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institute of  
public care

# Market Shaping

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# Institute of Public Care Commissioning Cycle

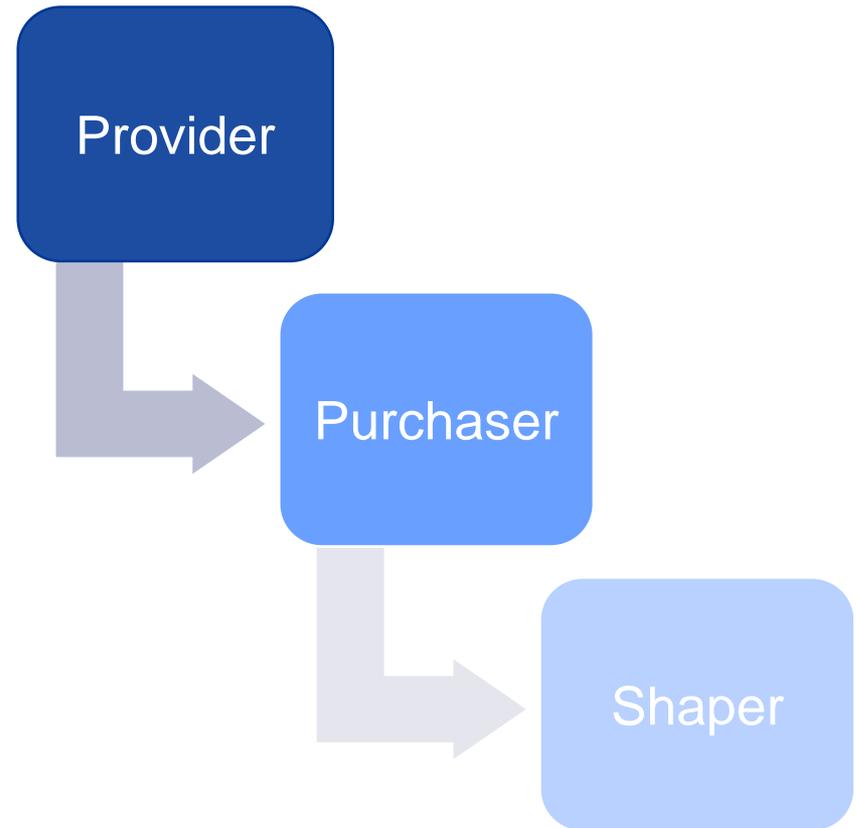


# A duty towards care markets

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



# 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

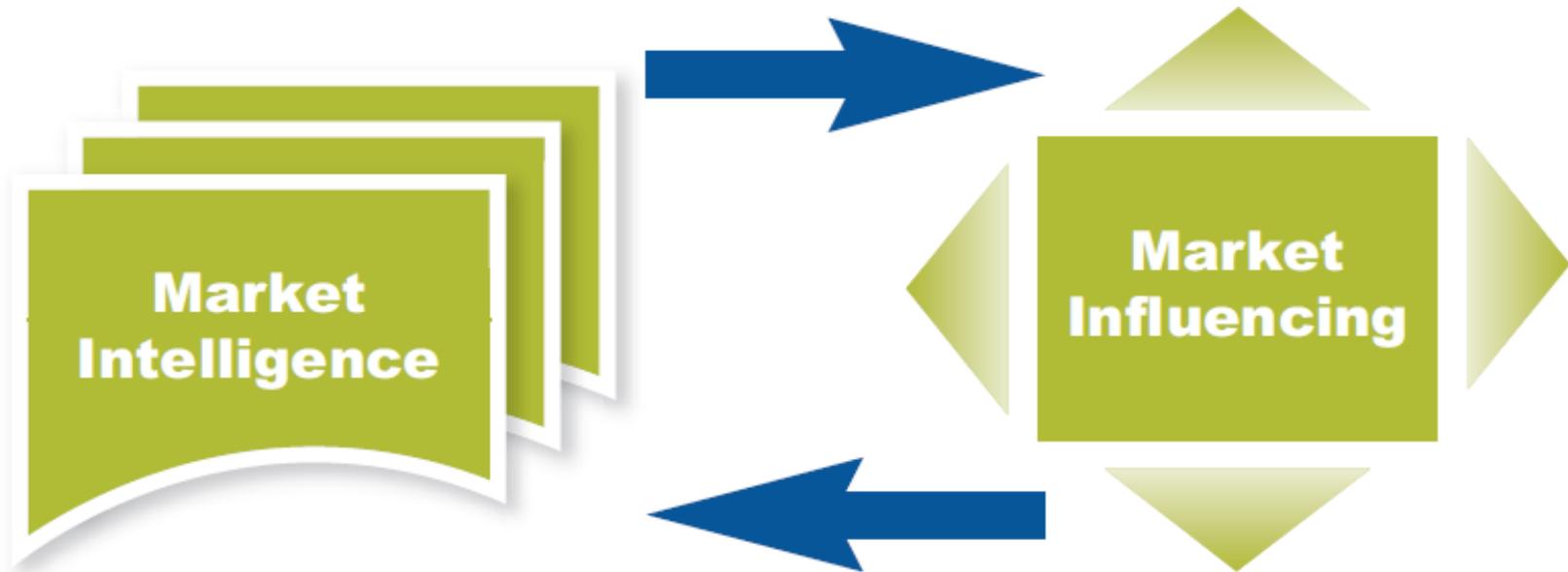


# Who shapes the market?



# 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 people’s evolving needs and aspirations...”

[Statutory Guidance to the Care Act, 2014\)](#)

# 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



# Market Intelligence



# What does the market look like?



# What market intelligence is available?



Adult Social Care Workforce Data

Guidance

## Guidance: Preliminary Market Engagement (HTML)

Updated 19 July 2024

## Public Health Outcomes Framework



Health and social care

Life expectancy, health inequalities, disability and addiction as well as access to and expenditure on private and public healthcare systems.

