

Practical approaches to market and provider development

DH INFORMATION READER BOX	
Policy HR / Workforce Management Planning / Clinical	Estates Commissioning IM & T Finance Social Care / Partnership Working
Document Purpose	Best Practice Guidance
Gateway Reference	14847
Title	Practical approaches to market and provider development
Author	Social Care Policy, DH
Publication Date	16 Nov 2010
Target Audience	PCT CEs, NHS Trust CEs, Care Trust CEs, Directors of PH, Local Authority CEs, Directors of Adult SSs, Providers of care and support services
Circulation List	NHS Trust CEs, SHA CEs, Foundation Trust CEs
Description	This practical paper explores market shaping and proposes a simple framework for planning local activity illustrated by innovative practice examples. It is intended to support the wider application of best practice models and approaches by local commissioners and providers of social care in both the third and independent sectors
Cross Ref	
Superseded Docs	
Action Required	
Timing	
Contact Details	Abigail Merrett Social Care Policy Division Room 116, 133-155 Waterloo Road London SE1 8UG 2079724111
For Recipient's Use	

© Crown copyright 2010
 First published 16 November 2010
 Published to DH website, in electronic PDF format only.
www.dh.gov.uk/publications

Practical approaches to market and provider development

Prepared by Dr. Sam Bennett

National Personalisation Advisor

Personalisation Team

Department of Health

Wellington House

133-155 Waterloo Road

London SE1 8UG

Contents

Executive summary	5
1. Policy context.....	6
2. What is market shaping and why is it important?	7
3. Strong engagement.....	11
4. Market intelligence.....	14
5. Provider development	17
6. Flexible arrangements	24
7. Conclusion.....	29

Executive summary

Alongside *A Vision for Adult Social Care: Capable Communities and Active Citizens* and the renewed partnership agreement *Think Local, Act Personal* between government and the social care sector, this briefing:

- Explores what is meant by market shaping and proposes a simple framework for understanding and planning market shaping activity
- Sets out a range of practical approaches that local authorities and their partners can take to shaping local markets of care and support
- Illustrates where innovative practice in market shaping and provider development is leading to real change
- Describes delivery mechanisms that enable greater flexibility and choice and control within commissioned services, and;
- Trails forthcoming materials and practical aids to be launched over the coming months by the consortium.¹

This paper is intended to support the wider application of best practice models and approaches by local commissioners and providers of social care in both the third and independent sectors and should be read alongside a series of papers developed by the National Market Development Forum that address some of these issues in greater detail.

¹ The Association of Directors of Adult Social Services, the Local Government Association and the Department of Health worked together from 2007 as a consortium to deliver the Putting People First programme. The three consortium members continue to work together on the personalisation agenda

1. Policy context

A Vision for Adult Social Care: Capable Communities and Active Citizens highlights the importance of ensuring that the variety of people's needs is matched by a diversity of support, within a broad market of high quality provision. The vision endorses the role of councils working to develop markets with the full engagement of people with support needs, their carers and families and a wide spectrum of providers:

Councils have a role in stimulating, managing and shaping this market, supporting communities, voluntary organisations, social enterprises and mutuals to flourish and develop innovative and creative ways of addressing care needs.

The vision describes some first steps in market shaping, including councils with their NHS partners moving away from traditional block contracts, increasing personal budgets, including direct payments, and supporting the growth of a market in the services that people want. Similarly, the new partnership agreement identifies the critical role of market and provider development in ensuring a range of quality, personalised support is available. It states that councils should:

Facilitate a broad range of choice in the local care and support market, including housing options, and personalise the way in which care and support services are delivered wherever people live.

The success of market shaping will depend on strong partnerships, shared risks and a willingness and ability by commissioners and providers to put people with support needs, their carers and families in the driving seat. If councils are to lead the way in shaping local markets they will need to develop approaches that empower people to set the direction for change and work closely with suppliers in the independent and third sectors to better understand their capacity and capability so that innovation and best value are most effectively incentivised. This practical briefing paper sets out a simple framework for action.

2. What is market shaping and why is it important?

Changes in commissioning

Commissioning is usually understood as a cycle of coordinated action, beginning with the identification of need and an analysis of the market and available resources and progressing through the specification of support to its procurement and review. Commissioning at all levels, from the individual to the strategic, is beginning to be shaped more by the outcomes commissioners and individuals identify as important, rather than volumes of activity expected. The commissioning role is also changing as a result of personalisation, and in particular because of the wider implementation of personal budgets. As money is devolved to individuals, the role of the council in directly purchasing services, often through block contracts, is reducing. This trend will gather pace over the coming months and years as more and more people take control of the funds available to meet their needs across health and social care.

The recent Health White Paper *Equity & Excellence - Liberating the NHS* also outlined major changes to the commissioning environment, including shifting commissioning responsibility from Primary Care Trusts to General Practitioners and local government taking on new health improvement responsibilities. This provides the opportunity for better local coordination and integration and will shift the balance of power to communities and individuals. It also means that joint working will be more important than ever as councils commission in partnership with a wider range of stakeholders. Councils will have a lead role in further developing joint strategic needs assessment (JSNA) as the foundation for local priority setting and on new Health & Wellbeing Boards, both designed to promote integration and partnership across local areas, including through a range of joined up commissioning strategies and plans. Parallel developments towards place based budgeting may also have significant implications for commissioning arrangements and what is commissioned by public bodies across local areas.

In these new circumstances, however they develop, and in light of increased pressure on public finances, it will be important that commissioners work towards a locally appropriate balance of investment. This means determining the correct split between support for the wider population, through universal services, information and advice and low-level prevention, support through more targeted preventative and specialist interventions and funding made available for ongoing care and support through personal budgets.

