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DCMQC Briefing Paper 1

The Basics of Market Facilitation

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1 Introduction

This briefing paper has been produced following the ‘Developing Care Markets for Quality and Choice’ (DCMQC) programme. It outlines the basics of market facilitation and the context in which a local authority might develop a market position statement (MPS). Other papers in this series look at:

- Developing a market position statement (Paper 2).
- Good practice examples (Paper 3)
- A checklist for testing your local MPS (Paper 4).
- Using a market position statement to help structure the care market (Paper 5).
- Intervening in the care market (Paper 6)

The Care Act 2014 sets out a range of responsibilities for local authorities with regard to the care market. Section 5 contains the substantive details concerning an authority’s approach to its care market and its service users.

“1. A local authority must promote the efficient and effective operation of a market in services for meeting care and support needs with a view to ensuring that any person in its area wishing to access services in the market—

(a) has a variety of providers to choose from who (taken together) provide a variety of services;

(b) has a variety of high quality services to choose from;

(c) has sufficient information to make an informed decision about how to meet the needs in question.

2. In performing that duty, a local authority must have regard to the following matters in particular -

(a) the need to ensure that the authority has, and makes available, information about the providers of services for meeting care and support needs and the types of services they provide;

(b) the need to ensure that it is aware of current and likely future demand for such services and to consider how providers might meet that demand;

(c) the importance of enabling adults with needs for care and support, and carers with needs for support, who wish to do so to participate in work, education or training;

(d) the importance of ensuring the sustainability of the market (in circumstances where it is operating effectively as well as in circumstances where it is not);

(e) the importance of fostering continuous improvement in the quality of such services and the efficiency and effectiveness with which such services are provided and of encouraging innovation in their provision;

(f) the importance of fostering a workforce whose members are able to ensure the delivery of high quality services (because, for example, they have relevant skills and appropriate working conditions).

3. In having regard to the matters mentioned in subsection (2)(b), a local authority must also have regard to the need to ensure that sufficient services are available for meeting the needs for care and support of adults in its area and the needs for support of carers in its area.

In addition, in Section 48, local authorities also have responsibilities to all users of care services in the event of a provider failing.

“2. A local authority must for so long as it considers necessary (and in so far as it is not already required to do so) meet those of an adult’s needs for care and support and those of a carer’s needs for support which were, immediately before the registered care provider became unable to carry on the regulated activity, being met by the carrying on of that activity in the authority’s area by the provider.

3. A local authority is accordingly required to meet needs under subsection 2 regardless of -

(a) whether the relevant adult is ordinarily resident in its area;

(b) whether the authority has carried out a needs assessment, a carer’s assessment or a financial assessment;

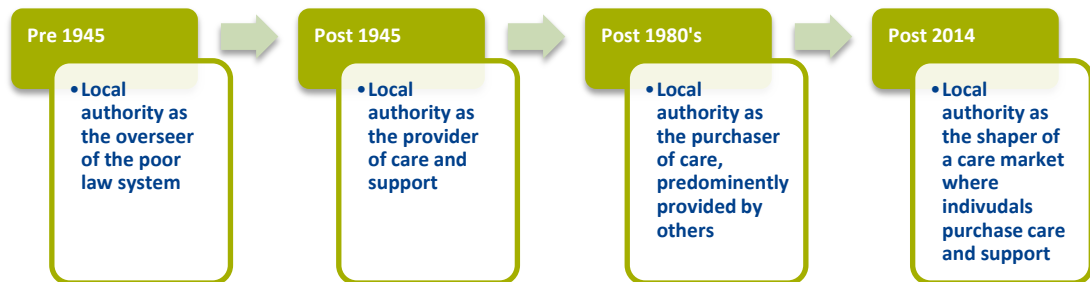
(c) whether any of the needs meet the eligibility criteria.”

This briefing paper outlines the implications of the wider market facilitation role, sometimes referred to as market shaping. Further papers look in detail at developing a market position statement (Papers 2 and 4), give examples of different types of market position statements (Paper 3) and the implementation of market facilitation (Papers 5 and 6).

2 The market facilitation role

In the past local authorities have primarily concentrated on people whose care they have funded, either in whole or in part. Now they have a much wider responsibility to all who receive care regardless of how that care is paid for. As the diagram below illustrates, this represents a significant shift in the role of the local authority.

Figure 1: Historical change in the care market



Although the local authority may still act as a purchaser of care, its overarching responsibility is to ensure there is as an *efficient and effective* care market operating in its area, that the market is *sustainable* and that there is *sufficient* care available for all those who need it, whether funded by the local authority or not and for those who may be in receipt of care and their carers.