The image shows two report covers from the Local Government Association. The left cover is titled 'Registered adult social care provider in Peterborough (Oct 2022)' and features a map of Peterborough with a magnifying glass over a specific area. The right cover is titled 'Summary of registered adult social care provision in Bristol as reported through the PIR' and features a map of Bristol with a magnifying glass over a specific area. Both covers include the Local Government Association logo and the text 'Written by LGA Research from Local Government Association'.

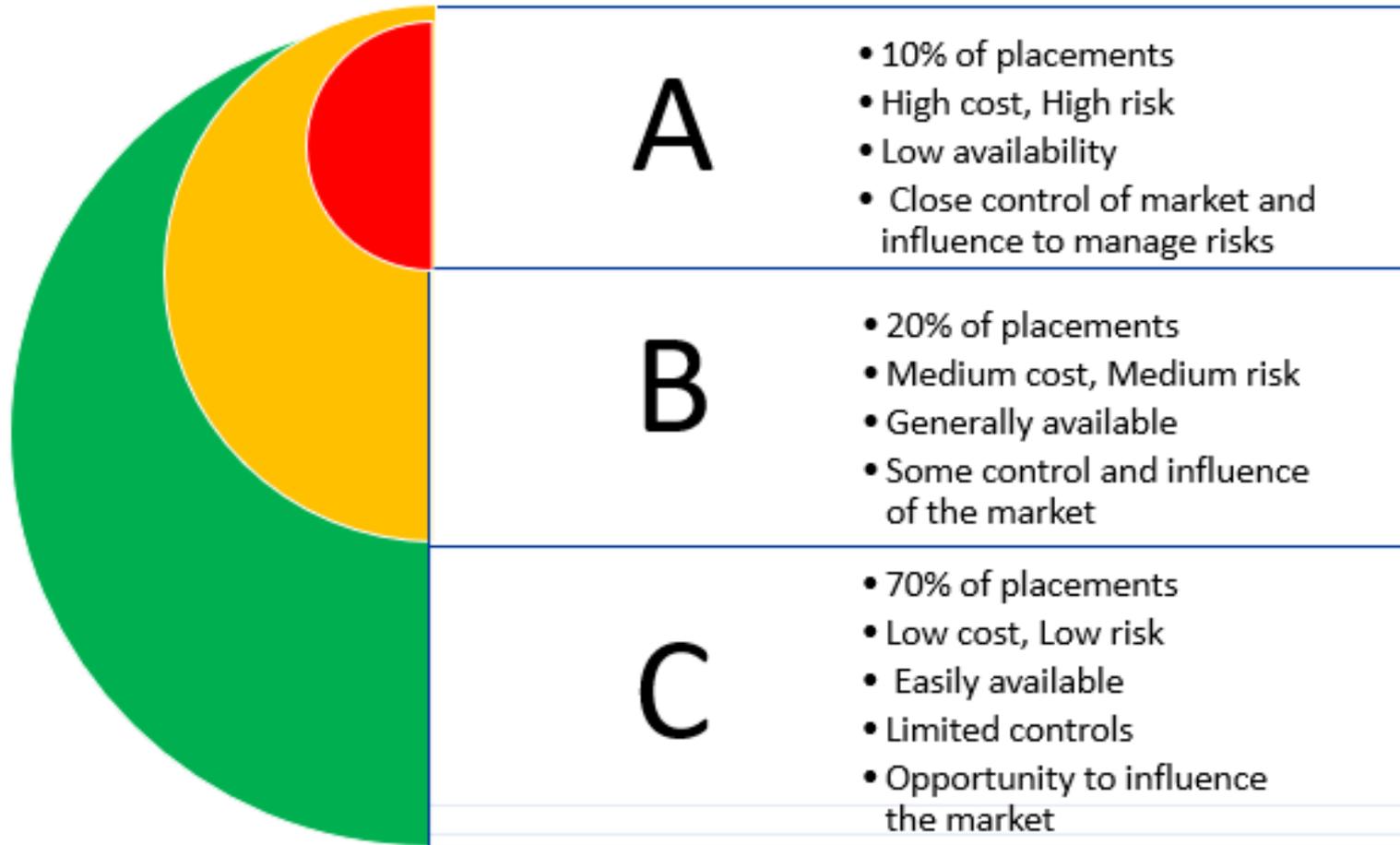


# Supplier Positioning Models

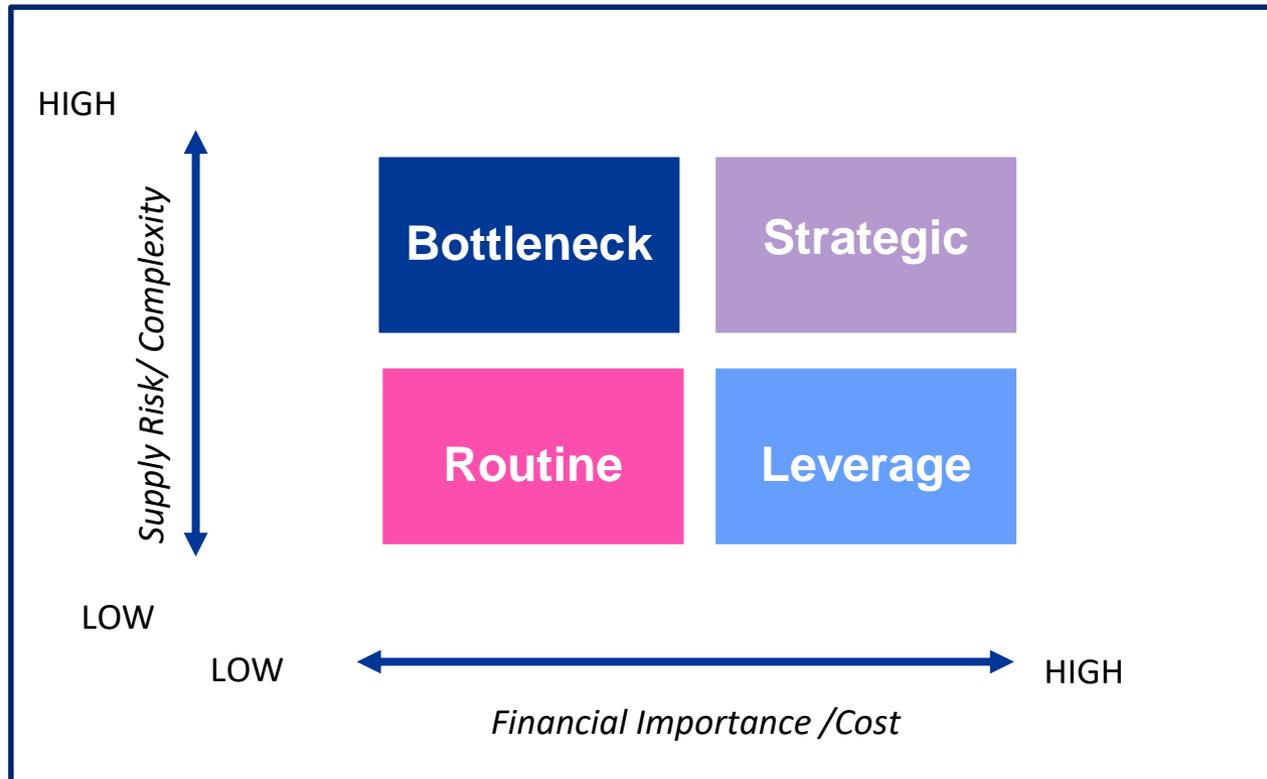
Some tools to understand your suppliers and market relationships

- ABC analysis
- Vendor Rating
- Kraljic market segmentation
- Supplier Preferencing Model

