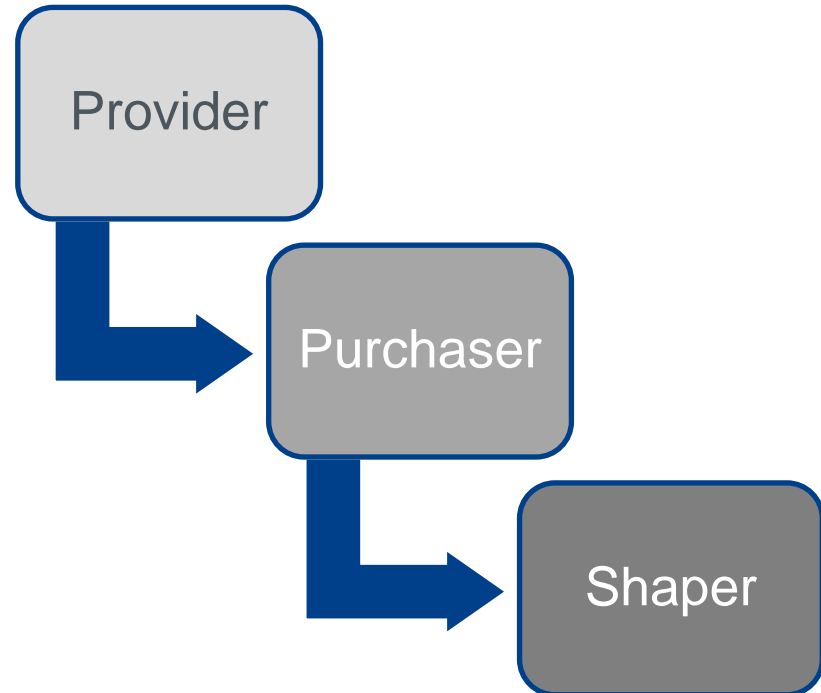


# Market Shaping

## A duty towards care markets

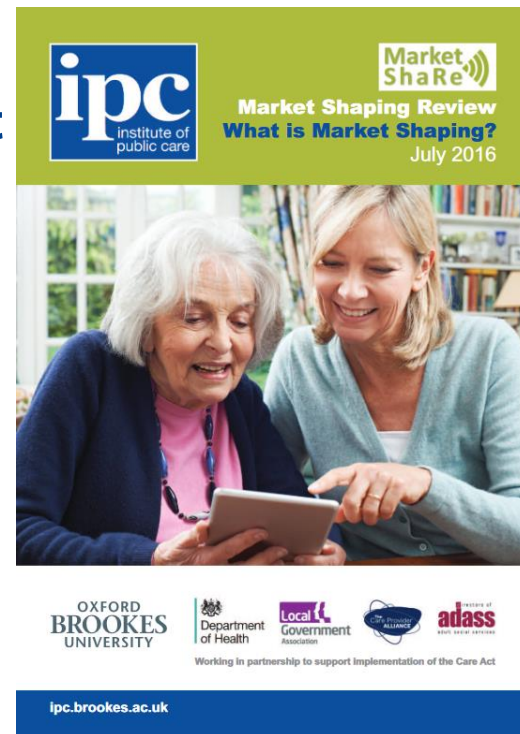
- The Care Act (2014) places new duties on local authorities to promote the efficient and effective operation of the care market as a whole.
  - Sustainable
  - diverse
  - quality



