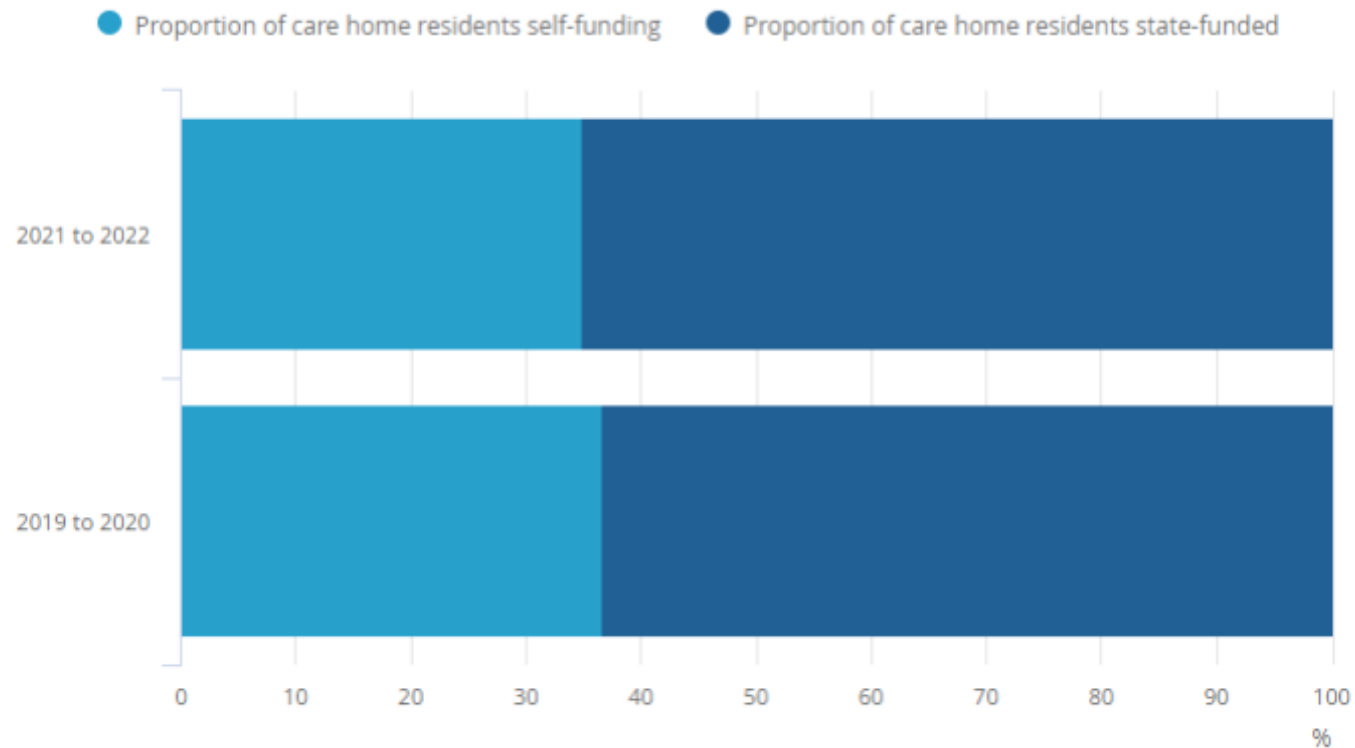
International recruitment has increased in 2022/23. This is mostly due to care workers being added to the Shortage Occupation List in February 2022.