# ABC Analysis



# Supplier Positioning Matrix

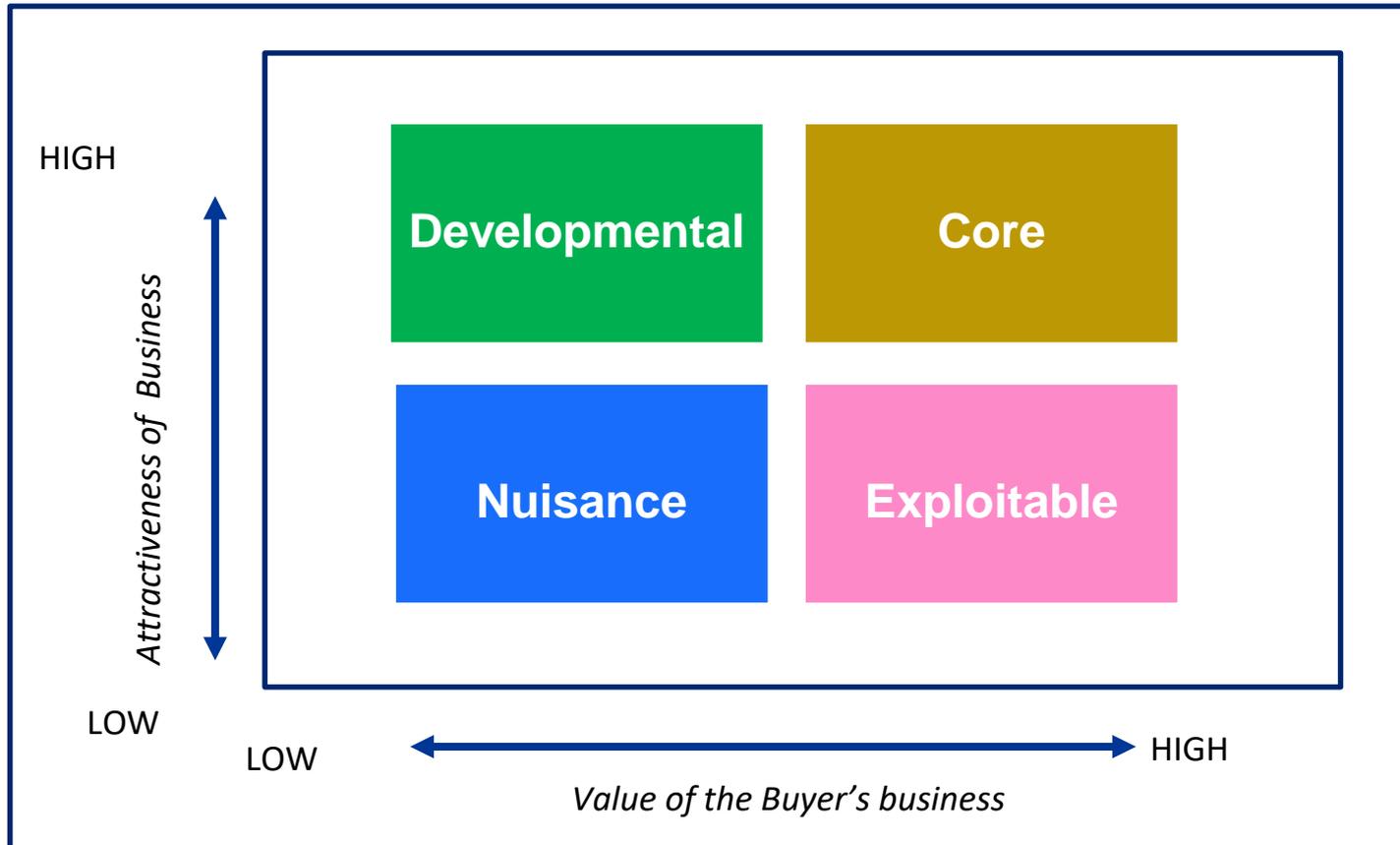


Kraljic (1983)

# Vendor Rating

Criteria/ Value		Provider and Score e.g., from 1 to 10, for their rating against each criterion									
Criteria	Expected Score 1=low 10=high	PROVIDERS									
		A	B	C	D	E	F	G	H	I	Market as a whole
Safeguarding	10	8	9	9	9	9	8	9	7	8	8
Compliance	10	7	9	9	9	10	8	10	7	7	8
Quality	10	7	9	9	9	10	9	10	7	6	5
Cost	8	6	8	9	9	9	9	9	7	6	7
Response Time	10	9	5	7	4	7	4	7	4	4	8
Location	8	8	9	9	9	9	8	9	7	4	9
<b>TOTALS</b>	<b>56</b>	<b>45</b>	<b>49</b>	<b>52</b>	<b>49</b>	<b>54</b>	<b>46</b>	<b>54</b>	<b>39</b>	<b>35</b>	<b>45</b>
<b>RANKING</b>		<b>5</b>	<b>3</b>	<b>2</b>	<b>3</b>	<b>1</b>	<b>4</b>	<b>1</b>	<b>6</b>	<b>7</b>	