Some interventions may require ongoing block investment, such as re-ablement, intermediate care and specialist services. Community capacity building programmes may also require guaranteed contracts or long term grant funding. However, where funding has been identified for ongoing care and support, purchasing decisions should rest with personal budget holders. Commissioners should concentrate on creating a local infrastructure that enables choice and control within these arrangements. In some cases, achieving this balance will require disinvestment and decommissioning. For example, the Department's work on Use of Resources in Adult Social Care highlighted huge variations in the level of local budgets tied up in residential and nursing care which significantly impacts on the availability of community based provision and the budget available for self-direction.

While the local authority role in directly purchasing services and securing supply through block tendering is reducing, the responsibility for ensuring the local supply of a range of high quality, personalised support has never been greater. It will no longer be possible (if it ever were) to "manage" the social care market from the top down through procurement alone. Meeting this challenge requires a range of coordinated action by commissioners and providers working together with the citizen at the centre. A more nuanced set of relationships is needed where commissioners work with statutory partners to better integrate care and support and with suppliers, communities and individuals to shape the range of services available.

Market shaping

Market shaping is a key enabler for ensuring people can exercise choice and control over a meaningful range of high quality support options that meet their needs and aspirations. It is also a powerful tool for stimulating public engagement in designing and delivering services and enabling communities to be more resilient and self-supporting. Developing the council's role as facilitator of the market is critical to realising the Government's vision and ensuring we do not end up with more of the same.

Despite pressure on the public finances, demographic growth and increasingly higher expectations mean that social care is a growing market. In 2009, 1.75 million people worked in paid jobs in social care in upwards of 40,000 care and support organisations across the independent and voluntary sectors.² The total value of the market in England is estimated at 22 billion pounds, comprising approximately 16 billion of state funding³ and at least 6 billion of self-funded spend.⁴ Naturally, there are risks to market stability and opportunities for market growth that emerge from current economic pressures, demographic change, policy developments and technological shifts. *A Vision for Adult Social Care: Capable Communities and Active Citizens* confirms that the Department of Health will work nationally to consider the role of Monitor in market shaping and with the Department for Business, Innovation and Skills to assess the capability of the social care market and identify barriers and enablers to growth, particularly for social enterprises.⁵ Councils will also need to develop a view on these issues locally if they are to fully harness capacity across the sector and successfully shape the market for the future.

² BIS market analysis for the Department of Health, 2010

³ Personal Social Services Expenditure and Unit Costs England, 2008-2009, The NHS Information Centre for Health and Social Care, 2010

⁴ Based on figures from Care of Elderly People: UK Market Survey 2009, Laing and Buisson 2009

⁵ *A Vision for Adult Social Care: Capable Communities in Social Care*, HM Government, 2010.

The devolution of funding to individuals reflects a major shift in control towards people and communities but will not in itself lead to substantial changes in the social care market. Personal budgets will have less impact if the range of support available remains the same and fails to meet people's expectations. While budget holders will doubtless exert an influence on the market through their individual and collective purchasing decisions, the fact that most people enter the market at a time of crisis and without prior planning negates against regular market forces driving change. This may alter over time with changes to the long term funding of social care and the wider and more effective use of direct payments. In the meantime, real change will require bold action by commissioners and providers working together to develop new types of support, make existing services more flexible and create a local infrastructure that enables everybody to make choices and take control.

Market shaping is a catchall phrase describing a spectrum of activity undertaken to influence the current and future range of support available in a locality based on people's needs and aspirations. It is not the sole responsibility of commissioners and statutory partners. Rather, it is a shared enterprise between commissioners and providers, whose success relies on partnerships, shared risks and a willingness and ability to put people with support needs, their carers and families in the driving seat.

Councils can play a leading and influential role in developing local markets that support growth, build community capacity, stimulate and incentivise innovation and provide more of the things people say that they want within the resources available. Building on *A Vision for Adult Social Care: Capable Communities and Active Citizens* and based on the priorities for action identified in the new partnership agreement *Think Local, Act Personal* this practical briefing paper sets out a simple framework for understanding market and provider development. The framework consists of four key components for councils to consider when developing strategies to shape the local market of care and support. These are:

- **Strong engagement** – developing mechanisms that enable people with care and support needs, their carers and families to set the direction for local commissioning and service development and hold the commissioning authority to account;
- **Market intelligence** – building a better evidence base about the local market and how it operates and finding more effective ways to communicate this knowledge to suppliers and local people;
- **Provider development** – building more constructive relationships with providers based on a shared view of the outcomes to be achieved, a common understanding of any constraints and an equitable distribution of risk; and, making targeted support available to suppliers to help them adapt and respond while developing a local infrastructure that supports people to have choice and control;
- **Flexible arrangements** – developing procurement and tendering processes that are fair and proportionate and which support the development of a range of person-centred support from a plurality of different providers, where formal tendering is not a first resort and where opportunities are taken to enhance flexibility and secure services across Local Authority boundaries;

Useful resources

National Market Development Forum (NMDF) discussion papers: The NMDF is a short life group comprising commissioners and providers from across the public, private and voluntary sectors. Its purpose is to explore key challenges of market development in adult social care. The Forum has produced a series of discussion papers exploring issues and proposing approaches to improving the social care market;

Commissioning for personalisation diagnostic tool: This tool is being produced by the consortium for voluntary use by commissioners and will be available in early 2011. It will support commissioners to chart their progress in commissioning personalised services.