Source: Skills for Care, 2022/23

# Percentage of people in care homes who are self funders

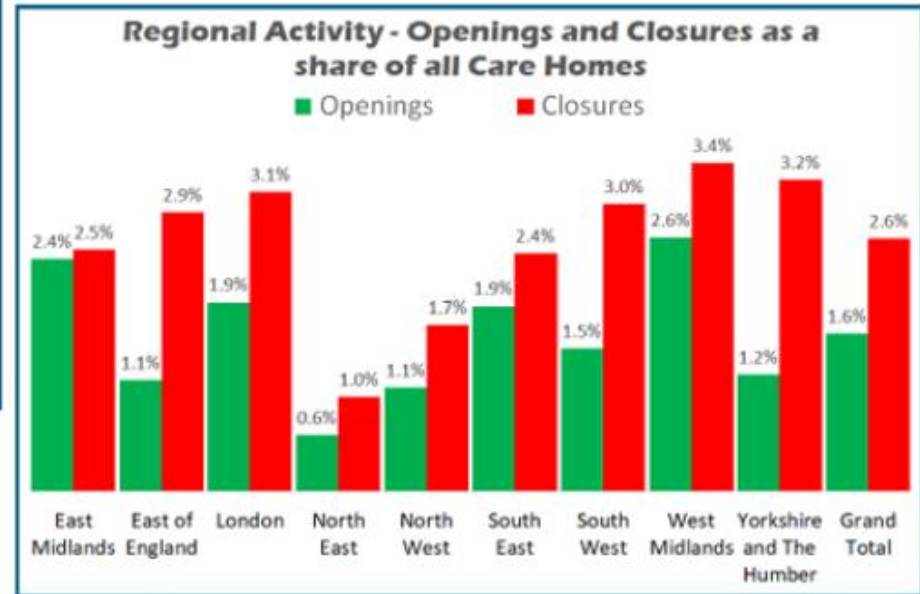
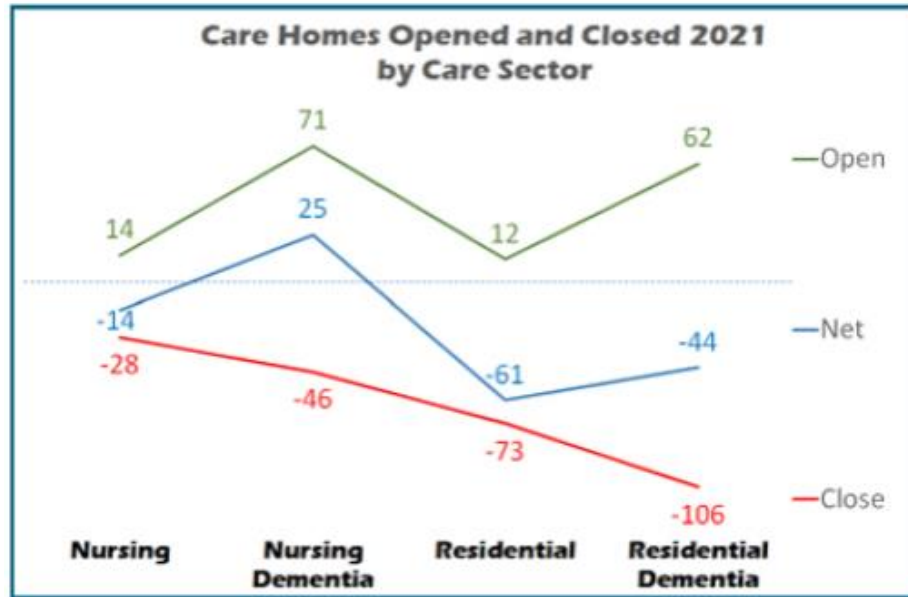
Total care home resident population by the proportion of self- and state-funded care home residents, England, 2019 to 2020 and 2021 to 2022



Source: ONS (2022)