# Market shaping review

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

**Market  
ShaRe**

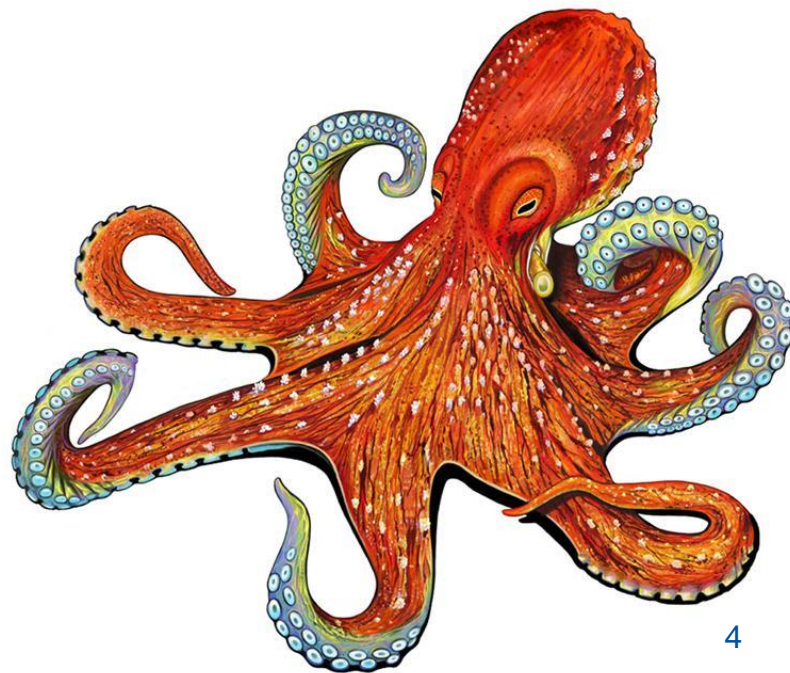


<http://ipc.brookes.ac.uk/what-we-do/market-shaping.html>

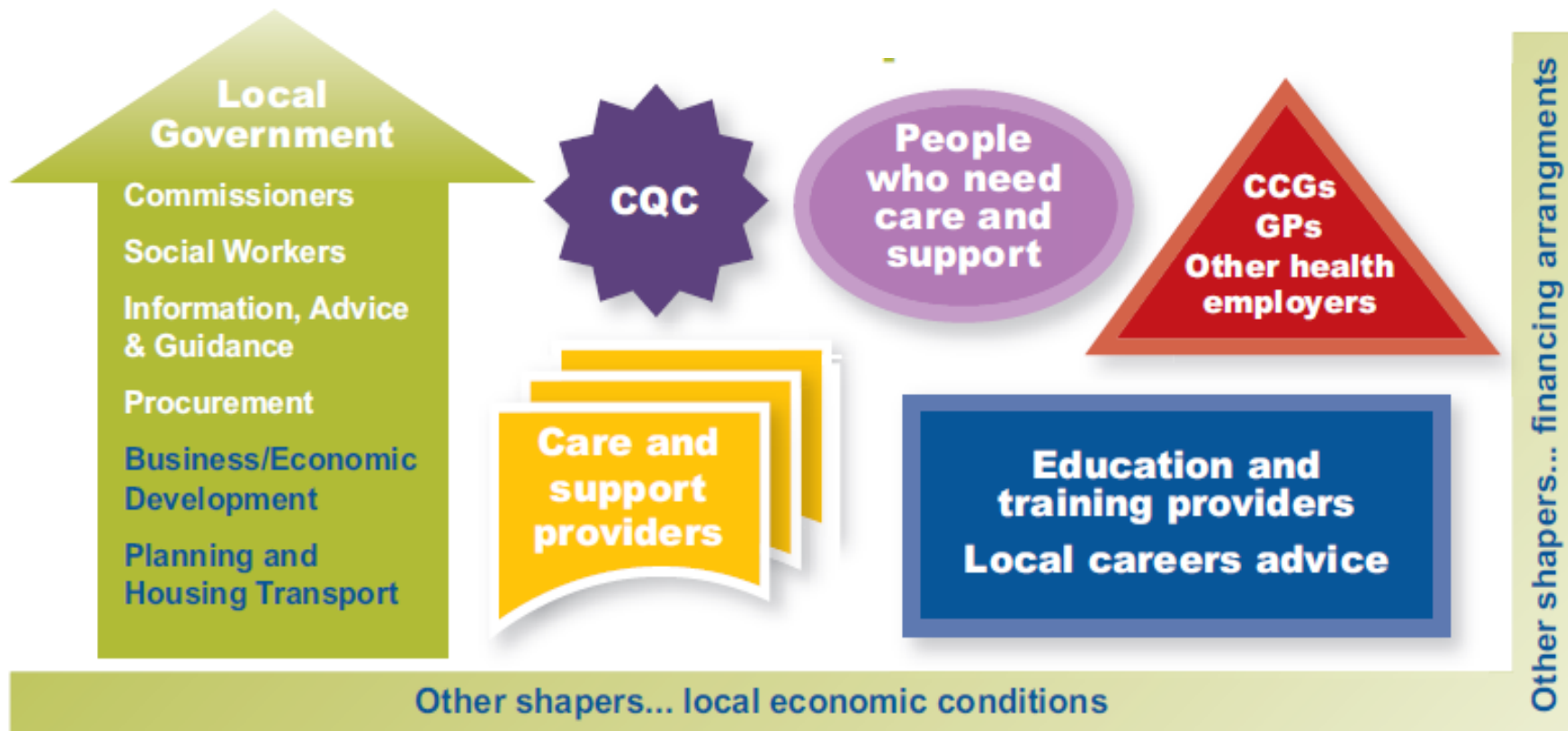
# What is market shaping?