3. Strong engagement

Commissioners and providers must establish effective mechanisms for engaging local people in market shaping and service development. This needs to go beyond consultation and user forums to set a genuine framework for people to play a leading role in local decision-making. This means finding ways to enable people to design, deliver and evaluate services so they become a shared responsibility.

A central premise of personalisation is that people have the right to self-determination, which alongside their knowledge and experience means they are the best people to decide the support that is right for them. Naturally, councils have an important role to play in ensuring people have the information, advice, guidance and support to make good decisions. The same premise applies for commissioning and market shaping – people have the skills, experience and knowledge to shape local decision making and with the right mechanisms in place to support meaningful engagement, co-produced approaches will lead to better outcomes.

The success of organisations in any sector depends on their ability to listen to and engage with their customers and social care is no different. Established fora can be a good starting place where these are well attended and led by people with support needs. Engagement with local citizens through formal bodies (eg LINKs, Healthwatch in the future) and using approaches like deliberative forums, citizens' summits and juries can also be useful. Councils are also developing other innovative approaches to empowering people and communities, ranging from the devolution of decision making to area boards and the use of community researchers to commissioning user led evaluation of services and strategies.

Case study: London Borough of Richmond upon Thames – user led evaluation

The London Borough of Richmond upon Thames commissioned a local user led organisation called Richmond User Independent Living Scheme (RUILS) to carry out in-depth interviews with a sample of people receiving personal budgets as part of a review of the council's progress. Alongside information about individual outcomes collected using In Control's evaluation framework (developed in partnership with the University of Lancaster), this served as an independent check on the results of the shift to self-directed support. The interviews showed where things were working well and helped to highlight areas that were not working which enabled the council to focus its attention on improving things for people. The council published the results of the user led evaluation in conjunction with information from its own outcomes monitoring system in January 2010. Since then the council has gone on to produce regular reports analysing the outcomes data. These are scrutinised by a group of stakeholders at the Personalisation Partnership Group Board. For further information and to read the report *Your support your way*, see:

www.ruils.co.uk, and;

www.puttingpeoplefirst.org.uk/Topics/Browse/Measuringresults/ResearchandEvaluation/?parent=3966&child=7228

It is probable that a range of different approaches will be needed to build strong engagement in market shaping and ensure the widest possible involvement at a variety of levels. Any approach or set of approaches should seek to empower people to:

- Set the strategic direction for market shaping and commissioning;
- Engage in planning – using methods that support people to identify the problem and the solution, rather than relying on down stream consultation;
- Identify outcomes and set priorities for specific services;
- Set measures of success and monitor ongoing service delivery;
- Play a leading role throughout tendering and procurement processes, from developing specifications to evaluating bids and selecting preferred providers;
- Contribute to reviews of services and strategies that relate to decommissioning decisions and areas for new investment;
- Come together to form their own services, mutuals and user led organisations with the support of the council and for the wider good of the community.

There are a number of other factors to consider when developing approaches to engaging people in market shaping that will help to ensure these are valued and valuable, including:

- Developing ways of evaluating the impact – there is a danger that strong engagement will remain peripheral unless relevant and attributable measures are found. These will help to embed a culture of co-production by demonstrating the benefits through better outcomes and better value for money;
- Developing approaches that help people to think beyond established service definitions towards different ways of working to meet people's outcomes;
- Developing approaches with a clear understanding of what motivates people to engage – research suggests that the most important factor is the belief, backed up by concrete action, that things will change as a direct result of their involvement and that the organisation will be held accountable;
- Developing approaches where the boundaries of what is possible are clear from the outset, where any budgetary constraints are transparently explained and understood and where people are not engaged simply to establish collusion in difficult decisions.

There are a number of councils now using the *working together for change* approach to ensure that co-production is central to commissioning and service development (see the national provider development programme and Lancashire County Council case studies below).

Case study: Lancashire County Council – *Working together for change*

Lancashire County Council (LCC) were an early adopter of the *working together for change* approach to engaging people in commissioning and service development through involvement in the national DH programme in 2009. This is a simple process for using person-centred information from routine support plans and reviews in aggregate form to set the direction for market shaping and the framework for public engagement in decision-making. It involves doing reviews in a particular way, so that open questions are asked about what is working, what is not working and what is important for the future in people's lives – this is called a person-centred or outcomes focused review. Information can also be collected in other ways when the process is used in areas where statutory reviews are not routinely done, such as in public health.

The person-centred information is used in a workshop where commissioners, providers and people with support needs, their carers and families work together to identify common themes, analyse root causes for what is not working and develop action plans for what needs to be done differently. In Lancashire, the process is being incorporated into core commissioning activity across the county.

LCC expect multiple benefits from ensuring the best possible fit between people's needs and aspirations and the types of support commissioned. So far, LCC has used the model in a variety of ways which has involved adapting it to different environments where review information is not readily available. So far, versions of the model have been used to review older people's day services, for provider development and to look at dementia services across the county. A senior commissioning manager at LCC has described the process as "the golden thread between what people say they want and what we commission as a result."

A local toolkit has been developed for use by commissioners who will use the model for service reviews and other strategic priorities several times each year and a training programme has been designed to ensure commissioners are able to use the approach without external support. The use of *working together for change* is not confined to social care. It has been used elsewhere in schools, in children's services, in public health and at LSP level to determine joint action on cross cutting issues.

For more information see:

www.lancashire.gov.uk/acs/sites/commissioning/toolkit/display.asp?siteid=5081&pageid=32699&e=e

The published guidance for *Working together for change* is available at:

www.puttingpeoplefirst.org.uk/Topics/Browse/General/?parent=2734&child=5802

4. Market intelligence

Councils need to draw on a range of information for market shaping so that any strategy employed reflects robust knowledge about need, an understanding of the local market and a nuanced picture of people's aspirations for the future.