# Care Home Availability – Sector and Location



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



# Market Intelligence Tools - LGA



## 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

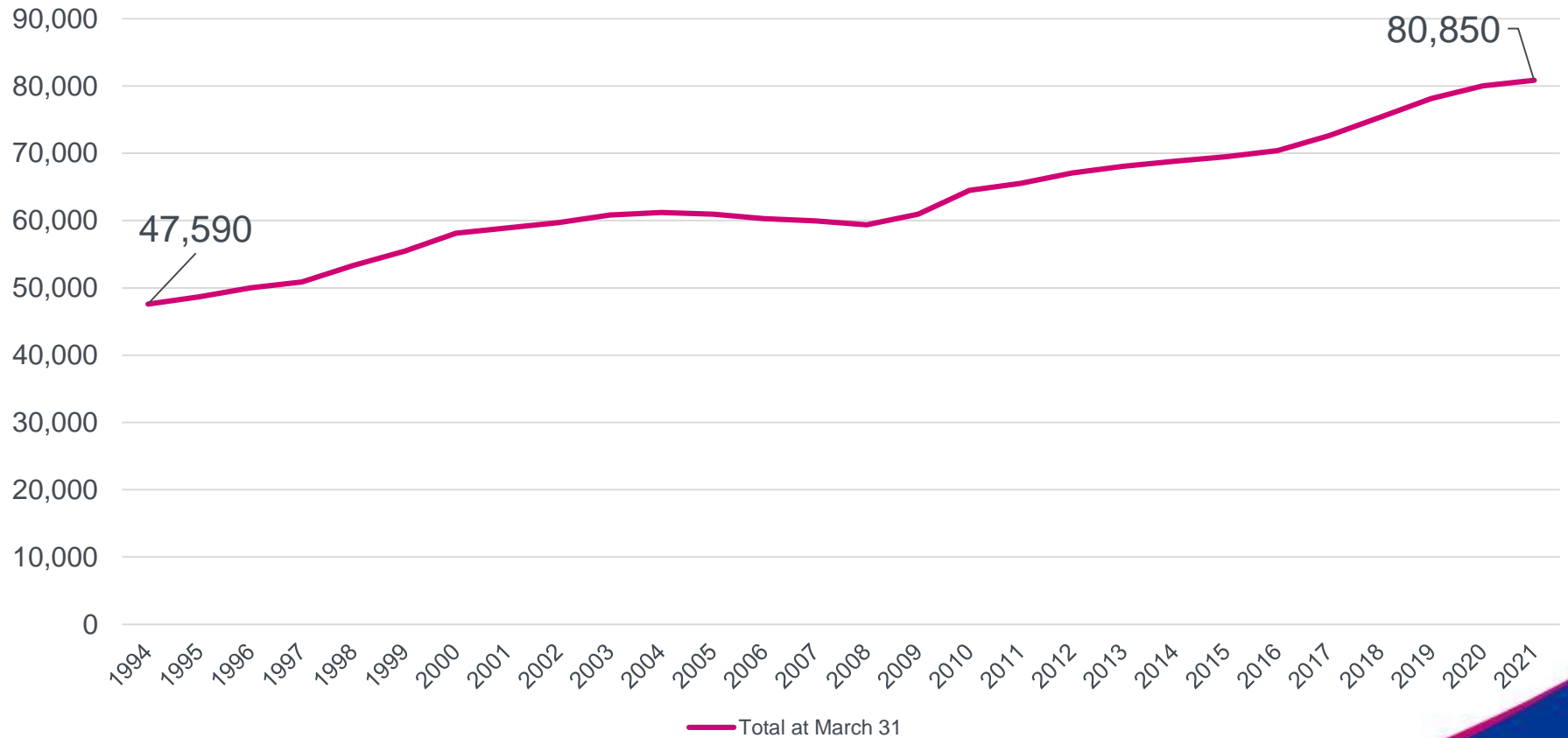
### About this report

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.



