



The Art and Science of Facilitating the Social Care Market'.

November 2011



Today

- **Understanding the national approach and issues.**
- **What kind of market do we have in social care?**
- **What can we do to influence that market?**

The Government's vision of the market

- **A vision of a thriving social market in which innovation flourishes.**
- **Councils have a role in stimulating, managing and shaping this market, supporting communities, voluntary organisations, social enterprises and mutual's to flourish and develop innovative and creative ways of addressing care needs.**
- **They will need robust evidence about what local markets offer and how they operate.**

A vision for adult social care: Capable communities and active citizens, DH, 2010

Drivers behind government policy

- **Continuing emphasis on moving adult care and health into a consumer driven market, lessening the role of the state as an intermediary.**
- **For the LA to shift from being a purchaser of care to an organisation that ensures that care is available.**
- **Greater integration across care and health including integrated purchasing.**
- **A slightly greater emphasis on purchasing by outcomes.**

Contradictions in government policy

- A change in NHS management v a need to focus on poor health delivery issues.
- A tension between personalisation and the need to deliver more care at a lower cost.
- A political lack of will to resolve issues around older peoples wealth v paying for care.
- A desire to embrace the market alongside a desire to control what it does.

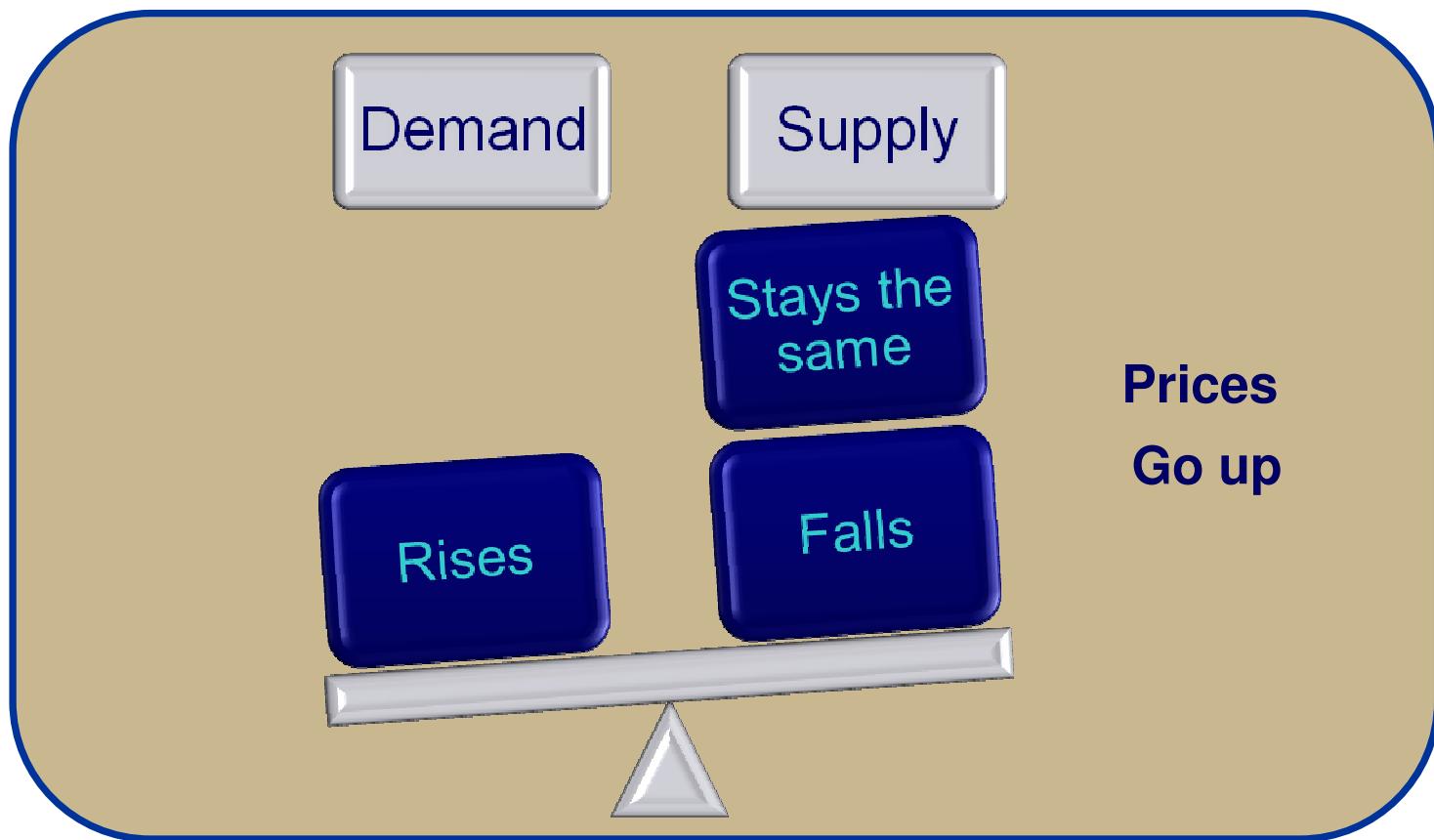


Thinking about the current market

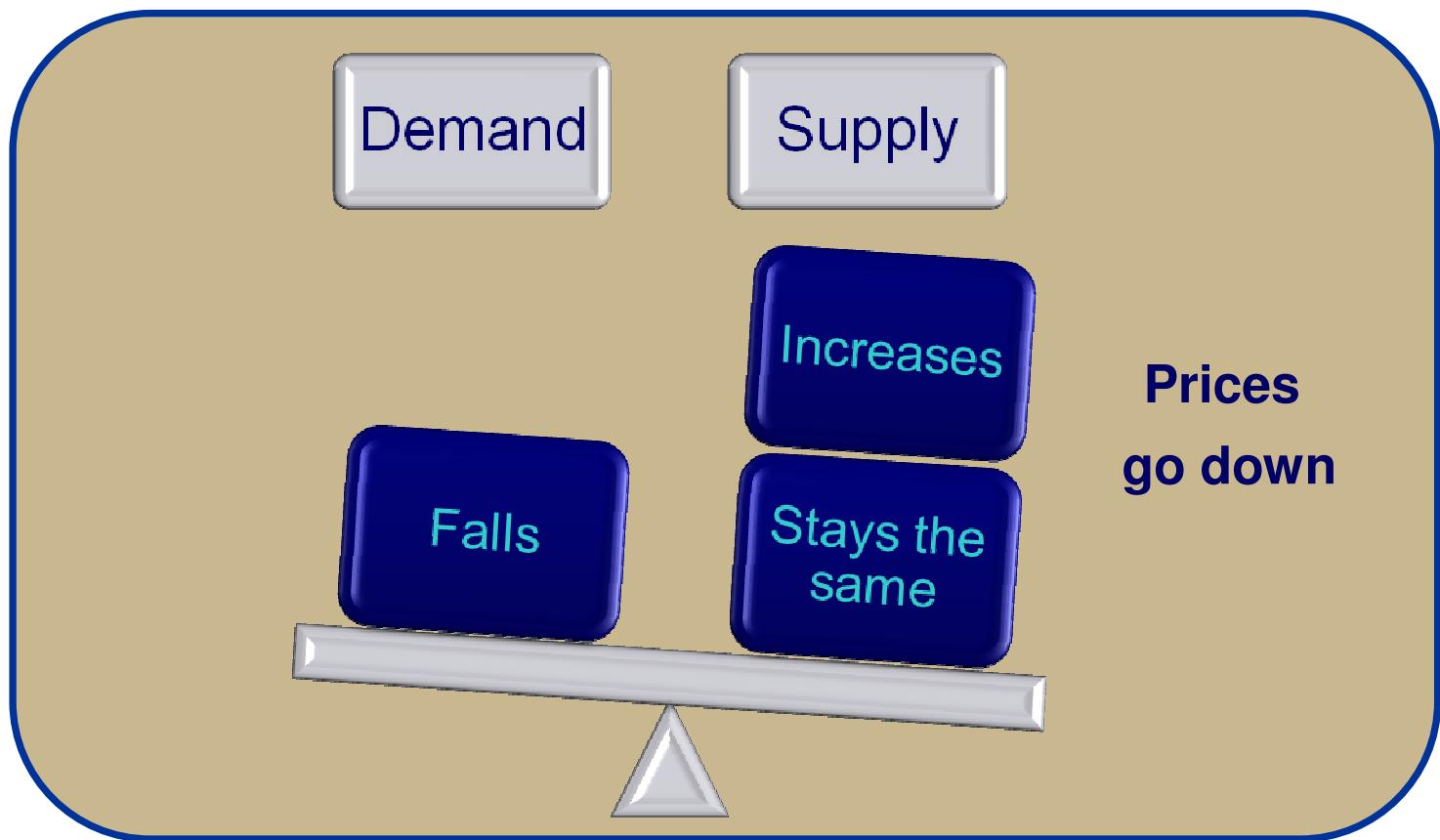
What kind of market?

