OXFORD BROOKES UNIVERSITY

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New Perspectives on Market Facilitation:

Provider Commissioner Relationships

September 2023

Briefing Paper

New Perspectives on Market Facilitation: Provider Commissioner Relationships

Good working relationships between commissioning and care provider organisations are crucial. They have become even more so since the Covid-19 pandemic. We recently revisited a paper we wrote in 2009 (Institute of Public Care, 2009), Perspectives on Market Facilitation. It examined how commissioners and providers of social care view their relationships. It also covered ways to improve these relationships and change local authorities' roles from purchasers of care to market facilitators and shapers.

At the time, market facilitation was still a new concept. The 'Our health, our care, our say' White Paper in 2006 cited it as an enabler for managing the demand side of social care transformation. Our 2009 paper gave advice and checklists to help organisations improve their relationships. It would have supported some to improve from a "low base" (Department of Health, 2005). It is notable that the issues and challenges from our 2009 paper are still relevant today. In this paper, we look back at our previous thoughts and add some new ideas.

In 2009, our focus was on developing good relationships between commissioners and providers. We prioritised the development of the commissioning strategy.

> *"Providers, if involved at the beginning of a commissioning strategy, can give unique insights into demand and supply. For example, from their detailed knowledge of service user need. Providers have the incentive to know their market, otherwise they go out of business, and commissioners can benefit from this knowledge."*
>
> *Institute of Public Care (2009)*

With the belief that early involvement and dialogue would:

- Develop respect for each other's knowledge and skill bases.
- Provide clarity of vision and direction.
- Recognise providers' capacity issues and lead to shared responses to meet these gaps.
- Recognise specific areas of joint ownership such as risk sharing and incentives.
- Raise morale.
- Expand the planning net to find more ideas for better services.
- Effectively invest and create value for money for local authorities and providers

Many of the providers interviewed in 2009 felt that the commissioners they worked with had good intentions and vision. However, their hands were tied due to the following factors.

- Unable to plan long term due to short-term budget forecasting.
- Not having the power to negotiate or make decisions independently.
- Being preoccupied with achieving partnership with commissioning partners.
- Being too busy 'firefighting' day-to-day issues to have time for strategic dialogue.

So, what, if anything has changed in the intervening years? Cynically, one could say not much. The points above very much still resonate today. Although the context and commissioning environment has changed, those points are worth revisiting.

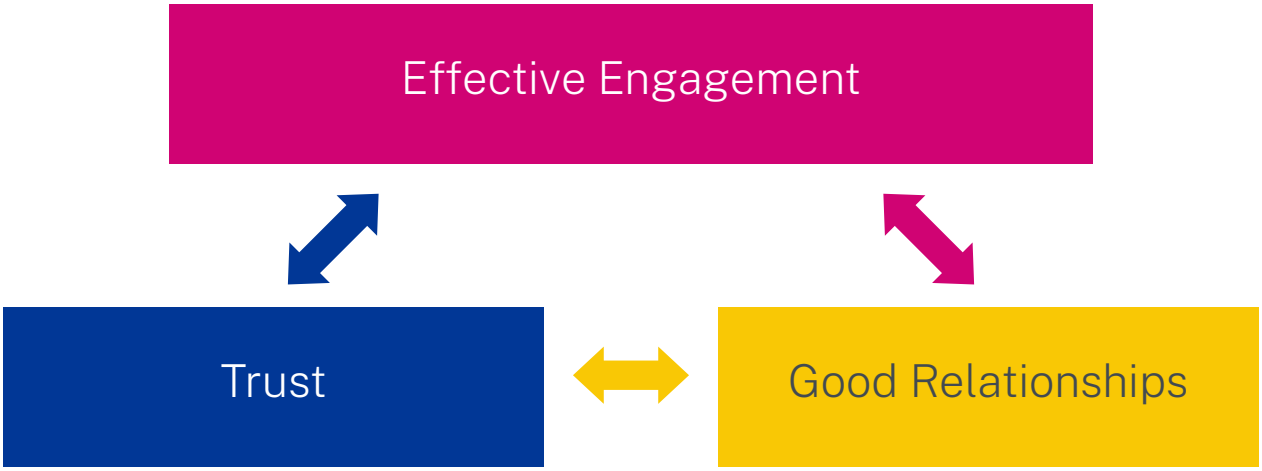
One of the challenges put to us in our work to support organisations to improve their working **relationships** for effective commissioning, particularly for introducing a more outcome focused approach, is the need to improve the **'trust'** between parties. This is especially important for introducing a more outcome-focused approach. We have also been asked to improve **engagement mechanisms** for meeting with providers.