# The total number of children looked after has increased

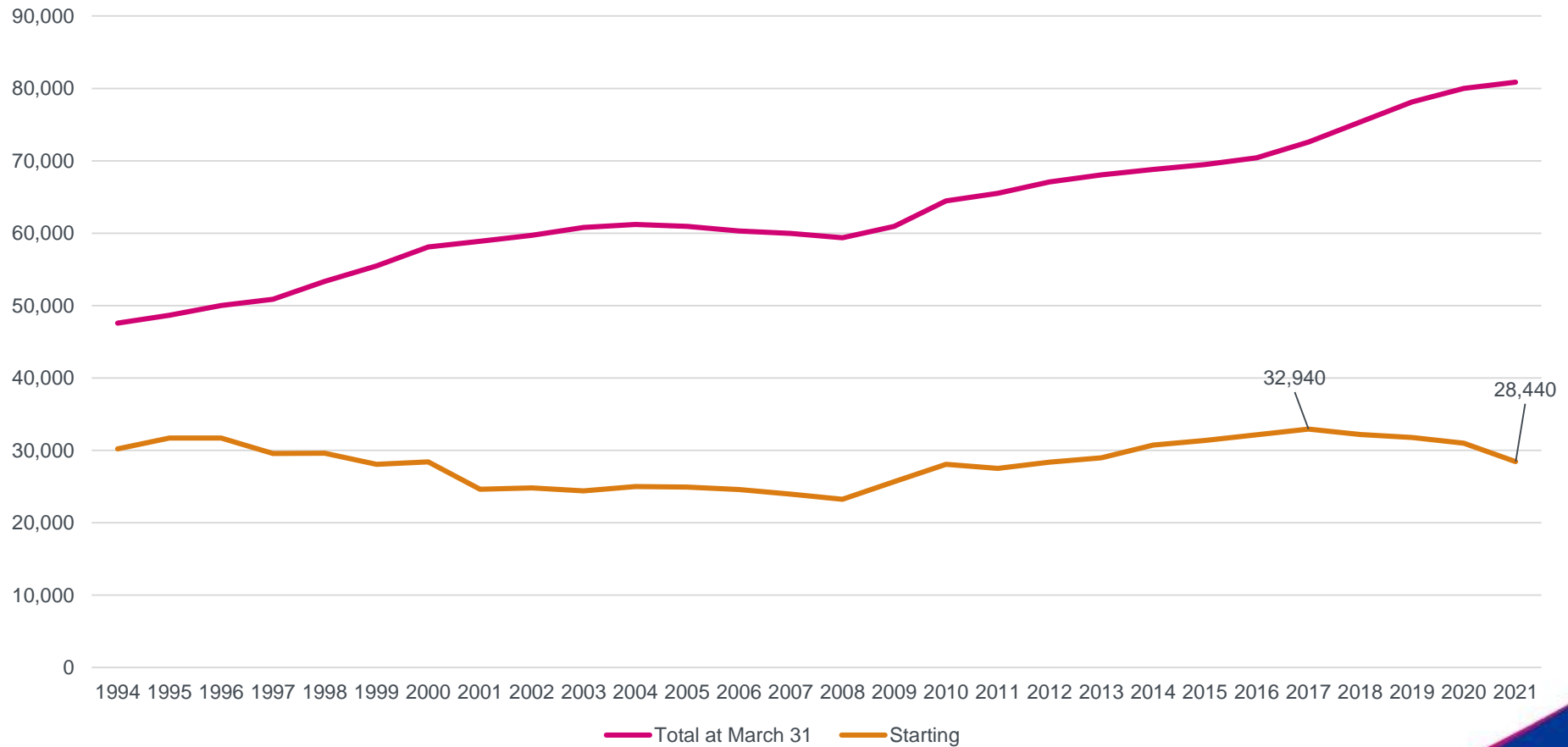
England long Term Trend



Source: National Statistics Children looked after in England including adoption

# But fewer children have been entering care

England long Term Trend



Source: National Statistics Children looked after in England including adoption

# Residential placements rising rapidly

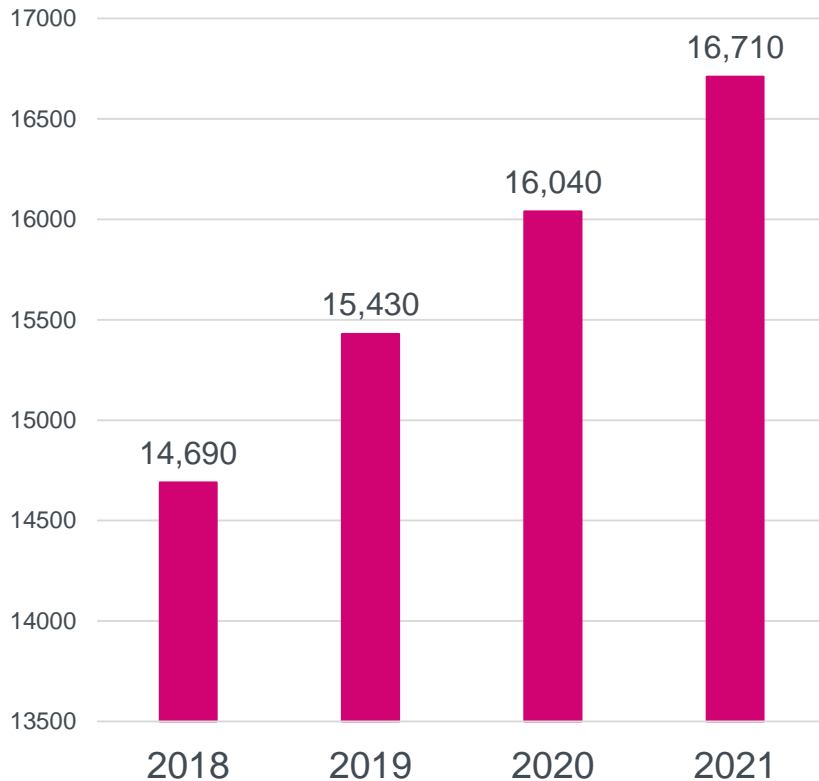
While children looked after increased by 15% **residential placements increased by 47%**