*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.*

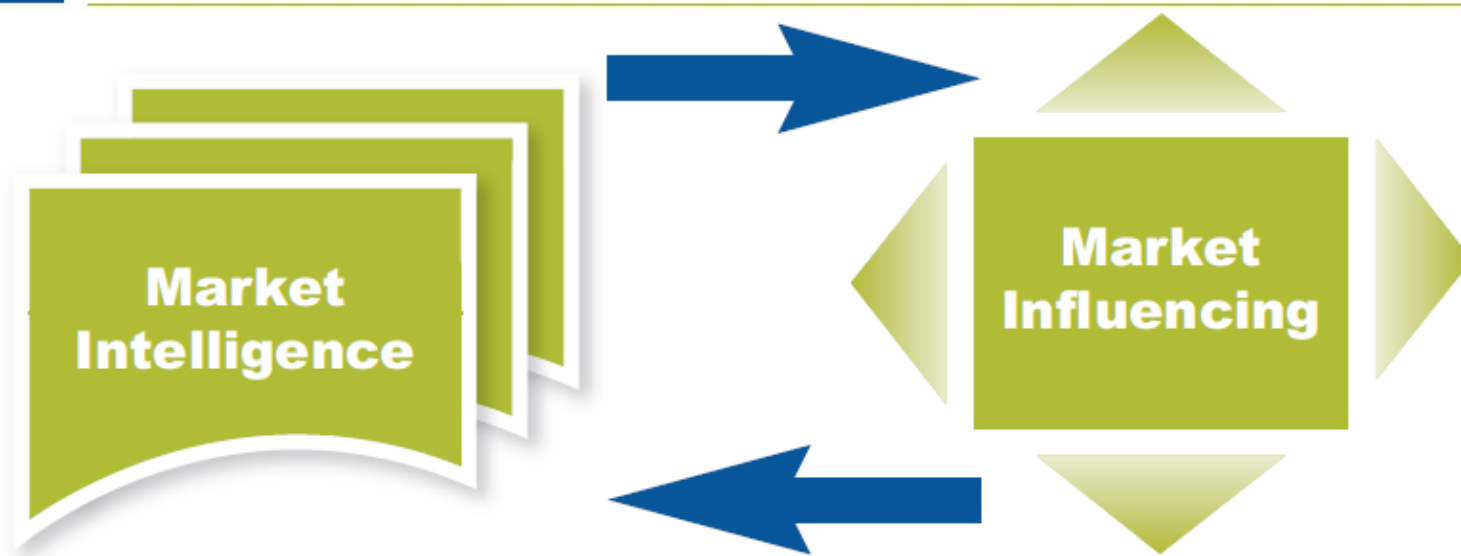
Care and Support Statutory Guidance, Section 4.6



# 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

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**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?



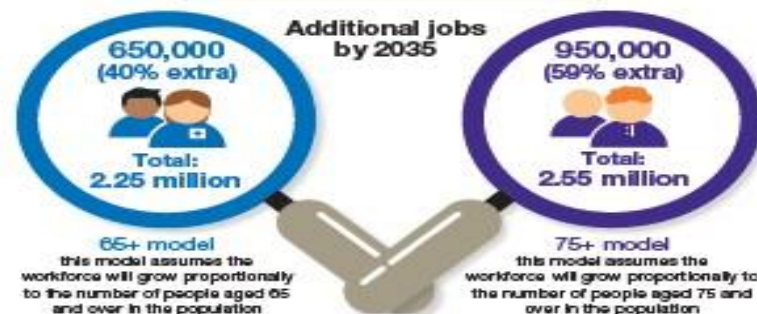
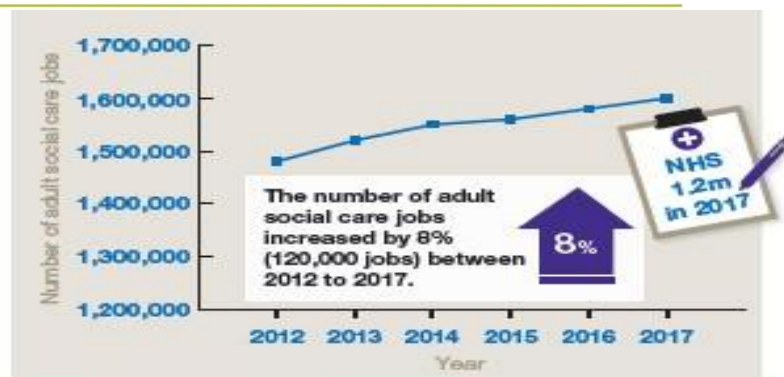
# Size and structure of the adult social care sector and workforce in England