The development areas are important because systemic demand and supply issues have strained operations in health and social care. As a result, there are less chances to invest resources or time into innovation or service improvements. Providers might perceive delays or broken promises. When providers feel like nothing is happening, it can hinder the development of good working relationships.

The recent discussions and exercises on the Fair Cost of Care have also placed a strain on commissioner/provider relationships. Care providers suspect that information is not being used fairly, leading to a loss of trust. In addition, the move to virtual engagement necessitated by Covid may have changed the way partners communicate or behave.

During our recent work with commissioners and providers, we noticed that both parties feel frustrated by the same issues, but for different reasons. There are signs of disinterest and discussions don't always have the right agendas. That is, they are not focussing on the right priorities with the right people. We have seen virtual meetings where participants to not want to engage in the topics tabled and behave unprofessionally. Although we do not condone this behaviour, we understand that frustration, bad relationships, or lack of trust can cause it.

To improve commissioner/provider relationships, we propose exploring the three interlinked areas in the diagram below:



Effective Engagement

Effective Engagement

Without defining the 'how' to engage (which will vary depending on context), it is worth exploring the purpose of engagement. Below, is one example of a draft definition of purpose:

> Effective engagement can support commissioners to meet strategic objectives and priorities. It can help providers to be proactive and run a sustainable operation. It is an effective method for partners to influence visioning, innovation, supply opportunities and service quality.
>
> Providing partners with timely, accurate, and relevant information is crucial. It helps maintain collaboration in commissioning services and shaping the market. When done well, collaboration can build trust and accountability in partner relationships.

Creating a statement together, at the outset, is crucial for defining the foundation of the relationship and ensuring shared understanding and commitment.

Good Relationships

Good Relationships

Typically, commissioners and providers assess their working relationships as 'good' or 'very good'. However, this is often qualified by, "I get on well with (named individual) but not so well with the Council/Provider Head Office". It's important to have good relationships with people, but there's a risk that, if someone leaves, the relationship ends. To reduce this risk, we must invest in building and promoting relationships within the organisation or system. That is, where the values and behaviours are commonplace, regardless of who is engaging with whom across the partnership. It is a responsibility of leaders on both sides of the partnership to model behaviours that can promote this way of working. A good example of how to promote good relationships is the following, prepared by Yorkshire and Humber Commissioning Support:

Constructive relationships can be promoted by specific behaviours on the part of commissioners and providers:

- *Openness; dealing with differences and difficulties in a non-defensive or adversarial way, i.e., conflict management skills.*
- *Good interpersonal skills.*
- *On-going self-reflection and assessment.*
- *Confidence in one's own skills and organisations to contribute to solutions (related to this is having adequate knowledge of the procurement regulations and keeping within the law).*
- *Knowledge of appropriate boundaries (i.e., confidentiality issues and discretion) yet also knowledge of where and how one can be flexible.*
- *Good negotiation skills.*
- *Desire and commitment to seek realistic alternatives and sustainable solutions.*
- *Shared ownership of outcomes.*
- *Willingness to invest time and effort.*
- *Willingness to invest emotional and creative energy.*
- *Positive energy and outlook.*
- *Tenacity and strength.*
- *Willingness to support innovation and talent.*

Local authorities and providers need to be open to new ways of doing things. They will need to understand potential new models of commissioning and service delivery and be able to spot and source innovation.

Local authorities need to ***demonstrate leadership*** *to enable these changes to occur. Likewise, providers have to be proactive to drive and contribute to change.*

Constructive partnerships are crucial.