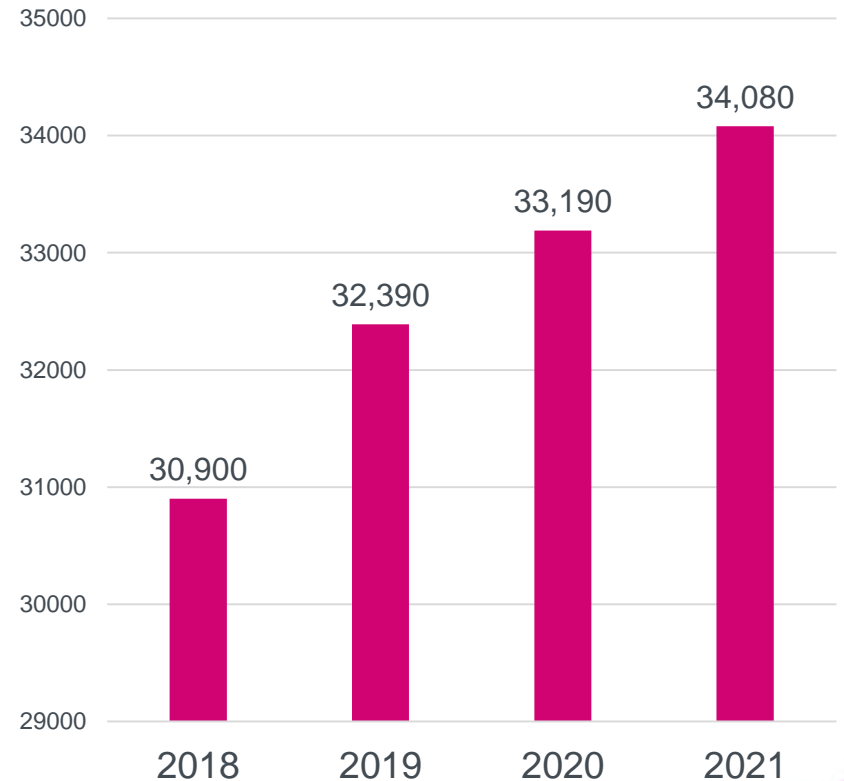
Source: National Statistics Children looked after in England including adoption

# Children being placed further from home

Over 20 Miles from Home



Placed outside LA Boundary



Source: National Statistics Children looked after in England including adoption

# Other headlines from the CMA report



## Children's social care market study

Final report

“significant problems in how the placements market is functioning, particularly in England and Wales”



# Other headlines from the CMA report

- a lack of placements of the right kind, in the right places
- The largest private providers are making materially higher profits, and charging materially higher prices, than we would expect if this market were functioning effectively
- Operating profit margins averaging 22.6% from 2016-20
- But: the price of a place in the private sector, even allowing for profits, is not obviously higher than that paid by a local authority to provide an in-house place
- Some of the largest private providers are carrying very high levels of debt

