

# Shaping the social care market



UNIVERSITY OF BIRMINGHAM

NOVEMBER 2020

## Executive summary

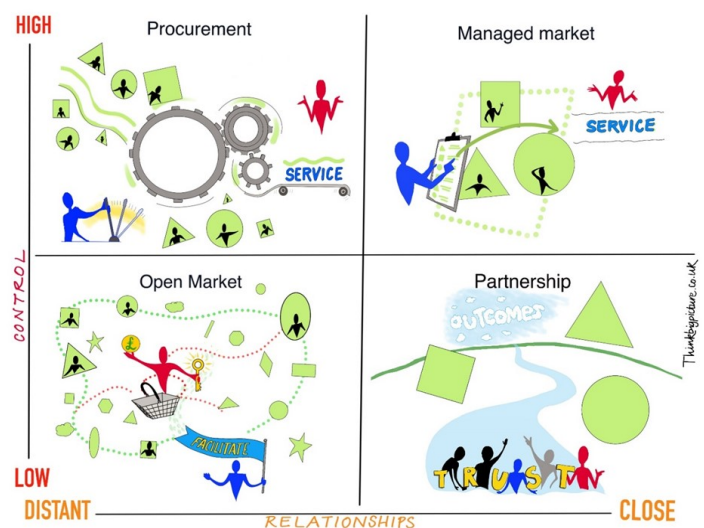
Most social care in England is delivered by private companies rather than the state. Local authorities have a legal duty to 'shape' the care market. New findings from the University of Birmingham show:

- Some local authorities are drifting between different approaches to market shaping over time, often without purposively choosing one approach over another. High turnover of local authority staff, workforce shortages within providers, short-term austerity and long-term funding uncertainty militate against a coherent approach.
- Market shaping works best when local authorities take a 'low control' approach, rather than specifying the service. Two types of low control strategies were found to be effective: 'open market' models, which free up individuals to purchase their own care, with an emphasis on user choice and control; and 'partnership' models, e.g. for building-based, long-term services, that require local authorities to build relationships and share risk with providers and communities.
- Both types of provision are needed in local care markets. Open markets already exist in many areas but are fragile and need active local authority facilitation to work effectively. Partnership models are underdeveloped and need to be built up in an iterative way to grow trust, enable providers, service users, families and communities to adapt, and to facilitate joint working with health and housing.
- The research was conducted before Covid-19 but the pandemic has further highlighted the importance of trust and good communication between local authorities and the market.

## Findings

The Care Act 2014 gave local authorities in England a legal duty to shape social care markets to provide a variety of quality care and support. The University of Birmingham team were asked by Department of Health and Social Care to look at different approaches to shaping care markets, and which work best.

Comparing eight local authorities in England researchers found that market shaping varied in two ways - firstly how much local authorities try to control which services are provided and secondly by how close or distant their relationships are with service providers. Four models of market shaping were identified:



1. The **Procurement** approach combines tight control with distant relationships. Local authorities ask the market to supply specific services, which can help reduce costs, but it limits scope for providers to innovate and offer choice. A lot of residential care for older people is commissioned in this way.

2. In the **Managed Market** approach local authorities keep tight control through closer relationships with a

smaller group of providers, for example through block or framework contracts. This approach is often used to stabilise the market, giving guaranteed hours to providers. Home care for older people is often commissioned in this way. However this reduces user choice and does not provide the expected stability due to shortages of care staff and funding.

In the **Open Market** approach, local authorities have less control and have distant relationships with the market. People decide their own support needs, choosing from a range of providers. People with direct payments and self-funders get their care in this open market. Whilst this offers scope for innovation, some people need help from local authorities with the risk and complexity of choosing their own care, which isn't always provided.

In the **Partnership** approach local authorities share control and have close relationships with users and providers to co-design services. Popular with local authorities and providers, this approach aims to build a long-term, preventative approach and help integration with other services. Some examples were found in mental health services and in residential developments such as 'extra care' housing. However it could be difficult to achieve in practice given funding constraints, high local authority staff turnover and care workforce shortages.

## Conclusions

Open Market and Partnership approaches are **both** needed but local authorities need to work differently to make them effective together. Open Markets need facilitation to ensure a diverse range of services can be bought, and users are supported in making choices. Partnership requires close relationships and trust between local authorities, providers and communities. As the approaches suit different types of provider, local authorities need to be clear about the reasons for their commissioning decisions to avoid confusion. The Covid-19 pandemic, although outside the scope of the research, has further highlighted the importance of trust, communication and good relationships between local authorities and care providers.

Success relies on local authorities building good relationships with providers and communities and so

commissioners need the entrepreneurial and relational skills to do this. This is difficult without stable funding and policy from central government. Shaping care markets cannot solely be the job of local government but requires a sustained national commitment to deliver better care and support for all.

## Policy recommendations

- Local authority commissioners need nationally-funded support to build technical and relational capabilities, in order to stimulate open market and partnership approaches, with different offers to different parts of the market.
- National government needs to develop a sustainable funding settlement for social care, moving beyond short-term allocations that inhibit effective planning and partnerships. It also needs to ensure the regulatory system is proportionate and responsive to both open market and partnership approaches, balancing risk with the flexibility necessary to achieve personalisation.
- National and local governments need to work together to address shortages in the care workforce.

## Research methodology

The team selected 8 sites across England with different demographics, market profile and care outcomes. The team spoke to 410 people in the localities in total, and undertook 28 national stakeholder interviews and a survey of local authorities.

## Find out more

**Professor Catherine Needham and Emily Burn**

University of Birmingham

c.needham.1@bham.ac.uk/e.burn@bham.ac.uk

@DrCNeedham

[www.birmingham.ac.uk/documents/college-social-sciences/social-policy/publications/shifting-shapes.pdf](http://www.birmingham.ac.uk/documents/college-social-sciences/social-policy/publications/shifting-shapes.pdf)

This project was funded by the National Institute for Health Research (NIHR) Policy Research Programme. The views expressed are those of the authors and not necessarily those of the NIHR or the Department of Health and Social Care.