- **In a pure market, price is mainly determined by the relationship between supply and demand.**
- **The market always seeks equilibrium where the volume of supply at a given price is matched by an equivalent level of demand.**
- **Is social care a proper market?**

Market balance



Market balance



Is the social care market pure?

Heavily influenced by:

- **Regulation.**
- **Price fixing by the biggest purchaser yet with differential prices being paid for the same good.**
- **Differential relationships with, and attitudes towards, different types of suppliers.**
- **In some instances the purchaser is also the provider but subsidises their own provision.**

Is the social care market pure?

Imperfect consumers:

- **The relationship between provider and consumer is often filtered through a third party purchaser with in some instances those who can pay subsidising those that cannot.**
- **The amount of the good to be purchased is hard to determine at the initial point of purchase**
- **Many purchasers make their purchase at a time when they are not very effective consumers.**
- **What 'good' is required may not always be obvious to the purchaser or the consumer and hence may not be available.**

Is the market stable –residential care?

A number of the largest residential care suppliers are experiencing serious financial difficulties, driven by;

- **A diminution in the value of the property they own.**
- **Local authorities seeking a lower price for care.**
- **Little of the anticipated expansion in the market.**

Is the market stable –home care?

Uncertainty in the home care market, due to:

- **A move away from block contracts,**
- **The potential development of the personal assistant role.**
- **Moves towards changing the basis of funding to more of an outcome-centred approach.**
- **A greater need to advertise services.**
- **LAs keeping in house services in the guise of reablement.**

Is the market stable –voluntary sector?

- **For the voluntary sector, funding for many of its activities are being, or are likely to be, cut.**
- **Concerns about personal budgets and direct payments**
- **An absence of funding guarantees that block contracts or grants offered may reduce capacity.**
- **Concern about whether they need to advertise their services.**
- **Volunteerism is also a declining phenomenon.**

Is the market stable – housing sector?

- **Difficulties of the private sector raising funding for supported housing.**
- **Current sheltered housing stock has increasing voids, outdated accommodation that was built to a lowest common denominator.**
- **The extra care housing sector is in danger of stalling as it moves from state funded to purchaser funded.**
- **Like residential care has issues in gaining planning permission.**
- **People still seem to think they are building institutions rather than housing.**

Summary of issues

- **A growth in the numbers of older people particularly the oldest old. A smaller but still significant growth in the numbers of people with LD.**
- **Reductions in the public purse.**
- **Greater wealth amongst the population of older people mainly fuelled by occupational pensions and housing equity. But who should pay for care?**
- **A lack of diminution in the demand for health care.**
- **A need to balance targeting interventions as against freedom of choice for individuals.**

