



BEDFORD BOROUGH COUNCIL

*First Draft 31/12/10*

***Market  
Shaping  
Strategy***

***2011 - 2014***

## Market Shaping Strategy

### **1. Introduction**

Bedford Borough Council is required (see 'Transforming Social Care' DOH, 2008) to develop a clear approach towards the social care market so that Personalisation can succeed. Citizens of the borough will expect and require a broad range of social care and wellbeing services to choose from that reflect the full diversity of their lives, needs and aspirations.

We are tasked with 'shaping the market' to ensure appropriate choices are available to people who wish to purchase support, either from their own means or by using adult social care personal budgets.

What you are reading is our market shaping strategy.

#### What is the adult social care market?

We define this as the people or organisations in Bedford Borough who are interested in adult social care and have the resources to sell it, buy it or influence it. These people or organisations can be

- Providers in the private, voluntary sector and community sectors
- Service users, carers and families, social care funded or privately funded
- Social care commissioners
- Other relevant commissioning or providing organisations such as NHS, housing, transport, employment and leisure.

#### What is market shaping?

Market shaping is how the market is set up. It is all of the rules and regulations, customs and practice, advice and guidance that helps people using the market to make the most of it.

Everyone who has anything to do with a market has some role in market shaping. But the council is expected to take the lead role in market shaping.

We will do this by

- understanding demand for different kinds of adults support services,
- comparing demand with supply
- developing options to match supply and demand
- gaining agreement with partners (including service users and carers as well as local providers) to implement options that make sense to the local market

#### Market segmentation

Market segmentation is splitting the whole market into different segments, to make it easier to understand. So for example there is a learning disability segment and a physical disability segment. By understanding the market segments better, we can understand the whole market better.

There are many ways of segmenting the market. How we segment it depends on why we are segmenting it. Segmenting is a way of changing how we look at the market but, by itself, it doesn't actually change the market.

### Mass market and specialist market

One way of segmenting the whole market is to think about a mass market segment and specialist market segments.

The mass market segment offers the same product or service to all customers. It allows economies of scale but doesn't usually meet everybody's needs. Examples would include general home care, universal information and advice and health promotion services.

Specialist market segments offer specific products or services for smaller groups of customers (right down to the ultimate segment that is the unique individual). The specialist market is where customers need to go when their needs cannot be met by the mass market. Examples would include specialist home care for people with particular conditions such as dementia and services put in place to ensure equality of access which may be challenged by language or cultural factors.

### The role of social care commissioners

The role of commissioners is changing. In the past they were primarily purchasers, organising block contracts and securing day to day placements in a mostly reactive role. That has gradually changed over the last 10 years to a view that commissioners need to take a more strategic long term view of supply and demand.

With the advent of personalisation and the expected future that many service users will purchase their own support rather than have it purchased by the local authority, the emphasis on commissioners is shifting towards ensuring sufficiency of supply.

According to Transforming Social Care (DOH, 2008) the role of commissioners is to 'work to shape and develop local and regional markets with the capacity and the variety to offer the range of options the population demands. This will include a mixed economy of care providing a range of services delivered by organisations across all sectors'.

### Partnership

Commissioning social care and support does not take place in a vacuum and commissioners need to work in partnership with others across the public

sector. As a unitary authority we have excellent access to partners in housing, leisure and culture. Our relationships with the NHS are on a strong footing with Joint Commissioning Strategies in place and cross membership of boards and project groups.

The Bedford Borough NHS landscape is changing with the development of Horizon GP Commissioning Consortia and the expected dissolution of NHS Bedfordshire. We expect increasing convergence between health and social care commissioning given that many of the challenges faced are 'whole-system' in nature eg keeping people well in their own homes with maximum independence for as long as possible.

A range of competencies under the heading 'World Class Commissioning' (WCC) have been developed to support NHS commissioners. One of the WCC competencies is directly relevant to this market shaping strategy and highly comparable to the guidance issued (see above) to social care commissioners in Transforming Social Care.

'Commissioners will need a choice of responsive providers in place to meet the health and care needs of the local population. Employing their knowledge of future priorities, needs and community aspirations, commissioners will use their investment choices to influence service design, increase choice and drive continuous improvement and innovation' (World Class Commissioning, DOH, 2007).

In short, partnership between the council and NHS is essential for the citizens of Bedford Borough to obtain the best social support, and health and wellbeing outcomes, from the resources available.

## **2. Bedford Borough context.**

### Demography

Bedford Borough is home to approximately 156,000 people living in 64,000 households. Most live in the urban areas of Bedford and Kempston, the remainder in the surrounding rural areas. Significant new residential development is planned in the Borough with the population forecast to rise to more than 172,000 by 2021.