The statutory requirement for upper tier councils to lead Joint Strategic Needs Assessments (JSNA) across health and social care has improved and formalised the scope and quality of information available to commissioners about the current and projected needs of populations. Since 2007, many JSNA processes have provided the basis for stronger partnerships across health and social care and in the best cases have provided high quality analysis linked closely to the needs of decision makers and the interests of the public leading to real improvement in commissioning. Undoubtedly, the JSNA will continue to play an important role in commissioning, but there are limitations to the existing dataset from the perspective of market shaping which need to be addressed at local level. Most notably:

- A general paucity of knowledge about local markets and how they operate, and;
- A lack of robust and meaningful information about people's experiences of services and aspirations for the future.

Councils can lead the development of an evidence base about local markets. This should cover the whole market of state and self-funded support and should include information about what is available, at what price and quality as well as the local dynamics of demand and supply. It should also reflect a thorough understanding of the commercial realities of doing business in social care markets. This involves commissioners working with suppliers in the independent and voluntary sectors to better understand market capacity and capability, to identify where pressure points exist and to decide how innovation and best value can be incentivised. Providers have important market research and expertise that can greatly contribute to this process. Building this evidence base can be the basis for more constructive partnerships between commissioners and providers and an invaluable resource for people navigating the range of support available locally.

An approach some councils are using involves the production of local Market Position Statements (MPSs). The Institute of Public Care at Oxford Brookes has developed and refined this approach through their work with the National Market Development Forum and a number of councils in the Yorkshire and Humber region. An MPS is a short, evidence based and analytical document that brings together information in one place for the benefit of current and prospective suppliers. This includes information about future demand and the availability of funding; a summary of important outcomes and how the council will work with the market to achieve them and a description of the types of support personal budgets holders may purchase in the future that will be supported and incentivised by the council. While care must be taken to ensure any new approach adds value without introducing unnecessary process, early signs are that this can be a valuable and useful basis for market engagement.

Case study: City of Bradford Metropolitan District Council – Market Position Statement

The Market Position Statement (MPS) is the product of the council’s work so far to bring together a range of information about the market and for the market into one short and easily accessible document. It represents the start of an ongoing dialogue between the council, people with care and support needs and existing and prospective providers of care and support in the city. The MPS summarises key messages about demographic trends and population needs and their projected impact on demand and includes information about the current range of supply, including cost, quality and recent expenditure. It covers all service areas and relates to both the state funded and self-funded parts of the market, to contracted and non-contracted providers and to grant-funded services. It also sets out the council’s future approach to contracting and quality assurance, including the use of approved lists, provider frameworks, registration schemes and low-level support accreditation schemes. The MPS relates key trends and policy imperatives to expectations of providers and opportunities for future business:

Reviewing the evidence	Delivering change
Demographic growth means that the current pattern of services and investment is unsustainable; a growth upwards of 30% in older people and younger adults with disabilities in the next 15 years will not be matched by public funding.	The market will need to be ready to respond to budgetary pressures. This may mean providers being able to offer sustainable, value for money and quality services at a lower cost.
Funding, demand and capacity for traditional models of care provision will reduce, i.e. residential and nursing homes. This will mean more people will want to stay at home receiving the care and support they need.	The Council will be keen to do business with providers that can demonstrate that their services are able to diversify into areas of provision to maintain people at home living healthy lives for longer. This will be the core customer base in the future and the area that represents the most opportunities for success and continued business.
People have higher expectations and want care provided flexibly in a way that supports their family and social life, rather than people having to organise their life around care.	The Council will seek to do business with providers who can demonstrate their ability to offer high quality care and support, underpinned by person-centred values and approaches whilst offering value for money.

Another important aspect of market knowledge that should feed into any local market shaping strategy is qualitative information about people's experiences of services and their aspirations for the future. Often this kind of information is gathered using bolt on processes that are neither routine nor particularly valuable outside of the context of specific service reviews. While consultation exercises and satisfaction surveys can also be useful here, in practice these are often "one-offs" and limited by the use of closed questions. Consultation often happens once a problem has been identified and a plan or strategy has been developed rather than as part of a co-produced approach. A fully co-produced approach will stress the value of meaningful engagement with people at all stages, through design, delivery and evaluation, rather than simply as 'feedback,' however useful.

A Vision for Adult Social Care: Capable Communities and Active Citizens stresses the importance of outcomes-based tools, assessments and review processes in supporting a better understanding of whether people's aspirations are being met and improving commissioning. The recently published guidance on person-centred planning also includes advice for commissioners that alongside information from the JSNA, they should, 'use information from people's individual plans to set the direction for local services.'⁶ Person-centred information is a valuable resource for market shaping that can help commissioners to listen and better understand people's experiences of support and the outcomes of particular services.

Information from support plans or person-centred reviews, gathered through routine processes, can get right to the heart of what is important to people. The Department of Health worked with a group of disabled people, family carers and eight councils in 2009 to develop a new way to carry out reviews called "outcome-focused reviews."⁷ The starting point for this work was that reviews should focus on the results, or outcomes, experienced by disabled people, older people and their families, to provide useful information for councils as well as working well for the person. A number of councils are now developing ways of using this information systematically in commissioning and market shaping activity.