Summary of issues

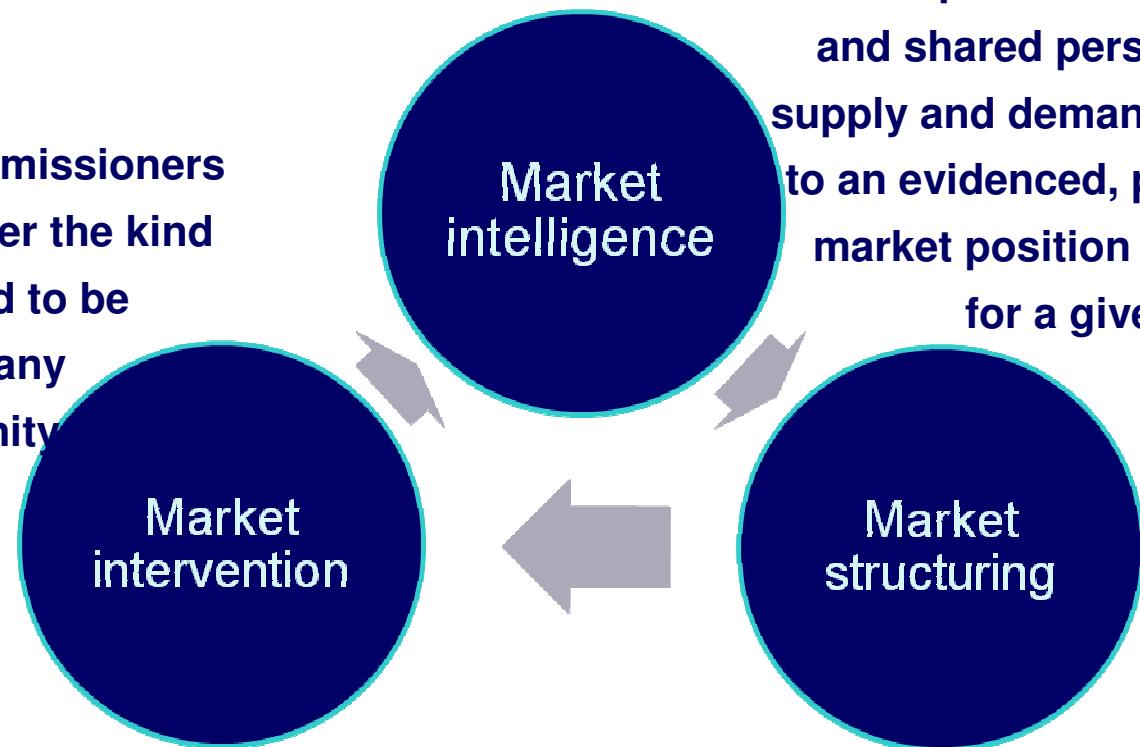
- **Uncertainty in the social care market, which is fragmented and offers a lack of potential for innovation.**
- **Little aspirational housing for older people.**
- **A lack of genuine consumerism.**



Approaches to changing the social care market.

The activities of market facilitation

The interventions commissioners make in order to deliver the kind of market believed to be necessary for any given community



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

The activities designed to give the market shape and structure, where commissioner behaviour is visible and the outcomes they are trying to achieve agreed, or at least accepted.

Market Intelligence – Assessing demand

- **What is the relationship between populations and people who currently receive a social care service (past, now and in the future, between self funders and those receiving state assisted care)?**
- **Is it possible to distinguish between populations that are known, those that the social care function should know and those that are likely to remain unknown?**
- **What surveys of the general public and of service users have been conducted? Can these be brought together with material from inspection reports and national research into clear indications about future trends and desires?**

Market Intelligence – Assessing supply

- **Review the size, location and range of the local market (s).**
- **Review the quality of services and identify what are the local market pressures.**
- **What are providers view of demand and the impact this might have on their business?**
- **Develop a view of good practice. (in particular not just the shape of individual services but their overall configuration).**
- **Have an effective grasp of simple cost-benefit analysis.**

The Market Intelligence Product- A market position statement

- **A short succinct analytical document.**
- **Should bring together data from the JSNA, from commissioning strategies, from market and customer surveys into a single document.**
- **Should be market facing, ie, contain information the authority believes, and can substantiate, would be of benefit to care providers.**
- **Cover the whole market, not just the section that the LA funds.**
- **Indicate how the LA intends to behave towards the market in the future.**