# Understanding and mitigating risks to care markets



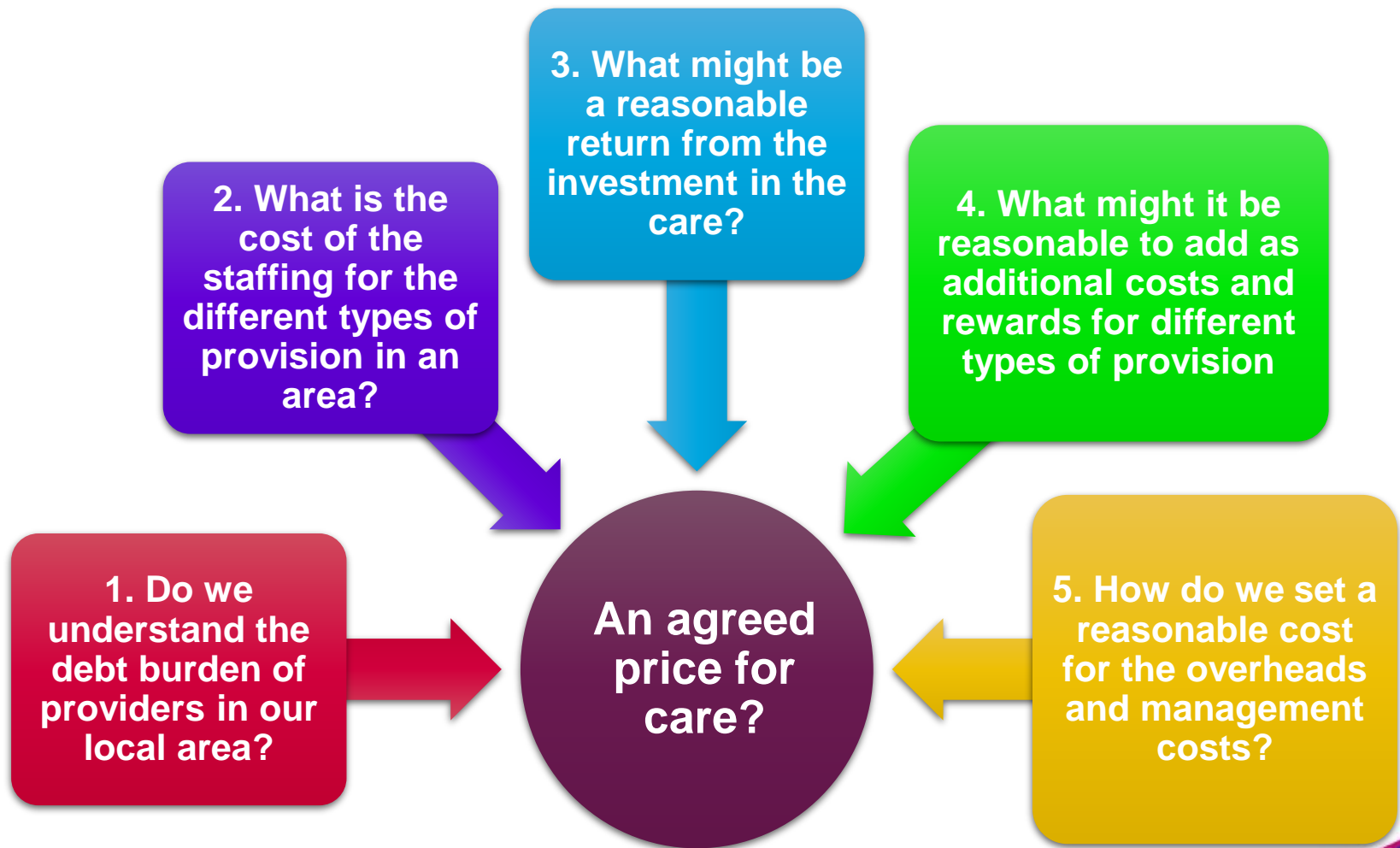
- What do you know about your providers **sustainability and financial health**?
- What **information sources** do you use?
- Do you look at the **whole market** or just the providers you contract with?
- Do you understand what factors are impacting on their **viability** and why? (e.g. workforce supply)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

# 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 Exercise in 2022**

# Considerations



# 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!





# 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:

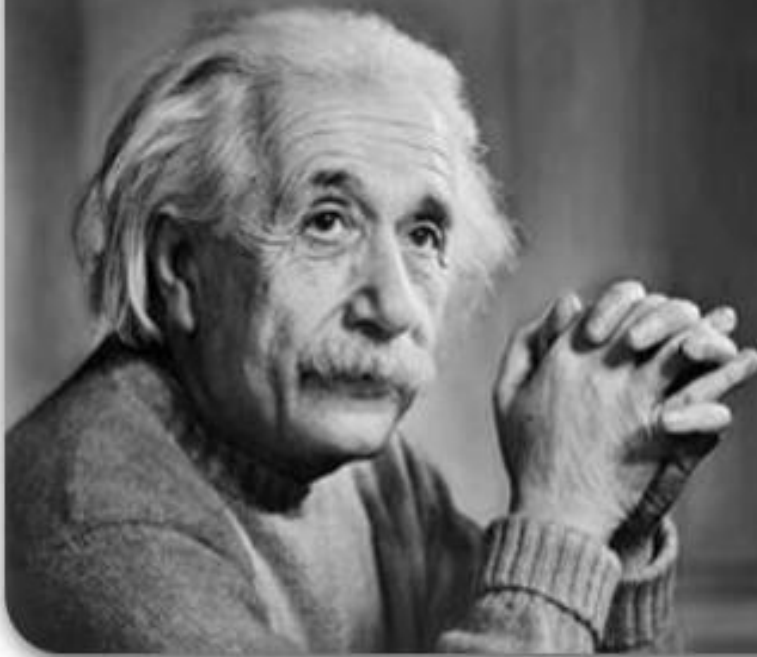
- Thinking about your target groups list a mix of three types of key provider services
- Against each identify a strength and a weakness (e.g. levels of expertise, geographical spread, financial sustainability, cultural issues, service models)
- What would a sustainable, diverse, quality market look 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