**1.6 million jobs**



**In adult social care  
in England**

**Economic  
contribution of  
adult social care  
to the economy  
in England  
£38.5bn\***





# State of the adult social care sector and workforce in England

**1.60 million jobs**

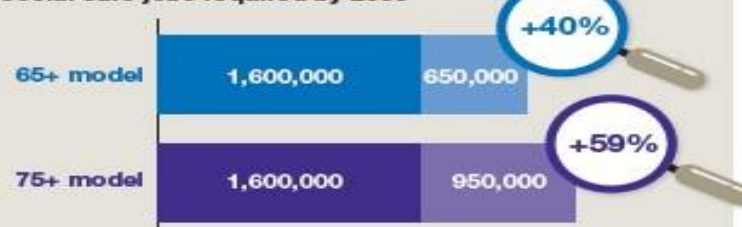


**In adult social care  
in England (2017)**

The workforce has increased by 21% since 2009. This rate has slowed in recent years.



**Projected number of additional adult social care jobs required by 2035**

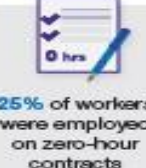
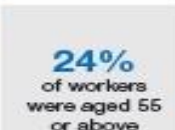
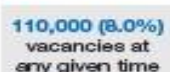
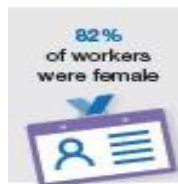


These models project the size of the workforce if it grows proportionally to the number of people aged 65 or 75 and over in the population.

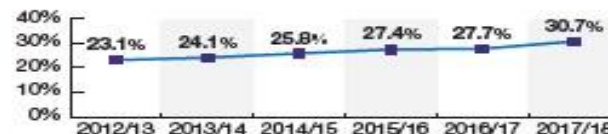
## Summary of key workforce information

The data below is based on 1.35 million jobs in the local authority and independent sectors as at 2017/18. Jobs for direct payment recipients and those working in the NHS are not included.

Care worker real term median pay has increased by 7% since September 2012



## Workforce turnover rate



# Percentage of people in care homes who are self funders



Source:

[https://ichef.bbci.co.uk/news/660/cpsprodpb/D4A8/production/\\_94904445\\_8\\_self\\_funders\\_map\\_pt28.png](https://ichef.bbci.co.uk/news/660/cpsprodpb/D4A8/production/_94904445_8_self_funders_map_pt28.png)