# Supplier Preferencing Model

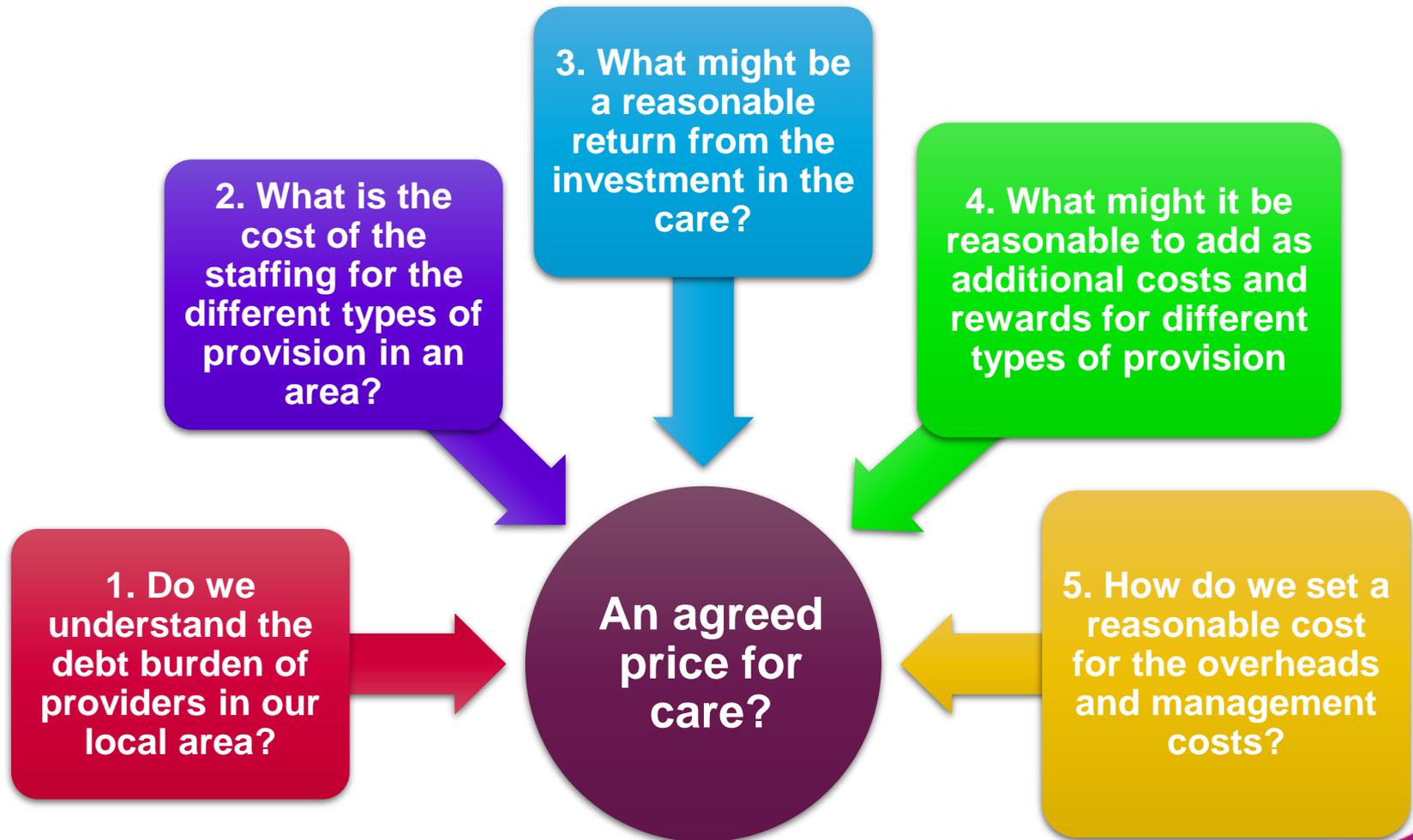


# Market Intelligence - Understanding the cost of care in your local area

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 commissioning body
- Judicial Reviews require that the process to reach a decision on cost should be transparent

# Considerations



# The elements that make up the cost of care and support

## 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 bears the risks involved

# Cost of Care resources



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

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<http://ipc.brookes.ac.uk>

## The National Care Costing Tool

CareCubed is a secure online care costing tool that supports open and transparent negotiation of cost of care placements.



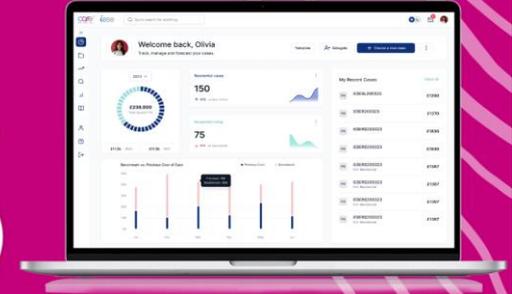
600  
Commissioning Bodies &  
Providers  
using the Tool



35,000  
People Supported



16  
Years of Transparency



# Understanding and mitigating risks to your provider market



- 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**?

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

Thinking about your target population groups:

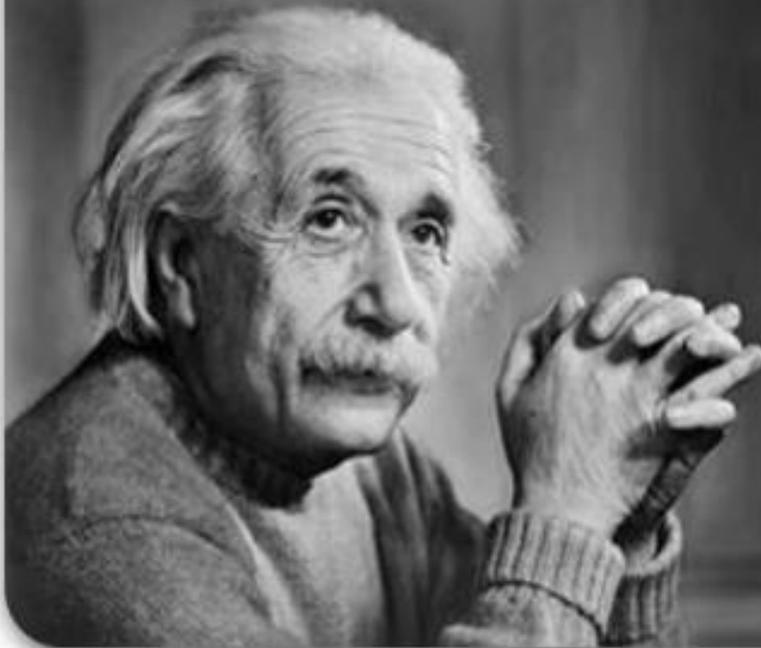
- For the recommended option in your business case, list a mix of three types of key provider services that could meet the needs you have identified
- What intelligence do you have about this potential 'market' – including strengths and weaknesses
- What would a sustainable, diverse, quality market look 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. Think carefully about its scope
3. Work closely with providers and people accessing care and support, and carers
4. Provide clarity to service providers to assist their business planning
5. Update the MPS regularly