Useful resources

Guidance on Joint Strategic Needs Assessment, DH 2007

Developing market intelligence, NMDF paper 2

Outcomes focused reviews: A practical guide, DH 2009

Personalisation through person-centred planning: Advice for commissioners, DH 2010

Working together for change: using person-centred information for commissioning, DH 2009

⁶ Personalisation through person-centred planning: Advice for commissioners, DH 2010

⁷ See Outcomes-focused reviews: A practical guide, DH 2009

5. Provider development

Market intelligence becomes increasingly important as more people take direct control of their support arrangements. The corresponding reduction in the Council's use of block procurement (see below) means the adoption of a more enabling role where knowledge about market trends is a crucial commodity and a powerful spur to engagement with providers on different terms. The DH published a report in 2009 entitled *Contracting for personalised outcomes* that considered how six councils with high number of personal budgets had begun reshaping their contracts for domiciliary care. The work makes clear that the common feature underpinning successful changes in each area has been a shift from traditional and sometimes adversarial relationships towards collaborative and constructive partnerships between commissioners and providers.⁸

This means creating the conditions for an open dialogue where providers' expertise is recognised and there is genuine engagement with the market in local decision-making. Establishing and nurturing collaborative relationships requires transparency from commissioners about the extent of the challenge ahead, the shared identification of outcomes to be achieved and a willingness on both sides to develop solutions that promote market stability, represent value for money and extend greater choice and control to people. This means thinking radically together about the way services could operate in the future rather than focusing on how to provide the same support with fewer resources.

A key determinant of success will be the quality and depth of ongoing dialogue and the exchange of information between commissioners and providers outside the context of procurement. It makes sense to use provider forums and reference groups to bring people together but the basis of this engagement should be redefined to reflect genuine collaboration. Equally, it will be important to utilise a wider range of engagement techniques, both formal and informal, to facilitate frank exchanges about funding and commercial pressures that may not be forthcoming in larger group settings. Particular thought should be given to forms of communication and engagement that work well for small providers and micro social enterprises.

Effective provider development extends beyond information exchange and set piece meetings. It means working proactively to help providers understand the implications of policy changes and resource pressures and supporting them to adapt and respond. This requires a range of approaches, from the provision of joint training for care staff and social work teams to extending support with business planning and infrastructure issues, such as IT, HR and finance, particularly for small providers. The following case studies illustrate how provider development is being taken forward nationally, regionally and locally.

⁸ Contracting for personalised outcomes: learning from emerging practice, DH 2009

Case study: The national provider development programme

The consortium has worked with 12 councils and more than 30 provider and user-led organisations to support the development of more personalised models of care and support across the sector. The programme has used the working together for change approach to support commissioners and providers to identify priorities for services development using person-centred information and in partnership with local people using services, their carers and families. Providers have been supported by the national programme and local commissioners to develop focused action plans to address things that were not working for people. This approach has helped to foster more collaborative relationships between commissioners and providers and has ensured that co-production is a driving force for change in services.

A wide range of different suppliers were involved, from large domiciliary care providers to micro social enterprises providing support to only a handful of people. Projects have included:

- Development by Wight Home Care of a ‘matching service’ to address social isolation amongst older people by creating person-centred profiles and arranging social activities based around shared interests;
- Development of person-centred supervision and appraisal by North West Community Services to enable people with support needs to play a leading role in developing individuals and staff teams;
- Development of a small, rural care home in Sheringham to play an important role in the community as a support and brokerage hub for people moving onto personal budgets;
- Development of the Mental Health Outreach Team in Halton to improve flexibility, increase out of hours and weekend availability and focus on building people’s informal support networks.

Case studies from the national provider development programme will be published in January 2011 as a web resource for commissioners and providers.

Case study: Provider development in the North West

Commissioners and Personal Social Care (PSC) Partners in East Lancashire are transforming the way they work with providers by co-producing a training and development programme in response to personalisation. Using the simple self-assessment tool *Progress for Providers*, commissioners are working with the market to identify key areas for development and establish joint action plans. *Progress for providers* was developed in 2009 by a group of providers and commissioners to help evaluate progress with personalisation and plan further change. The tool is organised around eight thematic areas of change for provider organisations: leadership and strategy; creating a person-centred culture; community focus; support planning and review; finance; human resources; marketing; and reviewing and improving services. The work with providers in East Lancashire has involved six steps:

1. So far, East Lancashire has contacted all providers and holding introductory seminars on personalisation;
2. Hosting an interactive workshop to support providers to complete the self-assessment tool;
3. Collating and analysing the assessment information to inform a bespoke training programme delivered in partnership with people with support needs and other provider organisations;
4. Delivering and refining the training programme;
5. Working with the most advanced providers to think through wider commissioning implications.

as worked with 40 providers from across the independent, voluntary and community sectors. The data submitted has been analysed and used to determine urgent priorities for the local provider development programme to run for the next 12 months. The forthcoming training schedule includes sessions focused on support planning, HR and workforce development, marketing and community focus, as well as finance and contracting.

Some of the providers who participated were willing to send their action plans back to the council so that improvements could be tracked and progress benchmarked. Where an organisation scores poorly they are offered more focused support and where scores are particularly high, providers are invited to share their expertise with peers. The broad spectrum of providers involved in the programme, covering different service areas, has helped to build collaborative partnerships between providers who are not in direct competition for business.

Progress for providers is also being used at regional level in 2010-11 by Skills for Care as the basis for a series of workshops for providers across all 23 council areas. Through this North West Joint Improvement Partnership funded project, providers will be supported to use the assessment alongside workforce planning tools to evaluate their progress and develop action plans. The data submitted by providers will be analysed and fed back to help local areas determine further key priorities for provider development.