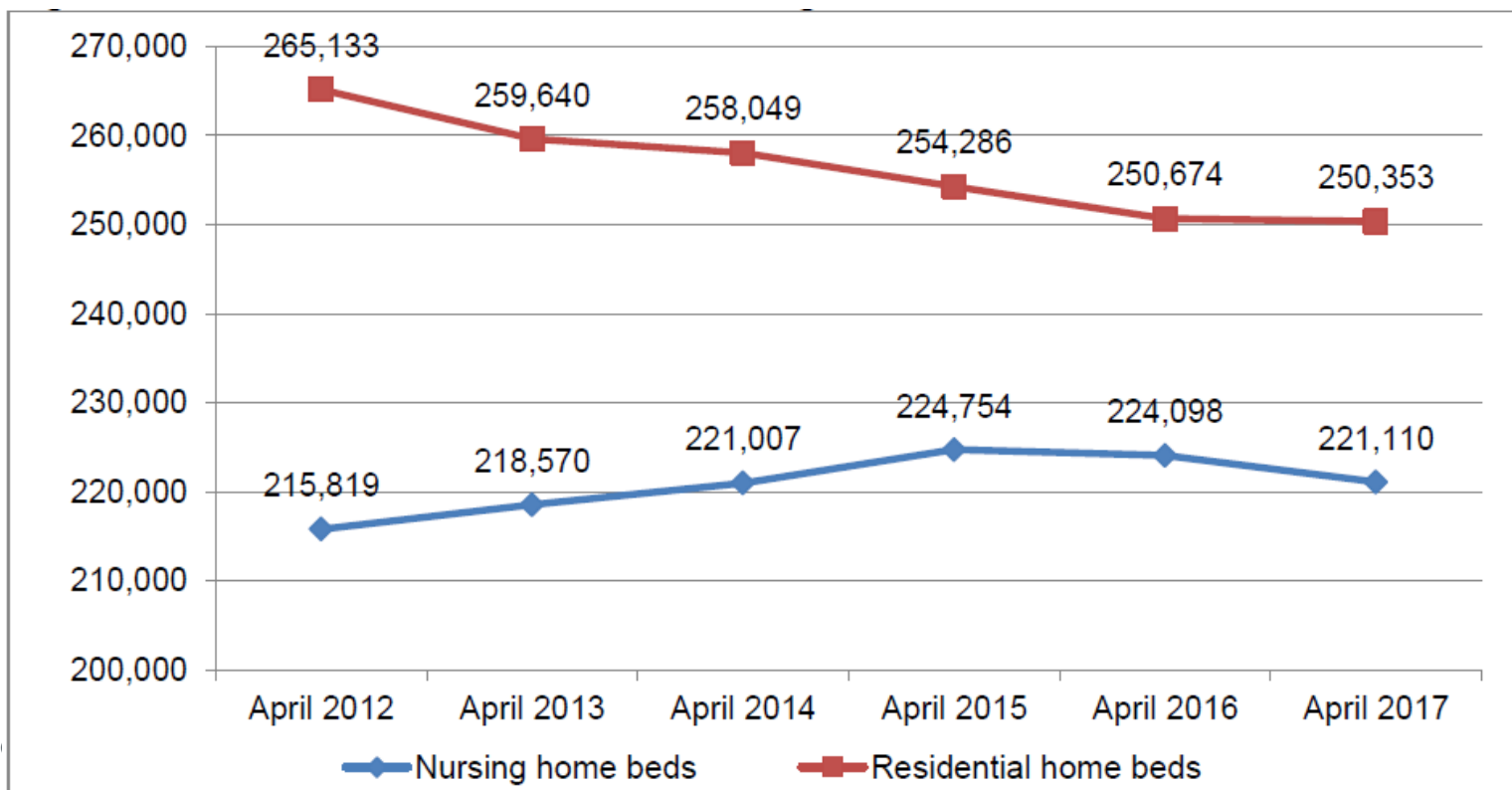
# The number of care home beds in England has fallen 2012 - 2017



**-3,769**

**-0.8%**

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



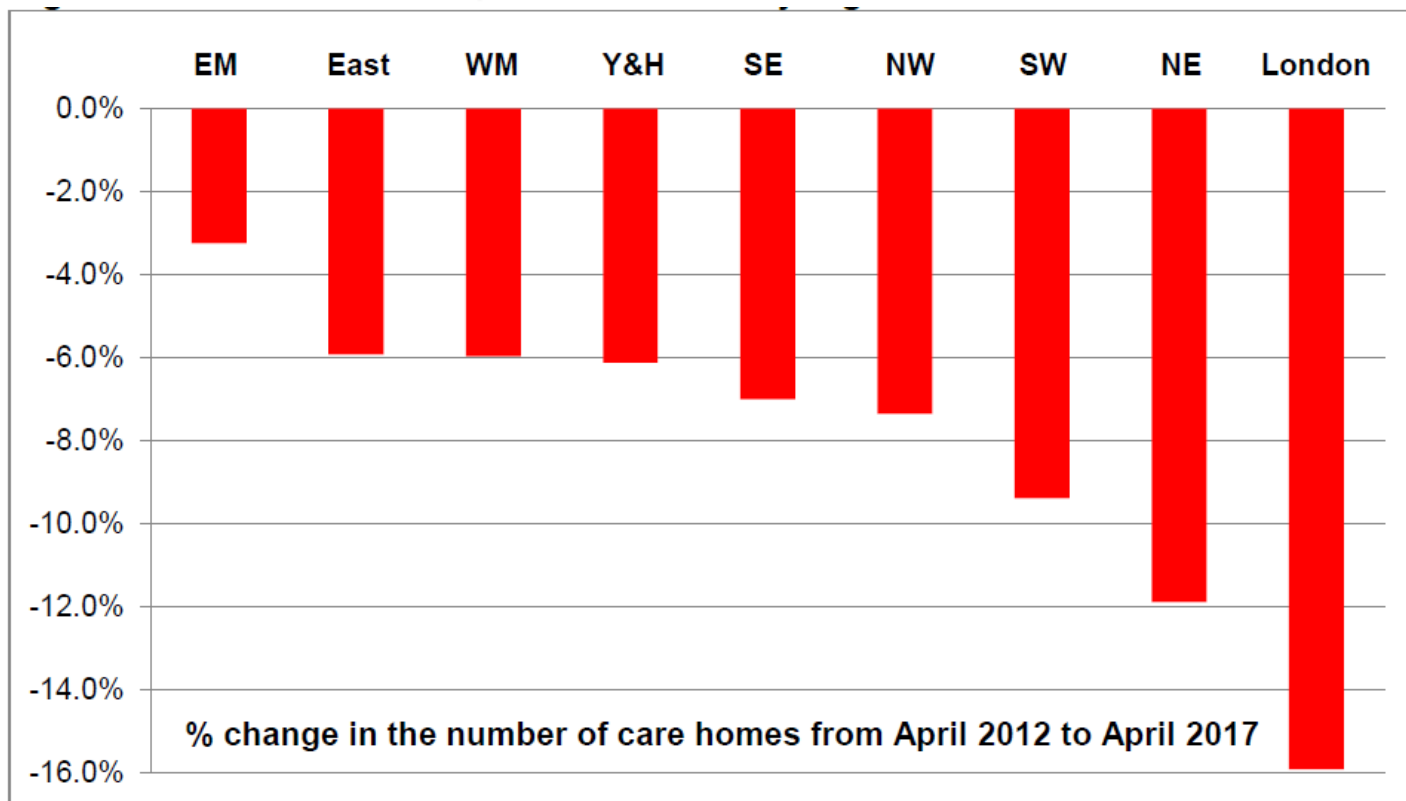
# The number of care homes has fallen rapidly 2012 - 2017