To deliver this new role calls for a rather different understanding of the care market from that which has been used in the past. For example, the information an authority might need to capture and analyse could include:

- Whether the range of care provision locally is appropriate to needs and sufficient to meet anticipated demand.
- Who is developing, or wishes to develop, new forms of provision?
- What is the size of the local self-funder market?
- What are people buying with their direct payments and what support would people like to access, but is not currently available?
- Whether the local workforce is able to deliver sustainable, high quality care services?
- Which providers have the potential to diversify or offer a more integrated service?

...and particularly with regard to provider failure...

- Which local companies and organisations are vulnerable and why?

The diagram overleaf summarises the three elements of activity that local authorities should engage in if they are to deliver an efficient and sustainable care market.

Figure 2: The three elements of market facilitation



These are described in more detail as:

Market intelligence – the development of a common and shared perspective of supply and demand, leading to an evidenced, published market position statement for a given market.

Market structuring – means making explicit to the sector how the commissioner intends to perform and behave in influencing the market. For example this might include communications with providers and service users, ongoing planning, quality assurance or performance management arrangements designed to encourage desired services and discourage those that are not needed.

Market intervention – the interventions commissioners make in order to deliver the kind of market believed to be necessary for any given community. For example this might include financial incentives, offering specialist training, support to providers with business planning, setting up not for profit ventures, grants, or other forms of support for providers to encourage the development of particular services.

The collection and analysis of data and the publication of a market position statement constitutes the major part of market intelligence activity. Market structuring and market intervention have a fairly high degree of overlap and involve a wide range of tasks and activities. For example, an activity that works with providers to change the shape of purchasing from cost and

volume to outcomes would be market structuring activity: the actual contract would be a market intervention.

Market structuring comprises a range of activities based on the intelligence the local authority has captured to ensure that the market is sustainable and working efficiently. This may involve working with other public sector bodies, such as the CCG and adult social care working together to define how combined services might best be commissioned or working with the planning authority to long term plan the future accommodation requirements of older people.

Some of the facilitation activities may graduate into market interventions. For example, evolving from work with the planning authority, the local authority might release land to develop extra care housing. It may involve offering training to care agencies so that staff can undertake a range of new activities. Together with other public sector bodies, the local authority may set up an innovation fund designed to steer and support the market in new strategic directions.

3 Why engage in market facilitation

At a time when local authority resources are pressurised it might be argued that strategic commissioners' time could be better spent on other tasks. Surely, if care consumers are self-funders, people in receipt of a direct payment or a personal budget, then should the authority not leave the market to its own devices? However, in addition to the legislative requirements, there are three good reasons why local authorities need to establish a facilitative relationship with the market and why it needs to be at the heart of strategic commissioning across health and social care:

1. The significance of the care market to the local economy: In 2012-13 the total net expenditure by local authorities in England on adult social care was nearly £15 billion¹ (an average of around a £100 million per authority) of which the vast majority was spent in the private and voluntary sector. Given that around half of all care home places taken up by older people are self-funded, the total size of the care market in both regulated and unregulated care will be considerably larger. In addition, social care has a substantial workforce, estimated at around 1.85 million in 2011².

¹ NASCIS data for 2010-11

² Skills for Care, The Size and Structure of the Adult Social Care Sector and Workforce in England, October 2012

Therefore, this is a sector of considerable significance, in terms of expenditure and employment, to local communities. It is one where local authorities are at its heart; through paying for care, ensuring that care is available to those who need it and via public health and planning, ensuring that local communities are places where people with care needs can remain and flourish.

2. The need to innovate: Much is made of the need for innovation and for the development of new preventative resources in the light of demographic growth and diminishing resources. Yet without local authorities stimulating the market, initiatives such as new approaches to home care, different forms of community support for people with a learning disability etc, are likely to occur at a slower pace than that which is required. Therefore, the local authority needs to have mechanisms for influencing what care is provided and what outcomes it achieves, in the interests of both the individual and the state.

3. Ensuring the sustainability and quality of care provision: Although supporting people when a provider fails is still only a small part of market facilitation, of more significance is informing potential and actual care consumers of what expectations they should have about how care is delivered and what may be required. For example, an older person with dementia may not be in a position to determine whether the care they are receiving is suitable or appropriate for their needs. A person post stroke may have little idea of their potential for recovery and hence what services they should purchase. Local authorities need to engage with both consumers and providers in ensuring that useful and usable market information is available.

4 Conclusion

Market facilitation is about the role the local authority plays in ensuring there is a local, sustainable, quality driven care market for all who might need it. It calls for much better intelligence about how the care market works and functions if the local authority is to acquire influence. This is not how commissioning has often been seen, neither is it procurement, although in many instances staff that have previously been involved in procurement and commissioning will undertake this role but may need to learn new skills and approaches.

Therefore, the kind of care market that local authorities and providers should be aiming to achieve can be embodied in the five 'Cs' of the diagram overleaf.

Figure 3: The five Cs of a strong social care market