For more information see: www.helensandersonassociates.co.uk/whats-new/progress-for-providers---checking-your-progress-in-delivering-personalised-services.aspx

As well as establishing an open environment for engagement with the whole market, it may be legitimate and advisable to establish specific partnerships with current providers who have particular expertise. Providers of high quality, person-centred support that bring learning from other areas can be a huge asset in developing and implementing change and these relationships should be maximised. This may simply mean inviting engagement from a broad set of stakeholders and working more intensively with those most willing to commit time and effort to move their services forward. It could also mean responding positively to proactive approaches from providers about how they might work differently to improve outcomes and reduce costs. Commitments can then be made to share learning from specific partnerships through full provider networks to ensure the widest possible benefit. Current providers of significant volumes of provision should have a natural interest in collaborating to test new ways of working and may be best placed to implement meaningful change without undue and disproportionate disruption to services.

Case study: Southwark and Choice Support – Partners in change

The London Borough of Southwark is working closely with Choice Support to review a £6M block contract for the provision of support to 81 people with learning disabilities in registered care homes and supported living arrangements across the borough. Over the next two years, the block contract will be unpicked so that each person has access to a personal budget through an individual service fund, where core costs and shared hours are disaggregated from funds for individual use. This carries a measure of risk for Choice who accept that in some instances people may want to leave their existing accommodation and not retain their service in their new homes. Nevertheless, Choice proactively approached Southwark offering to work in this way and they expect to save up to 10% on the current value of the contract while producing better outcomes for the people they support.

The key to the success of this initiative so far has been the transparent dialogue between Southwark's commissioners and Choice and their willingness to collaborate to meet the challenge. Southwark recognise Choice's expertise in this area and have trusted them to develop person-centred plans with people that identify their aspirations for the future, including accommodation preferences. Choice also designed their own resource allocation system to calculate people's individual service funds based on the current value of the contract and accounting for savings anticipated. This pragmatic approach has allowed them to make significant progress without waiting for perfect systems to be in place.

Choice and Southwark are also exploring a range of innovative solutions to accommodation shortages in the borough ahead of the changes people are expected to want to make. Choice have registered as a Shared Lives scheme, which opens up the prospect of employees providing further support to people in their own homes or in shared accommodation. Shared Lives schemes are usually run by councils, but through their work on this project Choice have completed registration which enables them to offer the service nationwide. In addition, Southwark are exploring the prospect of becoming a mortgage lender in light of projected need and the lack of lending for shared ownership in the current market because of the better outcomes this promises and the longer-term cost savings these arrangements could yield.

A further important aspect of provider development involves focusing on stimulating and supporting new kinds of services that help to provide a plurality of local, community based provision. The value of user-led services in particular should be recognised and supported through activities that help to develop this capacity and support its ongoing viability. The approach to supporting micro-markets piloted over the last few years by Kent and Oldham is now being adopted by a number of other councils as an effective way of growing diverse local markets and stimulating user-led services⁹:

Case Study: Oldham's Small Community Services Project

Supported by NAAPS and Department of Health, the Small Community Services Project in Oldham has tested a model for stimulating and supporting micro providers in the local area over the last three years. This involves employing a coordinator to facilitate better networking between providers and to provide support in overcoming the issues and challenges they face. This ranges from support with marketing and understanding personalisation in practice to support with understanding regulation, taking part in tendering and securing grant funding. The project has led to a blossoming of micro provision and an increased diversity of locally based support for personal budget holders and self-funders.

Choice Support and Transport are a social enterprise established during the project in 2008 to support people with a learning disability to meet with peers and engage in social and leisure activities including yoga, drama, holistic therapies and swimming. The service has a private hire vehicle licence and provides transport, helping to offer a seamless service for customers and families. The service is constantly adapting and is currently identifying volunteering opportunities for clients, including working with a local caterer to deliver meals to older people in the area.

NAAPS established a social enterprise in 2010 called Community Catalysts. One of its aims is to support more councils to adopt the model in place in Oldham and Kent. One current project is particularly focused on stimulating and supporting user-led services. Dance Syndrome is a new Manchester based social enterprise built around the needs of an inspiring dance leader who has Down's Syndrome. Dance Syndrome supports people with a learning disability to develop as both dance artists and individuals. Through Dance Syndrome, disabled and non-disabled dancers are working together to offer inclusively developed performances and workshops.

For more information see:

www.oldham.gov.uk/health_and_social_care/small_community_services_project.htm

<http://naaps.org.uk/>

www.communitycatalysts.co.uk/

⁹ Supporting Micromarket Development: A Practical Guide for Local Authorities, DH 2009

In addition, *A Vision for Adult Social Care: Capable Communities and Active Citizens* requires councils to make it easier for increasing numbers of people to have direct payments for their ongoing support needs. It states that it ‘challenges councils to provide personal budgets, preferably as direct payments, to everyone eligible within the next two years.’ This means simplifying internal systems and processes and working to develop a range of services in the market that reduce the burden on individuals to manage direct payments for themselves and make tailored support available. This includes developing better direct payment support services and investing in user-led organisations that can provide support planning, brokerage and ongoing budget management facilities. It also includes focusing on developing the support options that people with personal budgets particularly value, such as personal assistants. This range of activity will enable people to take the greatest possible choice and control over their support arrangements and will enhance their direct influence over the market. As direct payment numbers increase and the supporting infrastructure becomes stronger and more enabling, the effective and unmediated connection between people with care and support needs and local suppliers will also strengthen as a lever for change.

Case study: People 4 People – Four Boroughs Personal Assistant Service

Recognising a gap in the local market and responding to the priorities of personal budget holders, the London Borough’s of Barking and Dagenham, Havering, Redbridge and Waltham Forest have worked together to develop a joint approach towards stimulating a market of personal assistants (PAs) in North East London. Through their partnership, the four boroughs have jointly invested in People 4 People, an innovative new venture commissioned through Outlook Care that supports personal budget holders and self-funders to find personal assistants, coordinates security checks and training and provides a quality assurance system based on people’s feedback. People 4 People will have PAs available for work from late 2010 and plans to be a fully sustainable social enterprise following two years of initial development funding.