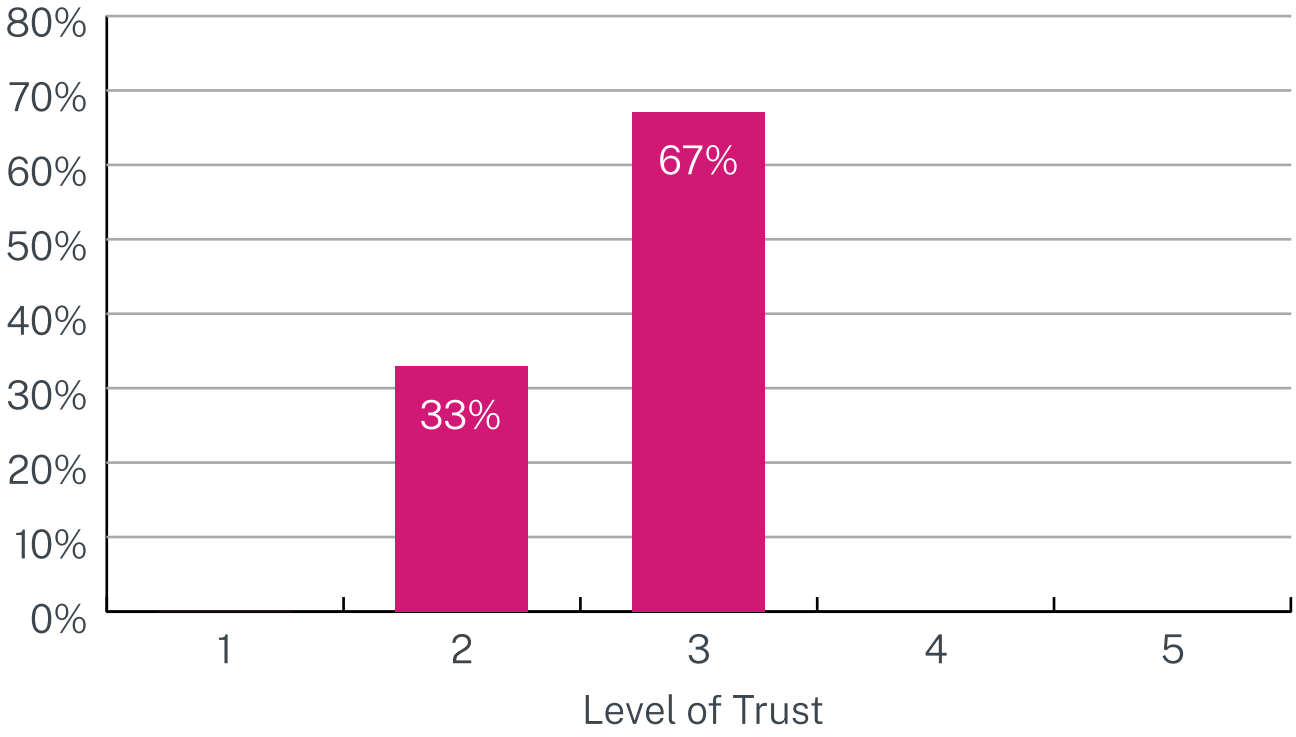
Trust

What Do We Mean By Trust?

As mentioned above, the need to have trust in the partnership is often seen as the 'silver bullet' to supporting a good working relationship. As part of our discussions with commissioners and providers, we have asked both parties, "how much do you trust each other?" This is by no means a risk-free area to explore and raises some difficult questions about how you use the feedback generated. The usual response tends not to refer to mistrust of individuals, but rather of the organisation or system. We recently asked commissioners and providers in one local area to rate their level of trust in each other. As the poll results below show, whilst the average score is not that dissimilar, providers gave lower ratings.

