

**DRAFT MARKET SHAPING & CHILDREN, FAMILIES AND ADULTS SERVICES  
PROCUREMENT STRATEGIES**

*To:* **Adults Committee**

*Meeting Date:* **17 May 2016**

*From:* **Adrian Loades, Executive Director: Children, Families and  
Adults Services**

*Electoral division(s):* **All**

*Forward Plan ref:* **Key decision: No**

*Purpose:* **To update the Adults Committee on the development of  
two related strategies; a Market Shaping Strategy and a  
Children, Families & Adults (CFA) Procurement Strategy  
and to seek views to inform these strategies.**

*Recommendation:* **The Adults Committee is asked to:**

- a) Review and comment on the draft Market Shaping  
Strategy before it is shared with stakeholders for a  
period of consultation**
- b) Agree to receive and review the final draft Market  
Shaping Strategy at September Committee for  
approval**
- c) Review and comment on the draft CFA Procurement  
Strategy**
- d) To delegate authority to the Executive Director:  
children, Families and Adult services to approve the  
CFA Procurement Strategy after it has been  
presented to the Children and Young People's  
Committee following discussion with the Chairman  
of the Adults Committee and the Chairwoman of the  
Children and Young People Committee**

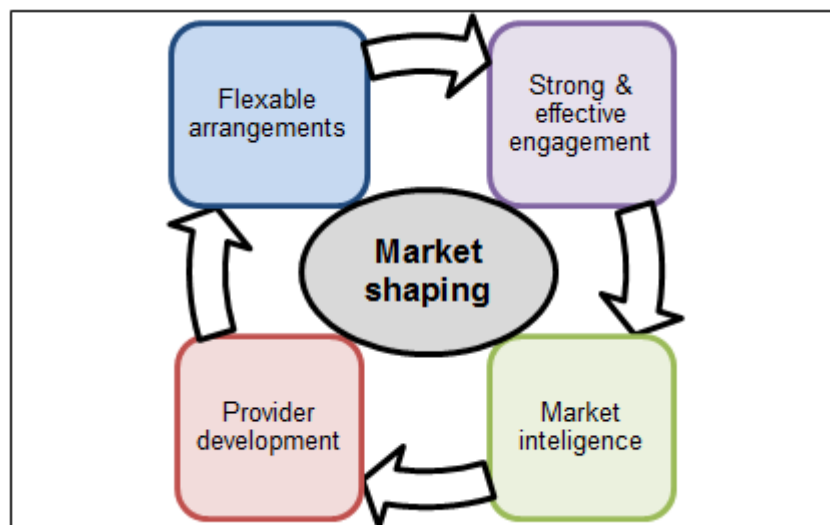
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## 1.0 BACKGROUND

- 1.1 The local care market is under significant pressure, which has a detrimental impact on the Council's ability to commission services at an affordable price. The market features a relative lack of supply, particularly affordable residential and nursing care. Demographic growth coupled with the relative affluence of the county means that the Council is competing for care placements in a market where providers can attract and charge higher prices to people who fund their own care. The strong local economy provides more lucrative work opportunities and does not attract people into relatively low paid caring roles (especially in the south) resulting in a chronic shortage of homecare provision. The National Living Wage came into effect from April 2016 and is expected to create additional inflationary pressures for the Council. The scale of these pressures is significant, and greater than any the organisation has faced previously.
- 1.2 The Care Act 2014 places new duties on local authorities to facilitate and shape their market for adult care and support as a whole, so that it meets the needs of all people in their area, whether arranged or funded by the Council, by the individual themselves or in other ways. A workstream was set up within the Care Act implementation programme to develop a draft Market Shaping Strategy that sets out the guiding principles and practices that will enable the Council - in collaboration with partner agencies, service users and providers - to stimulate the local market paying particular focus to shortages in supply.

## 2.0 THE MARKET SHAPING STRATEGY FOR ADULTS AND OLDER PEOPLE

- 2.1 The Market Shaping Strategy seeks to provide shape and direction to the Council's role as a market facilitator, established through the Care Act, and focusses on actions that encourage growth, diversity and stability within the local care market over the longer term.
- 2.2 The strategy recognises that there are four overarching activities involved in market shaping.