The success of the partnership has hinged on a joint commitment to investment and a willingness to prioritise the work and identify lead responsibilities for each council based on areas of expertise. Each borough has committed £100,000 over the first two years to develop the service, Havering has led the procurement and project management and Redbridge has led the work to develop an outline specification.

The People 4 People model is based on an upfront fee for ‘matching’ which includes mandatory induction training for the PA, security checks including CRB, employment and legal advice for the client and PA and standardised templates for key documentation. Clients will be offered a selection of suitable candidates and will be supported from interview to appointment. The ‘match’ will be considered ‘made’ after 3 months, with free re-matching within this period if a breakdown should occur. In addition, some ongoing subscription services will be available, including pay calculation, emergency response, further training and HR support.

For further information see: www.people4people.org.uk

Useful resources

Provider blueprint: The consortium will publish a web resource in January 2011 comprising case studies and examples of innovative practice from providers who are changing how they support people in response to personalisation, including all the case studies from the National Provider Development Programme;

Provider progress: An assessment tool for providers to chart their progress towards delivering personalised services and develop action plans for further improvement:

www.helensandersonassociates.co.uk/whats-new/progress-for-providers---checking-your-progress-in-delivering-personalised-services.aspx

6. Flexible arrangements

Councils should look to secure services in the market using flexible, outcomes-focused arrangements that reflect fundamental changes in the relationship between commissioners, providers and people with support needs as well as the need to secure value for money. Councils will contract less as more people purchase support for themselves. This means fewer block contracts let on a task and time basis. Formal tendering should not be the first recourse and all procurement should be proportionate and fair while enabling people with support needs to drive the process throughout.

Personalisation represents a challenge for commissioners and providers and raises important questions about contractual arrangements. It will no longer be possible to secure some services through block contracts because of the prospect of double funding where personal budget holders opt to use their money differently. For commissioners, the previous reliance on block purchasing has lent some certainty and predictability to budget management and afforded the opportunity to establish long-term relationships with suppliers which has helped to drive up quality in some cases. Likewise, for providers the guarantee of volumes of business from block contracts has enabled organisational development, ensured a degree of stability for the workforce and helped with securing additional finance. These comforts cannot be relied upon in the future.

A key consideration when determining appropriate contractual arrangements is that personal budget holders will rightly expect to exercise choice and control regardless of the mechanism used to secure supply in the market. This means that when a personal budget is council or third party managed this should not mean a disproportionate reduction in the opportunity for self-direction. While managed budgets will never offer the same degree of flexibility as a direct payment, they should always offer control to the user and meaningful choices over who provides support, how they provide it and when, and which provider is preferred for the job. Limiting people with managed accounts to a greatly reduced choice of providers is not acceptable practice.

Recent advice from the consortium relating to managed personal budgets states:

Managed personal budgets require that the council's commissioning arrangements and contracts aim to incentivise providers to enable people using their services to exercise choice and control over the support they receive...the requirement for providers to work in this way can be included in the specification for this type of contract.¹⁰

¹⁰ Personal budgets: Council commissioned services, Consortium advice note, January 2010

At the simplest level, these challenges are translating into a strategic shift away from block purchasing to spot purchasing from framework contracts, thereby offsetting the potential for double funding. The lack of certainty implicit in such arrangements leads some to equate the expansion of personal budgets directly with increased instability, higher costs and the prospect of market failure, especially for suppliers whose businesses are disproportionately dependent on council block contracts. This logic assumes that a fully transformed care and support system can only rely on traditional levers to control costs and secure supply. Accepting this argument inevitably leads to a significant and unnecessary stifling of choice and control and reduces the transformatory potential of personal budgets to a re-branding of existing systems. The alternative is to reconsider current commissioning practice and develop new approaches that promote choice and control at the same time as ensuring market stability.

Framework contracts can be an effective solution, though only if accompanied by parallel efforts to support the development of more personalised services. Too often, this shift is resulting in purchasing more of the same in a different way through procurement processes that include all of the bureaucracy of previous arrangements with none of the promised returns for suppliers. This hardly justifies the inevitable effort, resource and uncertainty that results from these changes and will only serve to destabilise the market. Local discretion will guide decisions about the level of guaranteed income available to framework suppliers, if any, as well as the degree of evidence required to validate their inclusion, but processes must be proportionate, should not place undue pressure on providers and should remain as open as possible to new market entrants. Particular consideration should be given to small providers who can play an invaluable role in a diverse market by meeting very individual requirements but can often find it difficult to engage with lengthy tendering processes. Local accreditation and kite marking schemes can play an important role here.

An approach that can be developed alongside framework contracts and included within service specifications to enhance flexibility is the introduction of individual service funds (ISFs). ISFs are being developed by councils to ensure people with managed budgets have the greatest possible choice and control within commissioned services. This is where all or part of the person's budget is held by a provider of their choice under the terms of a contract held between the council and the provider – this can be a framework contract, a spot purchase or a cost and volume contract. ISFs have so far been developed in supported living and shared services as well as for domiciliary care.

Key features of ISFs include:

- All or part of a personal budget held by a provider on an individual's behalf where the money is restricted for use on that person's support and accounted for accordingly;
- No specific tasks predetermined so that the personal budget holder is empowered to plan with the provider the who, how and what of any support provided;
- Flexibility to roll money/support over into future weeks or months and to bank support for particular purposes;
- Accompanied by written information that clearly explains the arrangement and confirms any management costs to come from the personal budget (usually not more than 10%);

- Portability so that the personal budget holder can choose to use the money in a different way or with a different provider, usually with a four week notice period.