On most social and economic measures the Borough is broadly similar to national averages. It is experiencing major growth in the numbers of older people.

The ageing of the Borough's population will accelerate in future years with the 75-84 population forecast to rise by 31% and the 85+ population by 61%, from 2008 to 2021.

Older people are not the only group undergoing demographic change. For example the Bedford Borough Joint Strategic Needs Assessment (JSNA) is signalling an increase in the numbers of adults with learning disabilities

because more children born with very complex needs are surviving into adulthood and life expectancy for people with learning disabilities is increasing.

Demographic change is not all about challenges, it is also bringing opportunities. For example the comparative growth in wealth for many older people with occupational pensions, and decades of growth in home ownership, will allow more people to pay a greater proportion of their care costs.

Further information about demography can be found in our Joint Commissioning Strategies on the Bedford Borough Council website.

### Diversity

Bedford Borough has one of the most ethnically diverse communities in the East of England and is home to people from an estimated 60 countries, including large Italian and Asian populations. We estimate black and ethnic minority (BME) groups to form 22% of the Borough's population. Two thirds of recent growth in our BME population has arisen from migration from EU countries, especially Poland and Lithuania.

Some parts of our borough experience considerable deprivation and tend to be where a higher proportion of people from minority ethnic groups live. Areas in Castle, Harpur and Cauldwell wards are amongst the 10% most deprived areas in England.

Health in Bedford Borough is generally close to the England average but life expectancy for men in the most deprived parts of Bedford town is estimated to be 11 years less than in the most affluent wards. The urban areas of the borough also have a greater proportion of people suffering a limiting long term illness or disability.

### Personalisation

Personalisation and self directed care is the future for social care.

'What it means is that everyone who receives social care support, regardless of their level of need, in any setting, whether from statutory services, the third and community or private sector or by funding it themselves, will have choice and control over how that support is delivered'

### *Transforming Adult Social Care*

There are clear challenges in achieving this vision.

- Some people may not wish to pursue it, either because they are satisfied with existing arrangements and see no point in making what is perceived to be additional effort or they are too incapacitated.

- The same choices may not be available to everybody in all parts of the borough eg in rural areas choice may be more restricted than in urban areas.
- Some people may seek to exercise unwise or unobtainable choices.
- Some people may want to purchase services that prolong their state of dependency rather than be challenged by expectations of re-ablement.

These challenges will be tackled in Bedford Borough so that a sustainable model of personalisation can flourish here.

### Financial stringency

We are living through an era of strict financial control with less money available for either Bedford Borough Council or citizens of the borough to spend on social care.

In addition, service providers are likely to find it harder to fund new activities or services due to restrictions on borrowing. They may also be struggling to meet financial commitments made when funding was more freely available.

An increasing number of people may be finding it difficult to dispose of assets to fund residential care, it is likely the council will have to deal with more people on deferred payments due to not being able to sell their properties. For others their retirement nest egg is not lasting as long they thought it would. They will move from self-funding to state funding earlier than anticipated.

### Outcomes

Delivery of improved outcomes is critical to the success of personalisation. The adult social care market needs to give more attention to outcomes that ensure

‘...people irrespective of illness or disability are supported to:

- Live independently
- Stay healthy and recover quickly from illness
- Exercise maximum control over their own life
- Sustain a family unit which avoids children being required to take on inappropriate caring roles
- Participate as equal and active citizens, both economically and socially
- Have the best possible quality of life, irrespective of illness or disability
- Retain maximum dignity and respect.’

*Putting People First, DOH, 2007*

Clarity about outcomes will enable better decisions to be made about how, by whom and at what cost they may be met.

### **3. The 3 stage approach to market shaping**

Market shaping is a process with a theoretical beginning, middle and end.

Aspiring market shapers should take 3 steps

1. Increase market knowledge,
2. Develop a structured approach to shaping it
3. Intervene in the market to implement that structured approach.

In reality, elements of these three stages are already in place in Bedford Borough

1. There is an existing body of market knowledge contained in the Joint Strategic Needs Assessment (principally demand), Commissioning and Business Support Directorate (principally supply) and social work teams (where demand and supply are matched).
2. There is the beginning of a structured approach to market shaping in the Joint Commissioning Strategies for Adults.
3. There is a continuous history of interventions in the market which reflect a structured approach to some extent.

Also in reality, the three stages run together, taking turns to become more or less prominent in different market segments at the same time.

We will apply the 3 stage model to our reality and build on the shaping we already have in place.

#### Increase market knowledge

The starting point has to be a more thorough understanding of local demand and supply. This should logically flow from the JSNA and other locally available intelligence including that held by providers. Knowledge for its own sake is however pointless. It must be used to make forecasts that the market can respond to.