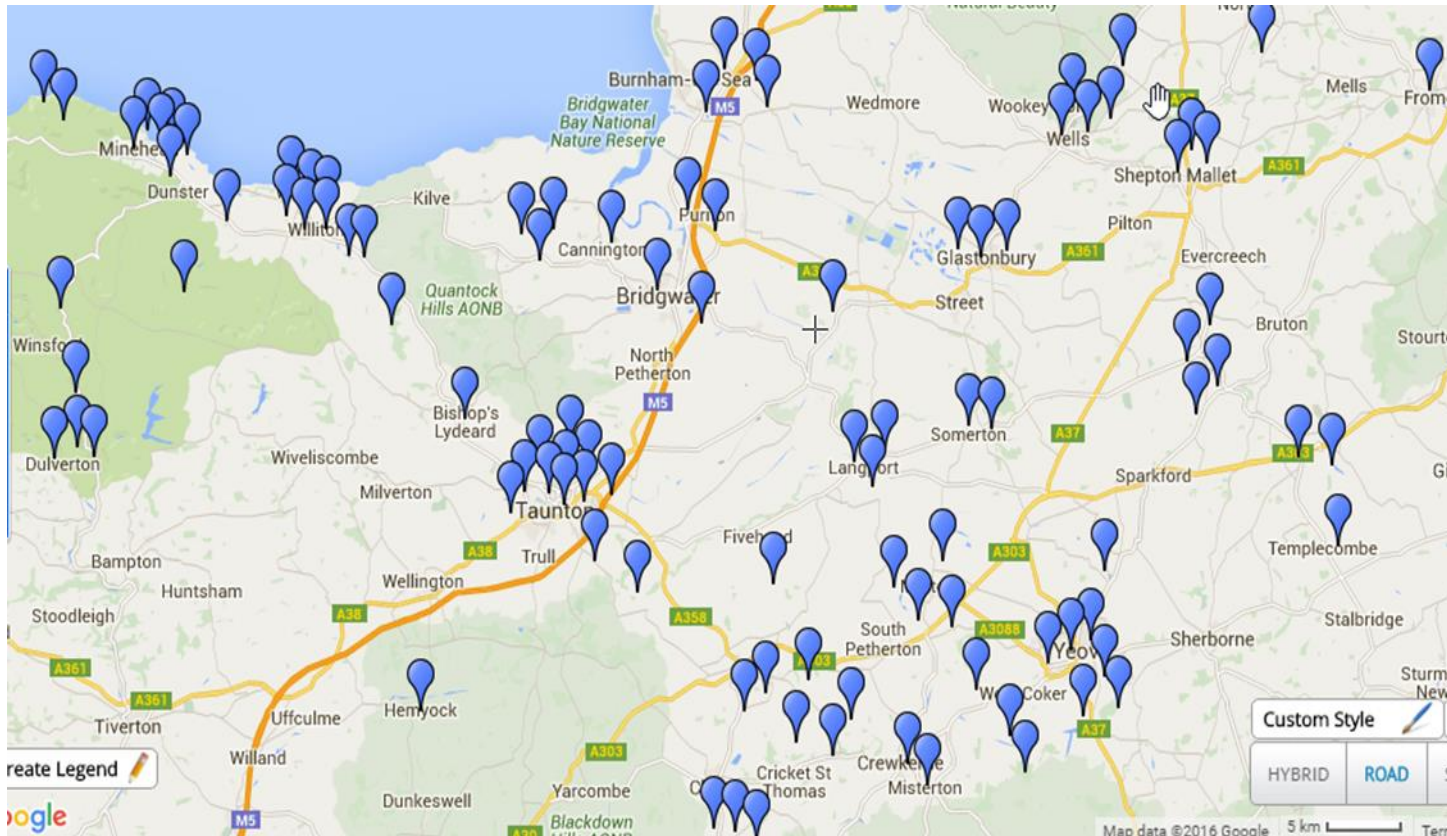
- Traditional homecare services struggling
- Lack of capacity, particularly in rural areas
- Low take up of direct payments
- Tap into local creativity and enterprise