**-1,409**

**-7.9%**

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



# Understanding and mitigating risks to care markets...

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- 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?

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- 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 determinants of cost – the philosophy of care?

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- 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

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

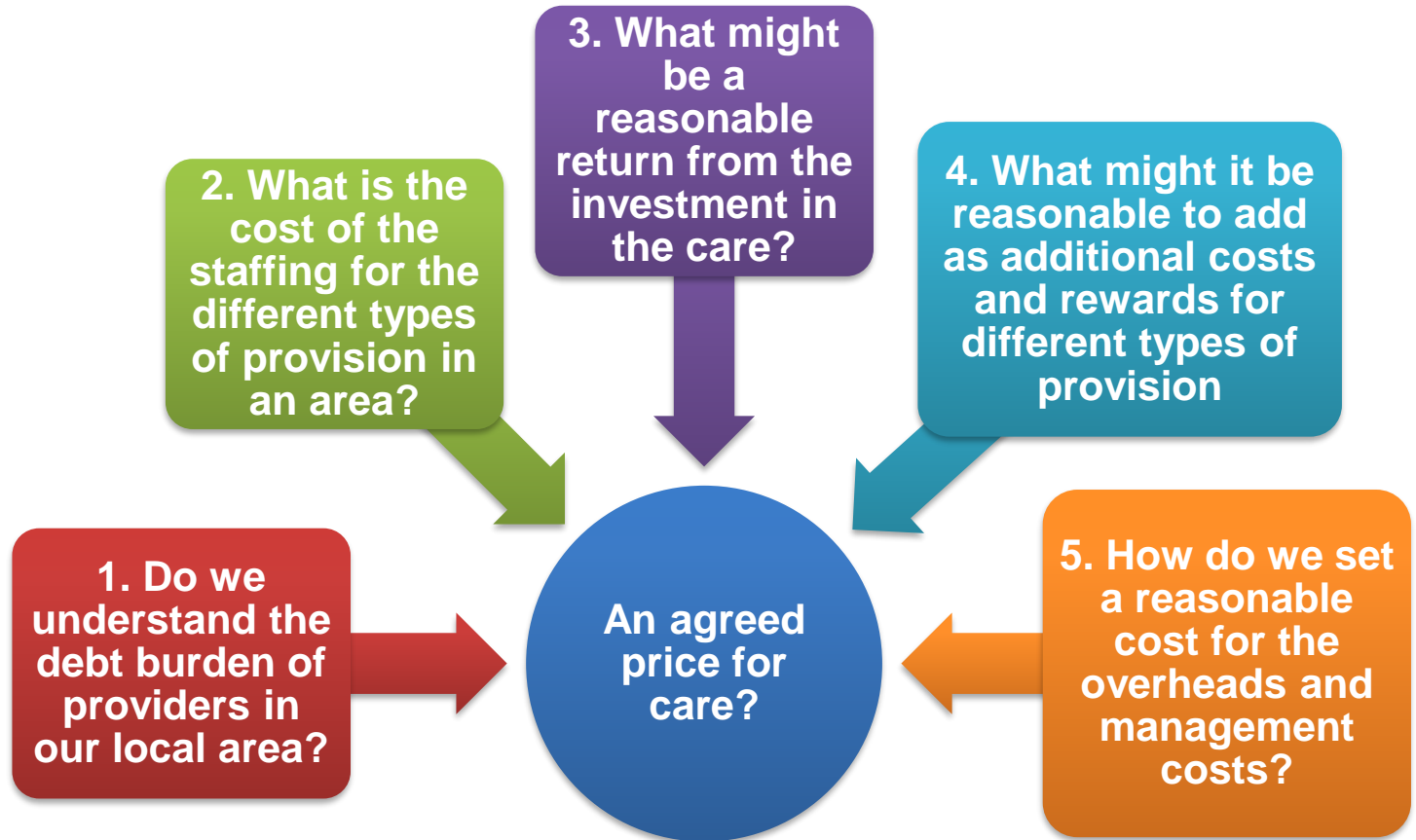
**Why do care providers need to make a return on investment/return on capital employed (RoCE)?**