Each underpins a development workstream objective within the action plan, and are explained below.

## **2.3 Strong and effective engagement**

- 2.3.1 It is essential that the Council works collaboratively with service users and providers to ensure that as far as possible, the care market is able to respond creatively and flexibly to meet service user need. The strategy emphasises early service user engagement, using existing forums where practical, to give service users the opportunity to influence service specifications when commissioning services. The strategy also promotes stronger engagement with providers, and supports the development of new processes intended to strengthen the Council's ability to respond quickly and effectively to new business ideas proposed by providers.

## **2.4 Market intelligence**

- 2.4.1 This involves the development and maintenance of an evidence base about the local care market, and communicating this knowledge to suppliers and local people. The strategy supports the production and maintenance of an up-to-date Market Position Statement, the development of systems that allow commissioners and contracting staff to monitor market capacity and service utilisation, and the development of systems to risk assess providers and identify where failure may occur.

## **2.5 Provider development**

- 2.5.1 This involves developing 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. The strategy promotes close cooperation with providers to tackle provider workforce issues (such as high turnover rates, recruitment issues, shared training and development opportunities) with the intention of reducing instability within the sector.

## **2.6 Flexible arrangements**

- 2.6.1 This involves the development of commissioning, procurement and tendering processes that are fair and proportionate, which promote person-centred support from a plurality of different providers, where formal tendering is not always the first resort and where opportunities are taken to enhance flexibility and secure services across Local Authority boundaries. The strategy advocates the development of new a new Procurement Strategy, promotes the use of outcomes based commissioning to encourage providers to work flexibly and creatively in meeting the needs of service users and endorses the use of pilot schemes to test new and innovative ways of meeting and preventing needs.

- 2.7 The strategy also identifies eight high-level themes that will be referenced when undertaking actions that shape and influence the local care market. The specific theme will apply to a greater or lesser extent depending on the specific activity being undertaken. These are;

- Focussing on outcomes
- Co-production with stakeholders
- Promoting quality
- Ensuring choice
- Supporting sustainability
- Understanding the market
- Facilitating market development
- Ensuring value for money

## **2.8 Focussing on outcomes**

- 2.8.1 The strategy seeks to embed the achievement of positive outcomes for service users in all care market shaping activities. In encouraging outcomes-based services, the strategy proposes that “payment-by-outcomes” mechanisms should be considered to incentivise providers.

## **2.9 Co-production with stakeholders**

- 2.9.1 The strategy builds on the Council’s participation strategy and promotes working with people with care and support needs to find shared and agreed solutions. Where there is a clear benefit to the county population, the Council will work with partners to provide integrated services for individuals who need care and support.

## **2.10 Promoting quality**

- 2.10.1 The strategy emphasises the promotion of quality and is mindful of the capacity, capability, timeliness, continuity, reliability and flexibility of services delivered to support well-being, where appropriate, using the definitions that underpin the Care Quality Commission’s (CQC) fundamental standards of care as a minimum.

## **2.11 Ensuring choice**

- 2.11.1 The strategy promotes actions that encourage the plurality of service providers to ensure that people have genuine choice of the way in which their support needs are met. The strategy supports actions that will facilitate the personalisation of care and support, and encourage the development of services that enable people to make meaningful choices, and to take control of their support arrangements, where they choose to do so.

## **2.12 Supporting sustainability**

- 2.12.1 The strategy emphasises the need to develop markets for care and support that – whilst recognising that individual providers may exit the market from time to time – ensure the overall provision of services remains healthy in terms of sufficient provision of quality care and support. The strategy emphasises the use of detailed risk assessments to identify a range of potential solutions that support ‘hard to replace’ sub-markets.