[Example of a MPS hosted on a webpage: North Yorkshire](#)

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# 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 /  
pilots**

**Co-designed  
services /  
strategies**

**Performance  
Management /  
Quality  
Assurance  
activity**

**Jobs portal for  
approved  
providers,  
hosted by the  
authority**

**Capital funding  
opportunities**

**Lead providers  
for geographical  
areas**

**Meet the buyer  
events**

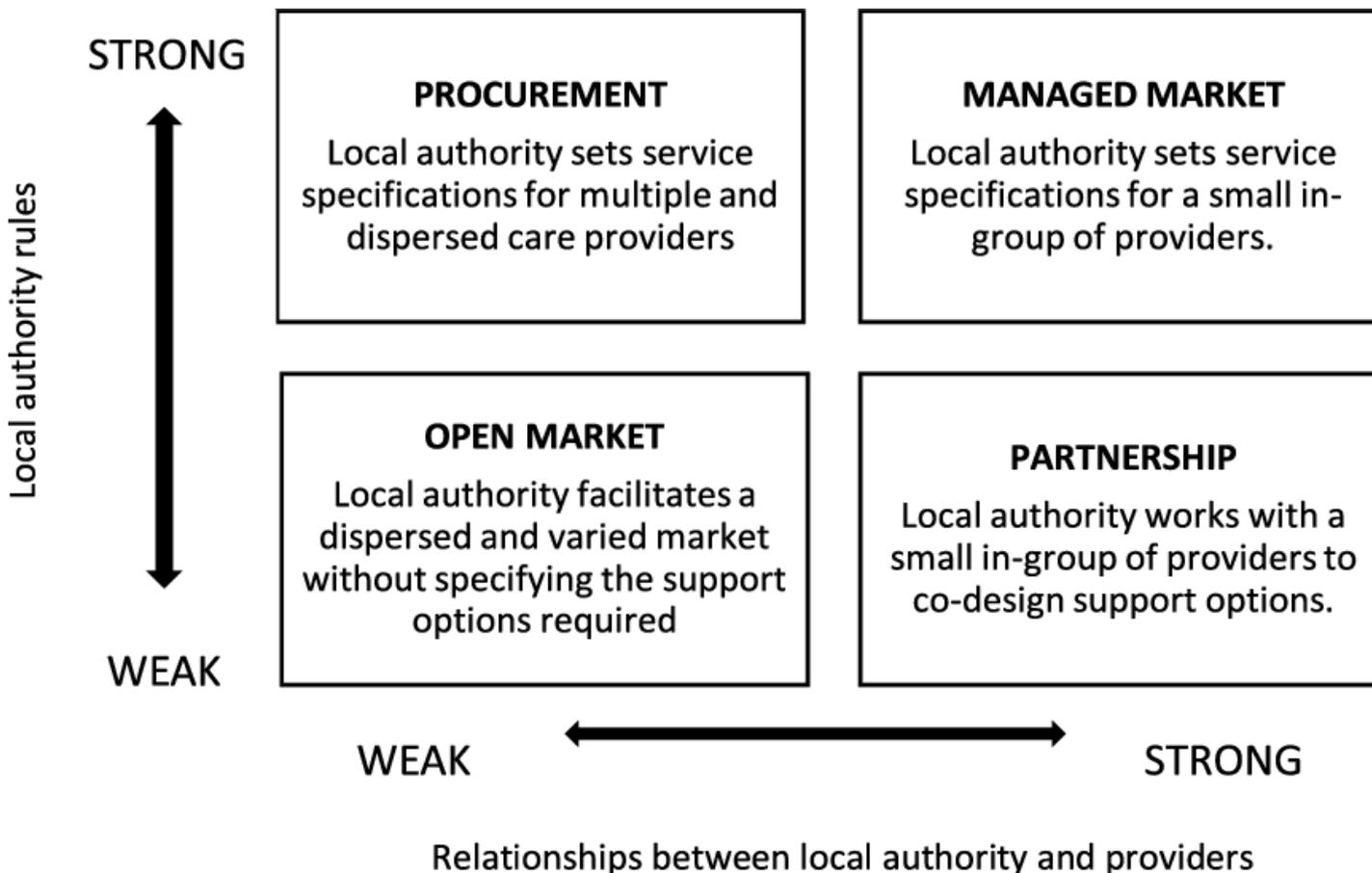
**Provider forums**

**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

# Typology of care market shaping

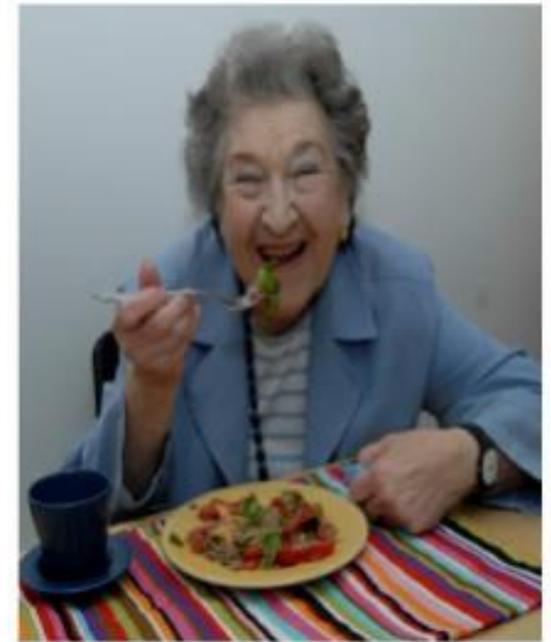


[How do you shape a market? Explaining local state practices in Adult Social Care \(2022\)](#)

# Example: stimulating micro enterprises in Somerset

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

*“You only have control if you have choice”*  
(Somerset Position Statement)



Jane's Story: How micro-providers helped Jane find her Jam!