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



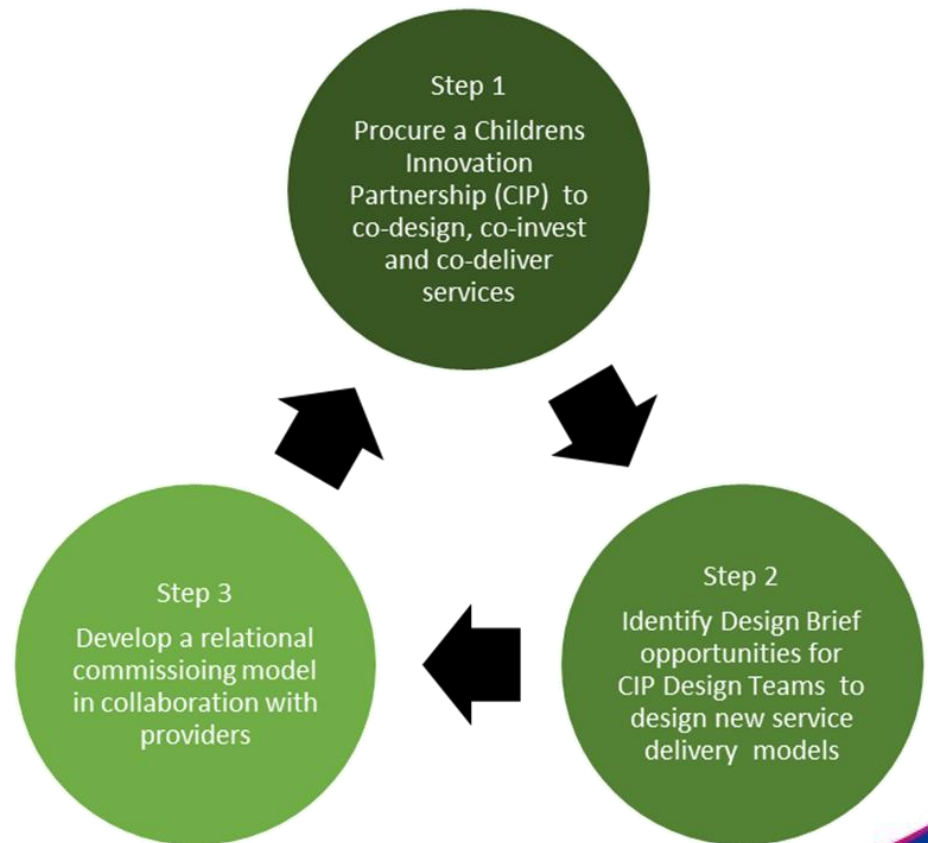
More people choose direct payments

£719,867 annual saving

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

# Providers as Strategic Partners – Children Care Leicestershire

- Children's Innovation Partnership (CIP)
- Co-design & Systems Change
- Placements Relational Commissioning Model





# Barnardo's Strategic Partnership Model

**Definition:** A Strategic Partnership is a defined and agreed high level collaboration with a plan and direction and with a focus on system change[1], outcomes and impact.

## Principles:

1. CYP voice & influence
2. Shared values, trust & vision
3. Focus on systems change
4. Joint governance, accountability & risk sharing
5. Evidence & learning

# Barnardo's Strategic Partnership Model

## Pre-conditions:

- Aligned to corporate strategy core priorities
- Shared vision & values
- Commitment to joint risk sharing
- Barnardo's can provide capability & capacity in the local area
- Partner has experience of systems change & service design
- Co-funded partnership staff team

# Essex County Council



# 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

# Reflections from Module 2



- What have been the main things you have heard today?
- What has struck you most about the discussions?
- What might this mean for you, your teams and organisation?
- How might you take some of this forward?

# Contact us



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