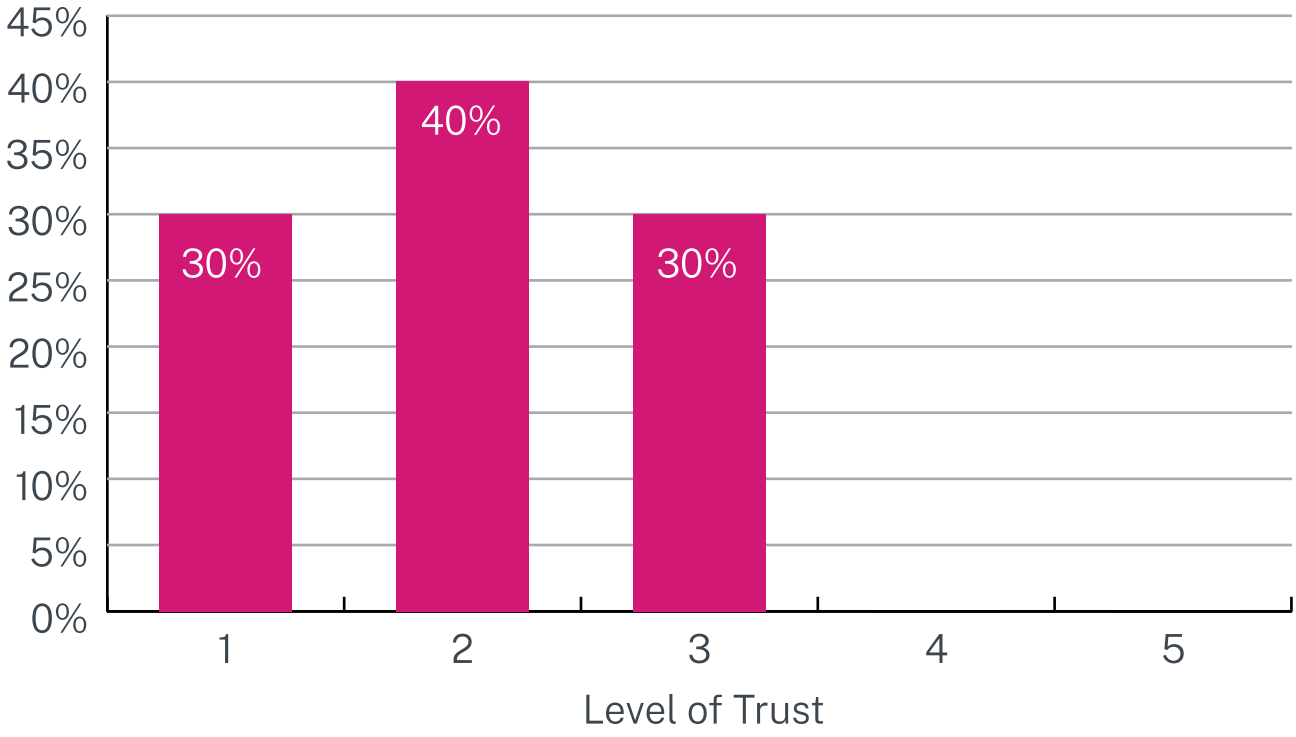
Council Response

On a scale of 1 to 5 (5 being the highest), how would you rate the current level of trust between the council and provider sector?



Provider Response

On a scale of 1 to 5 (5 being the highest), how would you rate the current level of trust between the provider sector and the council?



As part of our preparation for exploring issues of trust in partnerships, we undertook a rapid review of the literature on what trust means in the context of purchaser and supplier relationships. We shared the following quote in our workshops with partners as a way of exploring their own definitions and expectations of trust:

"Trust can be defined, based on the extant literature, as one party's belief that the other party in the relationship will not act opportunistically and not exploit its vulnerabilities even when such exploitation would not be detected."

"Some say that trust can be built through the establishment of inter-personal relationships, others say that trust is built through achieving (through the delivery of) contractual requirements (and good performance)"

"Despite its apparent importance in effective (commissioning), building trust is not a well understood process, has not been placed enough emphasis on by managers can be difficult to measure objectively and is both reciprocal and iterative in nature making identification of direct causality a challenge."

Stuart, Verville, Taskin (2011)

The quote is important for the current commissioning challenge of delivering high quality care with limited resources. It also mentions that trust needs to go both ways. We have also used an adaptation of the Trust-Commitment Model of Buyer-Supplier Relationships by Crotts et al. with workshop participants to see whether they experience these elements in their partnerships.

Necessary components for trust:

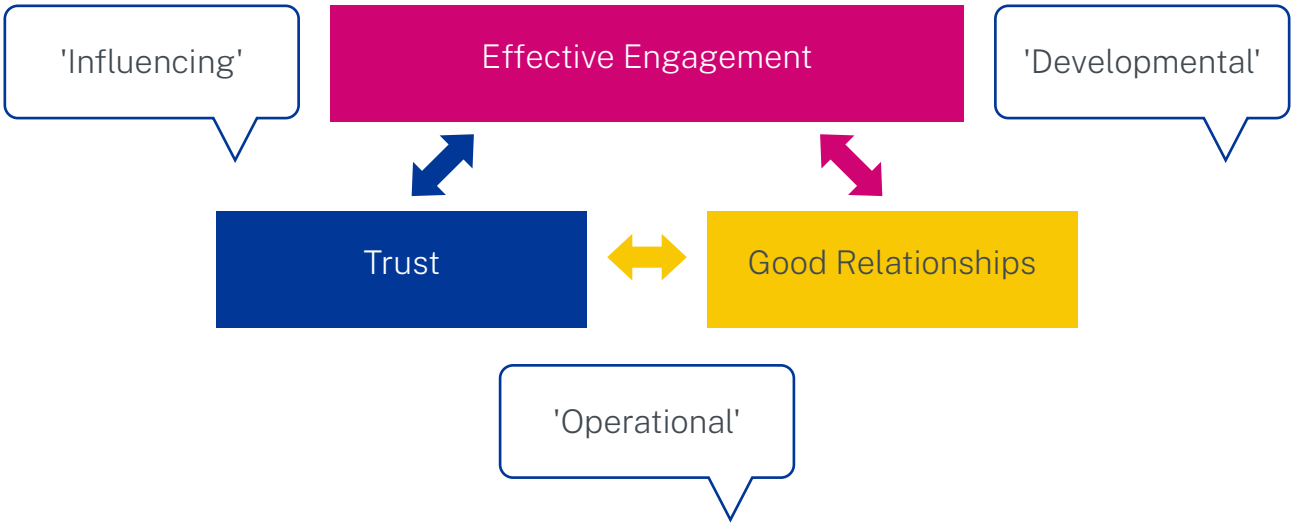
- *Commitment to a common goal or vision*
- *The required performance/satisfaction–consensus on what 'good' looks like*
- *Agreement on price–sufficient to deliver the 'good'*
- *Agreement on quality–it meets the standard, or is sub-standard–quality is discussed and understood*
- *Timely and effective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