# 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)



# The Impact of Community Power

- Average Enquiries per month: 70-90
- Total Number of Micro-providers: 1,270  
new Micro-providers in Somerset  
delivering 31,122 hours support to 5,903  
people in Somerset.
- 119% Increase In Direct Payment  
Uptake (now ranked 17<sup>th</sup> Nationally)
- 74% of DP recipients use Micro-  
providers
- If this 74% of recipients used traditional  
commissioned care this would cost  
Somerset Council additional £3,704,844



# 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

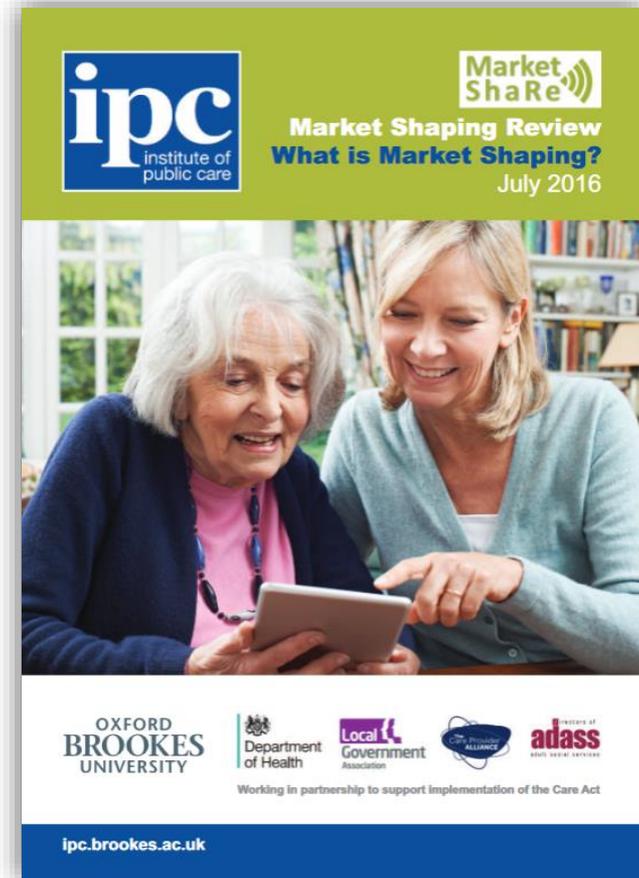
# What might determine your approach?