#### Develop a structured approach to shaping the market

We need to work with all stakeholders to achieve a shared understanding of what we want the market to supply in the future. As this emerges, commissioning interventions can be made to 'nudge' the market in the chosen direction.

The history of social support, and health and well being, services is not that they have generally developed according to a fixed overall plan. Numerous factors impact over the years to shape the market such as legislative demands, government guidance, private initiatives and pilot schemes that enter the mainstream.

All these factors and more (in the form of more individual choices) will continue to impact in the future. We must lead but not attempt to dictate market shaping in Bedford Borough and the market must increasingly be shaped by our leadership. We need to communicate our model of the market clearly and present a persuasive case for change where necessary.

#### Intervene to implement the structured approach

Working with all partners in the market (service users and carers, providers and co-commissioners, and statutory partners) we will lead co-production of key priorities and actions to shape the market according to the needs and aspirations of our local community. Many of these actions will be found in our Joint Commissioning Strategies but there are others of a more over-arching nature contained in the action plan for this market shaping strategy.

#### **4. Market Position Statements**

To help guide all stakeholders we will lead the co-production of Market Position Statements. These are documents that represent the end product of all available local knowledge about a market or market segment. They draw on but do not simply replicate the JSNA and Joint Commissioning Strategies.

Key features of Market Position Statements (MPS) include that they

- Are much briefer than JSNA and Commissioning Strategies
- Are analytical and evidence based
- Cover the whole of a market or market segment, not just the Council-funded sections
- Indicate the overall direction we wish the market to take
- Indicate our view and predictions of future demand and key pressure points in that market
- Show our picture of current supply including identification of strengths and weaknesses
- Show where we want to see services develop and what we are less likely to purchase, or encourage service users and carers to purchase, in the future.
- Describe models of practice we will support
- Explain what support will be offered to innovation and development
- Have a prime purpose to inform and facilitate market development

We need to produce a range of market position statements to inform market shaping in all segments of the local market. But some segments are higher priority than others and the initial task will be to agree and set to work on those priorities.

Market position statements will be updated on a 3 year cycle staggered with the Joint Commissioning Strategies so that one or the other is refreshed on an

18 month cycle. They will be endorsed by the Bedford Borough Health and Well Being Partnership Board and, where relevant, board members from partner agencies such as NHS bodies.

## **5. Procurement**

Three key factors will continue to impact significantly on social support (and health and well-being) procurement in the coming years.

- Personalisation
- Increasing partnership and integration
- Restricted resources and search for efficiencies

It must be stressed in relation to procurement that personalisation is not only about 'who buys'. 'Who buys' will not deliver personalisation on its own. 'What is being bought' is an equally important factor in the equation.

So to support personalisation, three key questions need to be answered for each procurement transaction.

- Who is purchasing – the service user, someone else on their behalf, Bedford Borough Council?
- What is the point of the purchase – providing a service, meeting a need, delivering an outcome?
- What is the key determinant of the purchase – price, quality, flexibility?

The different permutations of answers to these questions provide challenges to existing procurement procedures.

### Local providers, purchasing relationships and risk

We, Bedford Borough Council, cannot do personalisation well if we do not help providers to also personalise their offerings. People can take all or part of their personal budget as a direct payment and procure their own support directly. The numbers doing so are expected to increase rapidly. The nature of organisations that support can be purchased from is also changing.

Regulated providers remain but they are being joined by an increasing number of unregulated providers providing services like day opportunities, or job coaching, or support with shopping, or jobs around the house. The range of provider types is also increasing, for profit, not for profit, private sector, User Led Organisations, Social Enterprises and micro-enterprises are all operating in the same market.

One of our market shaping challenges will be to guide service users and carers in this complex market place without falling foul of rules concerning anti-competitive practice or restraint of trade. Our principal means of doing this will be through the provision of open access information and the development of the Bedford Borough social support providers approved list which will offer quality assurance to service users and carers.

It has been the practice for our Business Support Unit (BSU) to purchase the majority of services on behalf of our service users. That takes place with the range of providers available locally who have successfully tendered for block contracts or that we have spot purchasing agreements with.

Personalisation does not sweep BSU and existing contracts away. But it does need to us to do some different things as well, to ensure local availability of the types of support that people need and will want to buy with their personal budgets. This will still include some of the old block and spot contracted services but it will also need to include a number of new services where the council, the providers and even service users take more risks. Those risks will have to be managed - which is a key task for us in making market shaping work.

To give an idea of some of the risks involved;

- Services users will have more choice in how they spend their personal budgets to achieve their social support outcomes, they might not choose what the council and providers predict and set up.
- The council, and providers, will want to ensure access to appropriate support for the increasing numbers of people purchasing care from their own funds. Providers will not be as 'dependent' on council contracts as before. We will lose some influence over providers and they will lose some security based on reliable council contracts.
- Personalisation will prompt new relationships in the market where the end users, the people either self funding or using their personal budgets, influence the market more directly by what they choose to buy or not. This is much closer to a retail consumer model than adult social support has ever been in the past.