The Market Intelligence Product- A market position statement

- **Be evidence-informed, in that each statement it makes has a rationale that underpins it, based on population estimates, market surveys, research etc.**
- **Covers the role of the wider local authority for example, finance, planning, business development.**

Market structuring – external activities

- **Publish the market position statement and use it as a 'calling card' for meetings and discussions with current and potential future providers.**
- **Actively promote the model of what the range of care should look like based on good practice.**
- **Develop an awareness of providers long term business plans and where future support might be needed. Identify business cycles across the third and private sectors.**
- **Discuss whether support to strategic business planning is needed.**
- **Work with providers to assess the impact that greater choice, via personal budgets and direct payments, might have on costs and availability of service provision**

Market structuring – external activities

- **Where demand for a service exists and where the provider is vulnerable, then identify how commissioners can reduce that vulnerability.**
- **Identify where there are barriers to market entry where new resources are needed and identify with providers how these might be overcome.**
- **Look for potential diversification amongst existing organisations', e.g., can RSLs do care and repair, can home care agencies deliver assistive technology.**
- **Work with providers on an open book accounting model to cost out new developments and innovations.**

Market structuring – internal activities

- **If there is 'in house' service provision, be clear about where and why the LA is a provider. Diminish differences between in-house and external systems where these potentially compete in the same market.**
- **Open up discussions with planning, business support and regeneration.**
- **Review tendering and procurement processes, evaluate their impact on provider communities and explore how improvements can be made that will help drive the market.**

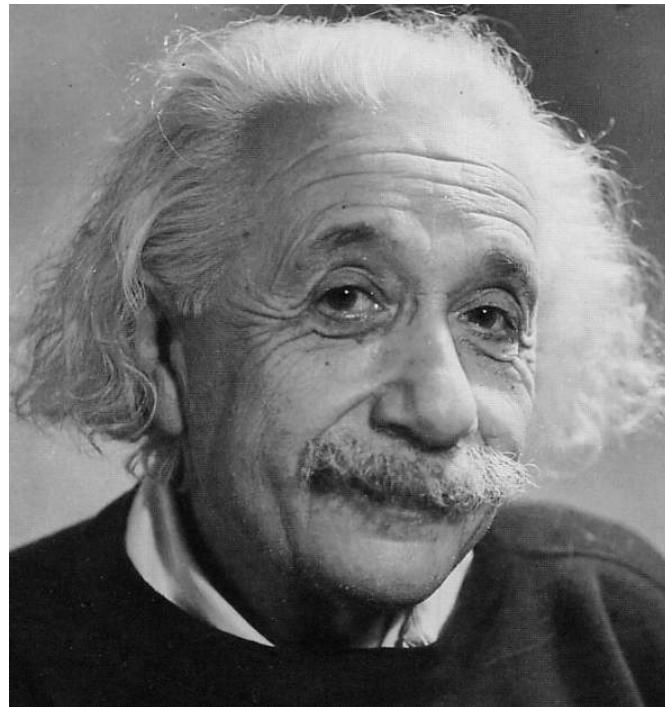
Market intervention

- **Refocus local authority business support initiatives on to the health and social care market.**
- **Explore how local projects can attract capital investment and what guarantees may be needed.**
- **Develop social enterprise organisations.**
- **Explore where planning barriers exist and negotiate how that process can be improved for providers.**
- **Offer access to training that commissioners and providers agree can improve performance.**
- **Promote local 'Which type' care guides which emphasise a consumer perspective.**

Next steps

- **Plan out a market facilitation programme, designed to change the relationship with the market**
- **What sort of residential care in the future.**
- **Future role of home care**
- **Stimulate private sector housing for older people.**
- **Get better intelligence**
- **Retrain commissioning and contracting staff**

Delivering the future



*“We can't solve
problems by using the
same kind of thinking
we used when we
created them.” Albert
Einstein*