- 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

# Market shaping review

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



# 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?

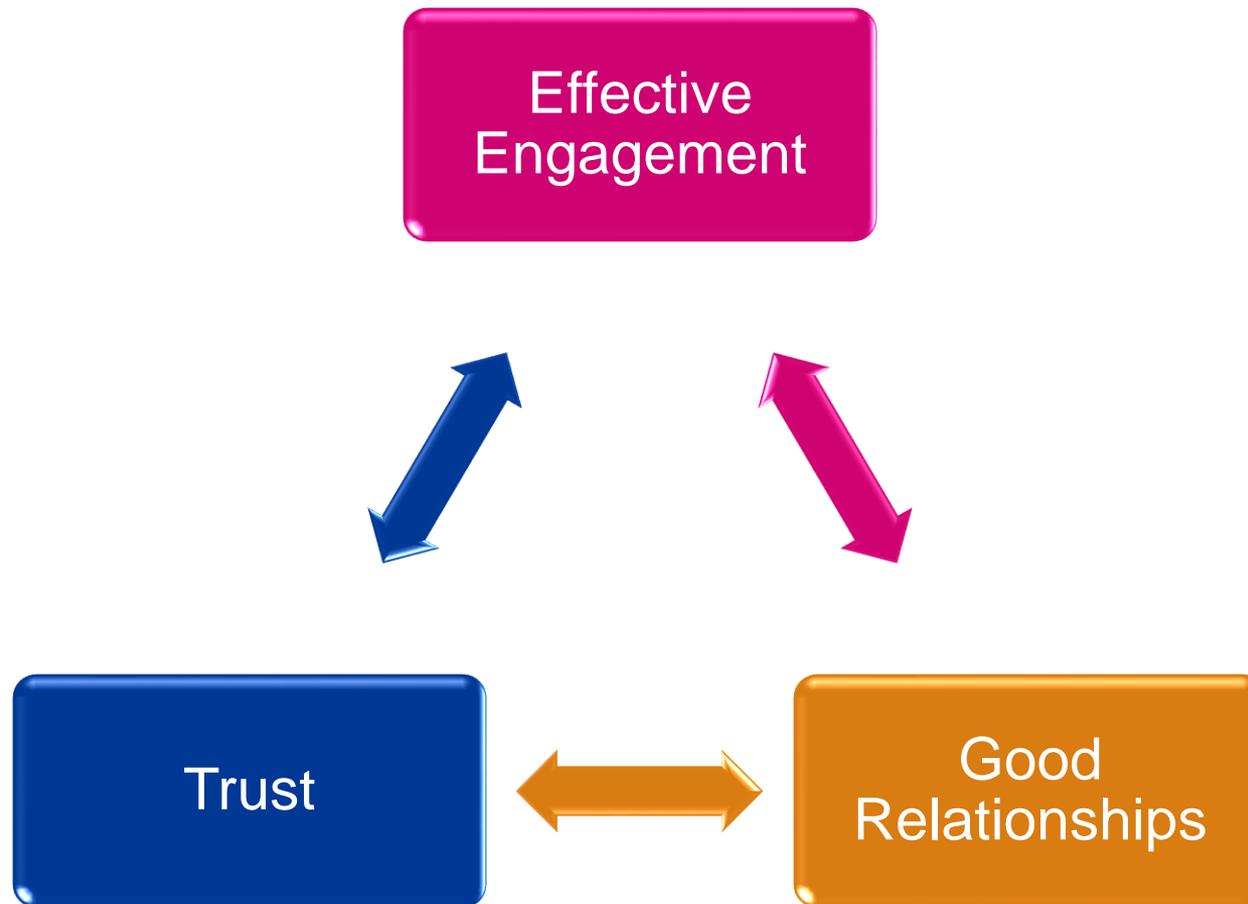


# What promotes effective relationships

- **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



# Engagement, Relationships, Trust

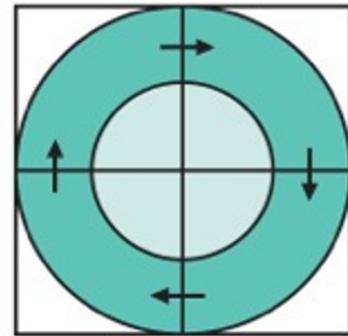


# Some advice...

## Hints and tips for provider engagement

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- Advantages of one-to-one vs forum approaches.
- Be human. Be respectful of perspectives and ideas, and of resources (incl. time).
- Win-win mindset. Build close, trusted partnerships for the long term around specific contracts.
- Don't waste everyone's time. Beware Consultation fatigue. Unrealistic/undeliverable ideas. Keep it simple, keep it real.
- Pilot, try, discard what doesn't work. Quick wins to build confidence.
- Incremental improvement vs Grand master plans.
- Know your strategic intent for each provider and engagement.
- Research your providers, know them, their services, their owners, their local people, their plans.
- Accept and work openly with issues in your own services and in CAMHS etc.
- Commissioning as a continuous and strategic process – not a one-off tender exercise.



**Revolution  
Consulting**

# What does it take to have a trusted relationship with suppliers?

**“Work to build a relationship.** It might sound basic, but many supplier relationships are just mutually agreed-to interactions, not a relationship. **Seek to provide and receive open, honest feedback** with genuine appreciation and care. No one performs their best all the time and everyone has room to grow. When an open dialogue exists about where and how to improve, and mutually solve problems together, trust blooms.

**Become vested in each other’s success.** Building an appreciation for the struggles, work and success of both parties also builds trust and is often where buyer/supplier relationships fall apart. Suppliers are always perceived as trying sell and buyers as fighting to get the best price. Becoming vested in each other’s success means taking time to understand the goals of both parties and developing a plan to achieve those goals together. It might take uncomfortable change, willingness to give and take, and journeying into unknown territories together. However, when that happens, trust in each other grows rapidly. “

# 'Trust' – what is it and how can you build it?

## Necessary components for 'trust'

- ✓ Commitment to a common goal or vision
- ✓ The required performance / satisfaction – consensus on what 'good' looks like
- ✓ Agreement on price – sufficient to deliver the 'good'
- ✓ Agreement on quality – it meets the standard, or is sub-standard – quality is discussed and understood
- ✓ Timely and effective communication
- ✓ Co-operation
- ✓ Flexibility
- ✓ "Social bonding"

# Group discussion: Intervening in your local markets



- Revisit the weaknesses for the potential providers you identified in the earlier discussion
- What could you do to address these weaknesses? (or what are you already doing, if relevant?)
- What are the actions you need to take?
- Present the top three actions back to your colleagues

# Top Tips

- Make sure you understand the market and its structure - build up your market intelligence over time.
- Some markets are national and maybe even international. Recognise when you can influence them and when you cannot.
- Think about who might have influence. Can you enlist them if you need to?
- Commissioners do have a range of ways in which to influence local markets – especially where the local authority is the biggest buyer.



# Top Tips

- Try to be innovative – especially when you are trying to expand the market.
- Call upon expertise from across the local authority when you need to.
- Collaboration with providers is often necessary and desirable.
- When going out to procurement consider the different approaches to this and which will the market and circumstances in which you are operating.
- *Any others....?*



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