## Return on Capital Employed (ROCE)

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- 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



# Group discussion:

## What are the characteristics of your local markets?

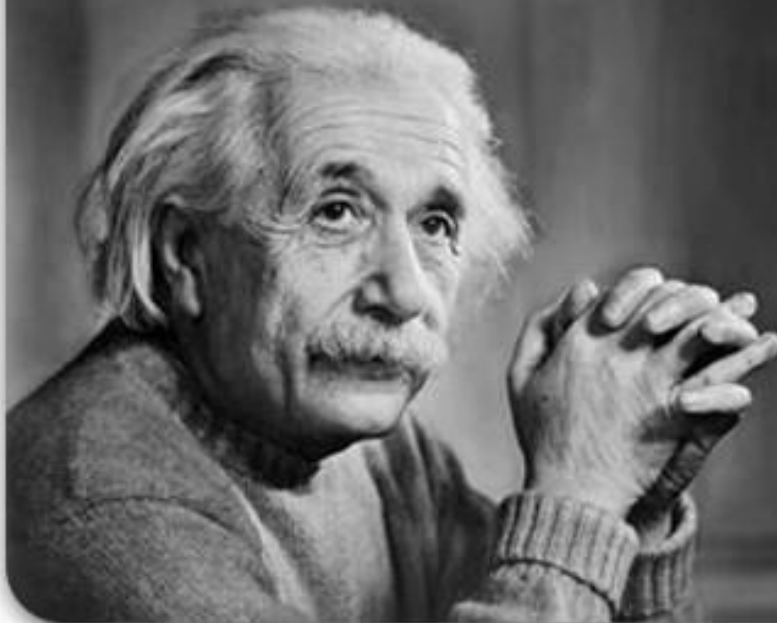
- Focus on one provider group, eg care homes
- Discuss and identify current strengths and weaknesses in your area  
(e.g. levels of expertise, geographical spread, financial sustainability, cultural issues, service models)
- What are the similarities and differences?



## 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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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

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- 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)

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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

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- 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 eg  
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**

# Stimulating micro enterprises in Somerset

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- 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)