## **2.13 Understanding the market**

- 2.13.1 The strategy emphasises the need for the Council to maintain a robust understanding of current and future needs for care and support services,

using the Market Position Statement as the principal, public-facing repository for this information. The document would include information about specific conditions and multiple and complex needs, trends and forecast estimates of the number of people who receive Council funded care and support services, and the type of care they receive.

## **2.14 Facilitating market development**

- 2.14.1 The strategy encourages collaboration with stakeholders and providers to ensure that the market has sufficient signals, intelligence and understanding to meet demand and ensure sufficiency of future supply.

## **2.15 Ensuring value for money**

- 2.15.1 The strategy promotes the need to ensure value for money by identifying and applying best practice in the commissioning of services, and recognises that achieving value for money means optimum use of resources to achieve intended outcomes and therefore will regard service quality as well as cost when procuring services.

## **3.0 THE DRAFT MARKET SHAPING STRATEGY – NEXT STEPS**

- 3.1 Whilst the Market Shaping Strategy is still in draft form, it is already providing a positive influence on a number of developments being undertaken within CFA, including;
- The development of a draft CFA Procurement Strategy
  - Influencing the actions being taken forward by the homecare sufficiency project
  - Influencing the actions being taken forward by the Older Peoples accommodation project (the over-arching strategy was presented to Committee in January 2016 for review)
  - A review of outcomes based commissioning models, and an options appraisal highlighting where these might be applied locally
- 3.2 Following review by the Adults Committee, the proposed next steps will be;
- To review the draft strategy against national best practice learning gained from workshops run by the Institute of Public Care, held week commencing 9 May 2016
  - Engage with health partners and other key stakeholders, with a particular focus on identifying gaps in the strategy and seeking consensus on the draft action plan
  - Submit the final draft strategy to Adults Committee in September for approval
  - Refresh of the Council's Market Position Statement and establishing procedures to ensure it is regularly reviewed and updated

## **4.0 DRAFT CFA PROCUREMENT STRATEGY**

- 4.1 The draft Market Shaping Strategy identified that flexible, fair and proportionate commissioning and procurement activity can have a positive impact on the local care market. Because effective and innovative commissioning and procurement activity is also integral to the achievement of the business planning savings targets for 2016/17 and beyond, the development of the CFA Procurement Strategy was prioritised ahead of

finalising the Market Shaping Strategy to ensure activity undertaken across the directorate delivers services that are fit for purpose and offer value for money. A summary of upcoming procurement activity can be found in appendix D.

- 4.2 The CFA Procurement Strategy has three key priorities:
- Improving procurement and contract management arrangements
  - Delivering efficiency and value for money from procurement and contracting
  - Supporting the commissioning function to deliver efficiency by considering different procurement options

#### **4.3 Improving procurement and contract management arrangements**

- 4.3.1 The strategy promotes improved procurement and contract management arrangements by advocating;
- Consolidating procurement and contracting activity across Directorates and strengthening links with procurement and legal support in LGSS
  - Using best practice models in procurement activity, such as the use of alliance contracting (currently being applied to the new Advocacy contract) and identifying opportunities to apply the Public Contracts Regulations 2015 that allows local authorities to enter into a contract with one or more parties with the intention of developing and then purchasing innovative services, products or works Involving service users and providers in service design, building on recent experience gained through the procurement of support for carers and advocacy services to influence future procurement including the retendering of the homecare contract due to be complete in late 2017

#### **4.4 Delivering efficiency and value for money from procurement and contracting**

- 4.4.1 The strategy promotes the delivery of efficiency and value for money from procurement and contracting by;
- Helping providers manage their costs and revisiting specification requirements, including, for example, the development of a shared understanding of the impact of the national living wage
  - Working with other local authorities on joint procurement, such as the current advocacy services tender
  - Reconsidering contract lengths
  - Efficiency from scale/volume, including the use of block contracts where appropriate to reduce unit costs
  - Incentivising providers to innovate and align with our strategy, such as exploring the viability of payments by results
  - Maximising the contribution of the voluntary and community sector