Participants found the area related to price most interesting. If there is no agreement on price, can partners have complete trust in each other? In general, there is usually enough trust for the partnership to operate smoothly. However, if the topic of price is not discussed at the appropriate time or with the necessary individuals, it can negatively impact the service's operations and hinder innovation.

This last point leads us to discuss how to start taking positive steps to make a partnership strong.

Partnership Relationships: A New Perspective

Our view is that engagement can be seen through three inter-linked categories of activity: influencing, developmental, and operational.



Influencing – this is about building a consensus on the implications of wider issues, addressing local action and lobbying relevant authorities. For examples, partners might want to discuss the impact of national policy, cost-of-living issues, the legacy of Covid, the impact of climate change, or changes in inspection. People who have a leadership role in the partnership are the participants in this arena.

Developmental - this is about planning for the future. What are our predictions for demand, supply, workforce recruitment and retention? What commissioning approaches or service innovations should we adopt and can we co-develop commissioning strategies or market position/sustainability reports or agree the use of new grants or developments. Typically, discussions would be conducted with a wider group of partners who would share an interest in scoping and agreeing whole system approaches to commissioning.

Operational - the focus of this interaction for partners is the day-to-day activities of arranging or providing support and services to individuals. For example, discussions on contract start-up, monitoring/quality assurance, firefighting or problem solving etc. This includes people who are responsible for these activities every day. It includes social work teams, commissioning/ contracting teams, and the provider.

Partnerships should reflect on their relationships and engagement activities. They should consider the following:

- Not only do partnerships need to work out the 'how' they need to engage, but for what purpose. So, can the partnership agree on and prioritise when and how to discuss what?
- Who should be present when the engagement is about influencing and developing? Partners will vary depending on the purpose identified above.
- What is the expected 'leadership need' from partners for each of these elements? That is, participants need to be able to 'punch their weight' in discussions and to have appropriate seniority to follow through on agreements.
- Should we define these parameters locally, to make expectations clear for all partners working together to build and maintain trusting relationships and effective engagement?

Conclusions: Sustaining the Paradigm

Another often mentioned suggestion by partnerships on how to fix commissioner/provider relationships is to “change the culture”. Sometimes, ways of working and behaving have become so entrenched that we need to make major changes at all levels. But this presents an enormous challenge, and cultural change generally requires a long time to embed. So where should the partnership start?

To begin, state your purpose and values for effective partnership working. Over the years, we have reviewed drafts of documents that describe how commissioners and providers will engage. After further discussion with the organization, we have learned that one of the partners has produced these documents! It's not ideal to start a relationship or partnership without working together to create a shared document. It's important for everyone involved to understand and commit to the document.

Providing examples for documents like "memorandum of understanding" or "engagement concordat" is risky. This could lead to the adoption, acceptance, or imposition of templates as the standard way to describe what forms good engagement/relationships for a partnership, without any input from the partnership in the development process. To create their document and review their partnership processes, we recommend that a partnership discusses and reflects on the previous sections about Effective Engagement and Good Relationships.

The next step could be to design the ‘how’ (Arrangements and Activities). We advocate following the usual rules for group formation, such as agreed terms of reference, determining the chairperson, setting the agenda, etc., whether engagement occurs through the usual Provider Forum, special Task and Finish project groups, or monthly operational delivery meetings, as appropriate. Additionally, we suggest considering our recommended paradigm to determine the type of discussion needed - the right person, right place, right focus.

In the diagram above, the next two steps involve relationships and trust. This means acknowledging and endorsing the right behaviours, while challenging and improving the wrong ones. If we can work together in partnership to do this, the culture change will be the longer-term outcome. This change will enable the paradigm to become embedded and sustained.

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