Taking these risks may feel uncomfortable for some and we need to support those people. Risk will be managed but cannot be managed out of the project. Embracing risk is a necessary condition for delivering personalisation and its key sub-agenda's including

- Reducing demand for residential care
- Supporting more people to remain in their own homes
- Targeting resources to those most in need to achieve better outcomes

We will take a proactive approach to managing risk at the different levels of the whole market, specific providers, and specific individuals. Working within legal requirements and council standing orders we will develop and publish an approach to procurement that fits with today's personalisation, integration and value for money priorities.

## **6. Conclusion**

We are implementing more choice, opportunity and change in the social care and support market at a time of diminishing resources and increasing demand. The challenges are significant but it is well documented that we cannot afford not to do this.

The market is not a simple entity and shaping is a complex process where many participants are required to play their part:

‘in forecasting, whole-systems working, supporting cultural change, managing fragmented markets across numerous boundaries, decommissioning and managing demand’ (Audit Commission, Commissioning Care Services for Older People, 2005).

We, Bedford Borough Council, are pleased to be tasked with leading market shaping in our area and look forward to co-producing a market that everyone involved with can be proud of.

The action plan to achieve this goal follows overleaf.

### **Consultation**

**This first draft is being shared for consultation with stakeholders. All comments please by 28<sup>th</sup> January 2011.**

**Please send comments to**

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<b>Market Shaping Strategy Action Plan 2011- 2014</b>	
<b>Objective A: Increase market knowledge</b>	
<b>Measures of success: When all actions completed</b>	
<b>Actions</b>	<b>Timescale</b>
1. Undertake market segmentation and identify the priority segments for early attention.	July 2011
2. Prioritise market information needs and develop a plan with all stakeholders to obtain the information required.	July 2011
3. Review the JSNA, identify where it needs strengthening and work with partners to strengthen it.	October 2011
4. Understand providers experience of demand, what changes are they feeling in the marketplace.	March 2012
5. Undertake cost/benefit analysis of different areas of market.	March 2012
<b>Objective B: Develop structured approach to market shaping</b>	
<b>Measures of success: When all actions completed</b>	
<b>Actions</b>	<b>Timescale</b>
1. Achieve co-production of a clear model market and communicate it clearly.	October 2011
2. Ensure all legal and council standing order requirements are met.	October 2011
3. Lead co-production of Market Position Statements for priority market segments.	March 2012
4. Develop clear models of good practice, not just examples, and encourage providers to reshape to deliver the models.	March 2012

5. Ensure Protection, Prevention and Personalisation outcomes are integrated in market shaping activities.	October 2011
6. Diminish differences between in-house and external providers where these potentially compete in the same market.	March 2012
7. Review with statutory partners how well services are configured to ensure maximum efficiency in the achievement of health and social care outcomes.	October 2011
8. Review tendering and procurement processes and explore how improvements can be made to help the market.	October 2011
9. Develop and publish clear guidelines for service users and providers on the use of Individual Service Funds	March 2012
10. Develop and publish how providers are paid when the services user wants the council to manage their personal budget.	October 2011
11. Clarify the role of social care staff in advising or brokering support with service users including any intermediary role between the service user and the provider.	October 2011

<b>Objective C: Intervene to shape market</b>	
<b>Measures of success: When all actions completed</b>	
<b>Key Projects and Actions</b>	<b>Timescale</b>
1. Lead co-production of key priorities and actions to shape the market.	October 2011
2. Publish our approach to procurement that fits with personalisation, integration and value for money.	October 2011
3. Develop succession plans for all contracts one year before they expire.	October 2011
4. Develop and publish the Bedford Borough Approved Providers List.	October 2011
5. Encourage diversity in the marketplace with support for small businesses, user led organisations, social enterprises and micro enterprises.	March 2012
6. Develop improved information and advice services to help service users make the best buying decisions for themselves.	October 2011
7. Facilitate appropriate contracts between providers and service users when support is purchased using their own funds or direct payments.	October 2011

8. Work with providers to assess the impact of personalisation on them and their service users.	March 2012
9. Encourage diversification amongst existing organisations	October 2012
10. Encourage partnership approaches to workforce development	October 2012
11. Ensure all guidance to service users and carers promotes a consumer perspective.	March 2012
12. Use standard frameworks and contracts that are fair to providers and service users	March 2012
13. Ensure sufficient support for service users who want to manage their personal budgets with minimal council intervention eg payroll services, personal assistant directories, staff training.	October 2012