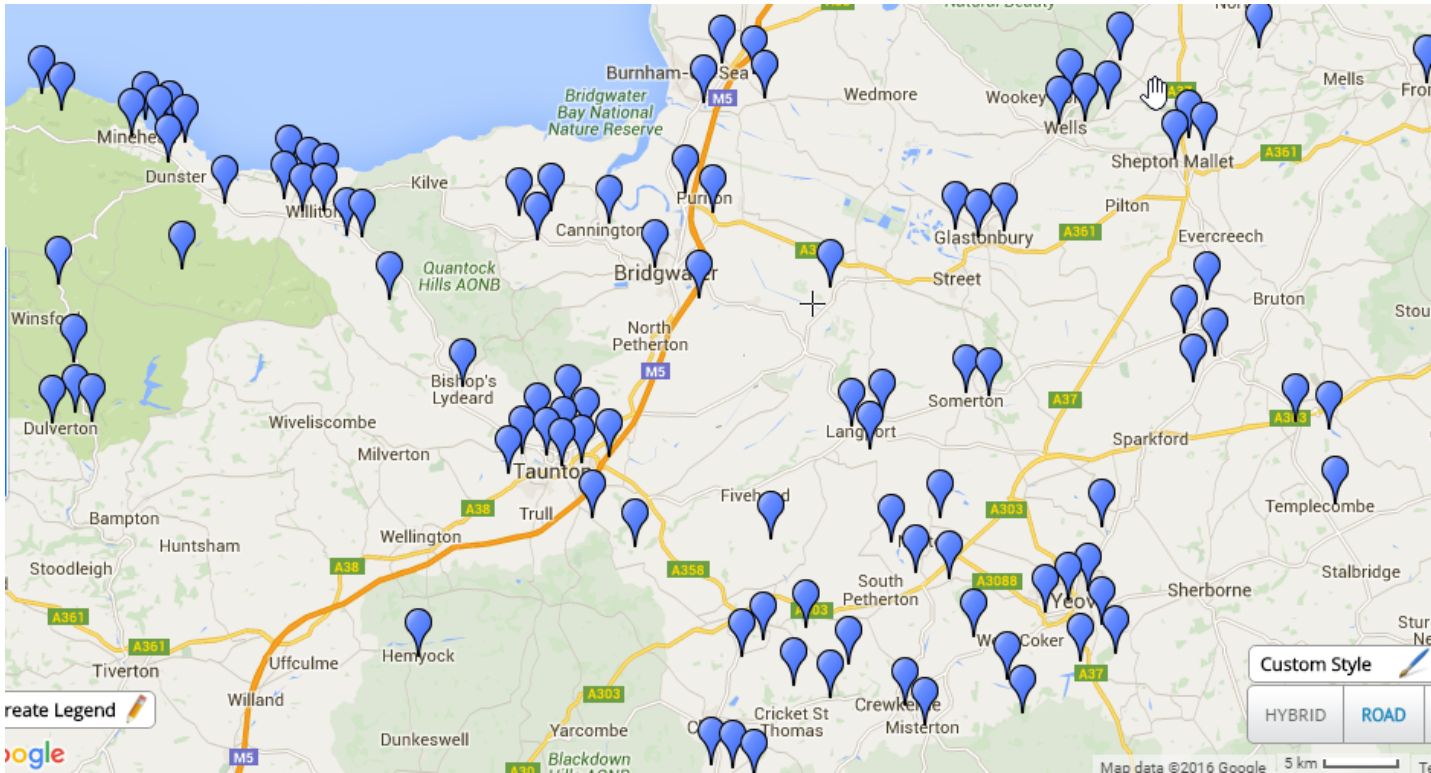
## Example: stimulating micro enterprises in Somerset

- 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



# 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?

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- 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.



## 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



## Useful links

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- IPC (2017) [Market Shaping in Adult Social Care](#)
- IPC (2016) [What is Market Shaping?](#)
- IPC (2016) [Place-based market shaping: co-ordinating health and social care](#)
- IPC (2016) [Market shaping to support individual purchasing of care](#)
- IPC (2015) [Market Shaping Toolkit for SME providers](#)
- IPC: [Market position statement guidance](#) and [MPS database](#)
- Community Catalysts in Somerset presented at the [Care Markets and Quality Forum](#) September 2017
- ADASS (2019) [Responsive and sustainable: Markets in Adult Social Care](#)

## Useful links

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- **Working with care providers to understand costs: A guide for adult social care commissioners (CIPFA, LGA, ADASS, DHSC, CPA 2017)**  
[https://www.careprovideralliance.org.uk/uploads/1/0/8/0/108055907/1701-working-with-providers-to-understand-and-agree-costs\\_8.pdf](https://www.careprovideralliance.org.uk/uploads/1/0/8/0/108055907/1701-working-with-providers-to-understand-and-agree-costs_8.pdf)
- **Care homes market study: Final report (CMA 2017)**  
<https://www.gov.uk/cma-cases/care-homes-market-study>
- **Foster Care in England (DfE 2018)**  
[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/679320/Foster\\_Care\\_in\\_England\\_Review](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/679320/Foster_Care_in_England_Review)
- **Financial stability, cost charge and value for money in the children's residential care market (IPC 2015)**  
[https://ipc.brookes.ac.uk/publications/publication\\_811.html](https://ipc.brookes.ac.uk/publications/publication_811.html)
- **Let's Agree to Agree (IPC 2018)**  
[https://ipc.brookes.ac.uk/publications/Lets\\_agree\\_to\\_agree.html](https://ipc.brookes.ac.uk/publications/Lets_agree_to_agree.html)
- **UKHCA 2019**  
<https://www.ukhca.co.uk/downloads.aspx?ID=434>