#### **4.5 Supporting the commissioning function to deliver efficiency by considering different procurement options**

- 4.5.1 The strategy supports the commissioning function to deliver efficiency by considering different procurement options, including;
- Ensuring the right model – insourcing and outsourcing – investigate

viability of in house provision of home care and residential/nursing care, review current tasks and/or functions that could be more cost effective if provided by other organisations

- Integration and Joint commissioning – maximising opportunities for procuring jointly with health, for example, around falls prevention, homecare and Continuing Health Care and transport

#### **4.6 THE DRAFT CFA PROCUREMENT STRATEGY NEXT STEPS**

- 4.6.1 The final draft of the CFA Procurement Strategy will also be submitted to the Children & Young Peoples Committee in May seeking comment and delegation for approval from Members.

#### **5.0 ALIGNMENT WITH CORPORATE PRIORITIES**

##### **5.1 Developing the local economy for the benefit of all**

- 5.1.1 Both strategies seek to provide structure to the Council's involvement with the local care market economy. The draft CFA Procurement Strategy sets out themes and actions for consideration by officers when procuring goods and services, placing an emphasis on achieving value for money. The draft Market Shaping Strategy promotes a care market that offers a diverse range of safe, sustainable, personalised and effective care and support services that meets the needs of vulnerable people in the county.

##### **5.2 Helping people live healthy and independent lives**

- 3.2.1 Both strategies support this priority. The draft CFA Procurement Strategy promotes value for money; ensuring Council resource is used effectively to support people living healthy and independent lives. The draft Market Shaping Strategy outlines themes and actions that support market sustainability and the provision of safe, personalised and effective services to people with care and support needs.

##### **5.3 Supporting and protecting vulnerable people**

- 5.3.1 The draft Market Shaping Strategy draws together a range of themes and actions focussed on the long-term stability and sustainability of the local care market, including an emphasis on quality, sustainability and choice in order to support and protect people with care and support needs.

#### **6.0 SIGNIFICANT IMPLICATIONS**

##### **6.1 Resource Implications**

- 6.1.1 The Procurement Strategy outlines themes and actions designed to maximise value for money and efficiency, therefore making better use of the Council's financial resource and supporting the achievement of the challenging savings targets outlined in the business plan.

##### **6.2 Statutory, Risk and Legal Implications**

- 6.2.1 The draft CFA Procurement Strategy is supported by existing procurement legislation and best practice. The Care Act 2014 established new duties for

local authorities to promote the efficient and effective operation of the market for adult care and support as a whole. The draft Market Shaping Strategy reflects and responds to these duties.

### **6.3 Equality and Diversity Implications**

- 6.3.1 By promoting efficiency from the procurement process to achieve value for money, the Procurement Strategy will enable the Council to maximise the level of support available to vulnerable children families and adults. The draft Market Shaping Strategy outlines themes and actions that support market sustainability and the provision of safe, personalised and effective services to vulnerable adults and older people with care and support needs.

### **6.4 Engagement and Consultation Implications**

- 6.4.1 A consultation exercise was undertaken in January 2016 to share the draft strategy with local provider networks. 12 responses were received. The responses were overwhelmingly positive. Providers particularly welcomed having sight of the Councils' overall strategy for procurement, and felt that the identified actions were appropriate. Some minor points of clarification were raised and have been incorporated into the final draft of the document. Providers also offered a range of ideas for service development and delivery that will be followed up individually with the providers. A report summarising the consultation feedback is attached as appendix C.
- 6.4.2 The draft Market Shaping Strategy will be shared with stakeholders via a consultation exercise at the end of May following the initial review by the Committee.

### **6.5 Localism and Local Member Involvement**

- 6.5.1 There are no significant implications within this category. Spokes have been consulted.

### **6.6 Public Health Implications**

- 6.6.1 There are no significant implications within this category.

<b>Source Documents</b>	<b>Location</b>
None	

## **APPENDICES**

**Appendix A: Draft Market Shaping Strategy**

**Appendix B: Draft CFA Procurement Strategy**

**Appendix C: Draft CFA Procurement Strategy consultation response report**

**Appendix D: Contracts tendering forecast 2016**