Some ISFs, particularly within supported living, also permit sub-contracting where the host organisation is unable to meet all of the individual's support and other requirements.

Whatever the setting, an ISF should always be accompanied by good support planning and flexible working arrangements that enable people to alter their support without continuous recourse to the service commissioner.

The immediate cancellation of contracts that fail to meet future expectations of flexibility will create considerable disruption for suppliers and people using services. Commissioners can consider a range of approaches to ease this transition.

Transitional strategies and arrangements:

- Provide detailed projections of personal budget uptake, including the likely proportion of direct payments and managed budgets, including ISFs. This will help providers to plan their businesses around anticipated levels of aggregate and individual purchasing;
- Develop transitional contractual arrangements for defined periods where existing contracts are modified and reduced in stages. This will allow providers to refine new working arrangements and evaluate the impact on their businesses;
- Provide focused support to increase choice and control within commissioned services before block contracts are removed. This will help to mitigate against high volumes of personal budget holders voting with their feet to leave previously contracted services;
- Provide support to direct payment holders to pool their budgets and purchase services jointly where appropriate. This can reduce transaction costs for providers by collapsing together multiple individual arrangements;
- Introduce approved lists and accreditation schemes that offer providers a degree of confidence about demand from personal budget holders with managed accounts without the time and effort of engaging with full tendering processes;
- Develop model contract templates that personal budget holders can use to purchase services directly. This will ease the administrative burden on both suppliers and individuals.

Within OJEU guidelines and regulations, other procurement approaches should always be considered as alternatives to formal tendering. A forthcoming consortium paper will clarify the legal framework for procuring care and support services in relation to when a full tendering process is required and when it is discretionary, including the range of alternatives that can be employed to secure a contract fairly and proportionately.

There will of course remain circumstances where block purchases are still appropriate, though these instances will be far fewer and should be subject to public scrutiny. The case needs to be made by commissioners for any ongoing aggregate investment affecting the budget available for self-direction. It will be important to engage local people at an early stage in these deliberations. One example of a service model whose commercial viability may preclude individual purchasing is re-ablement, where services are provided for a limited time or prior to the introduction of personal budgets. Another example is grant funding to the third sector for information, advice and guidance that has a broad community benefit and cannot be disaggregated for individual purchasing. Some service models may require a degree of income stability while a proportion of the contract price can be made available for individual discretion, for example in supported or extra care housing where the funding required to maintain the building and any shared support can be separated from residents' flexible allocations.

It may also be necessary to offer incentives for providers to develop particular support models, especially where there is a preventative component and successful delivery of the service could be seen to diminish the ongoing viability of the contract. For example, Nottingham City's service agreement for care support and enablement for adults with learning disabilities states:

Where the provider is able to work with an individual service user to improve their level of independence and that level is capable of being maintained...the Purchaser shall award the Provider 40% of the achieved financial savings at the conclusion of a 12 week period from first notification of the increased service user independence, where this has been a minimum saving of two hours Services time per week.

Similar incentives can be developed for other services, splitting efficiencies between savings to the commissioner and developmental funding to the provider. There can also be benefits to establishing and managing innovation funds against which providers can bid to secure time-limited or one off investment to develop new services or make their existing services more personalised and cost effective. These kinds of arrangements can help to foster the strong collaborative relationships required to do more with less.

As well as developing stronger relationships with providers, delivering *A Vision for Adult Social Care: Capable Communities and Active Citizens* in the current financial climate will mean building stronger partnerships with Health and across Local Authority boundaries where there are common objectives in relation to a shared market. A prominent example is the work of the West London Alliance:

Case Study: West London Alliance framework contracts

The West London Alliance (WLA) comprises the boroughs of Brent, Ealing, Hammersmith and Fulham, Harrow, Hillingdon and Hounslow. As part of their Adult Social Care Efficiencies Programme, WLA councils are collaborating in the commissioning and procurement of services spanning residential and home support through framework contracts with an estimated value of £220M per annum, though there are no guaranteed volumes for providers within the frameworks. Relationships, governance and joint working are already well developed between alliance members who also regard themselves as having productive and collaborative relationships with independent providers.

The arrangements are intended to provide efficiencies to the entire consortium while also providing greater flexibility and choice and driving up quality. The framework is open to WLA councils and to personal budget holders. The services commissioned will be outcomes focused, have a person centred and enabling approach and will aim to achieve the goals, aspirations, and priorities of personal budget holders.

For more information see: www.westlondonalliance.org

Useful resources

NMDF Papers 3 and 4: covering the implications of personalisation for social care procurement and tendering;

Forthcoming consortium paper on legal issues and procurement

Contracting for personalised outcomes, DH 2009

What are we learning about developing individual service funds?

www.supportplanning.org/IndividualSF/

7. Conclusion

The capacity to develop and shape local markets of care and support will be critical to realising the Government's vision. People will in future be looking for a plurality of options for support and will expect to have choice and control over the full range of services available. Market shaping needs to be a continuous process if we are to keep up with people's expectations and aspirations for the future. Much will depend on councils' ability to play a leadership role in this activity through supporting people with personal budgets and direct payments to drive change in the market. It will also involve developing better knowledge about local markets, building more collaborative relationships with providers, developing a range of flexible arrangements for securing services and establishing more effective mechanisms for local engagement. This paper sets out a simple, practical framework for councils and their partners to use in developing this capacity locally.

If you have any comments regarding this document, please send these to socialcarevision@dh.gsi.gov.uk