

## A short guide to market facilitation

Market facilitation is the planning and practice of making sure that there are a range of providers and types of support available for supported people to choose from.

The definition of market facilitation is:

*“Market facilitation means commissioners working closely with providers, supported people, carers and their internal colleagues (procurement, legal and financial) to encourage the flourishing of a sustainable, effective range of providers and types of support in an area.”*

The most important aspects of market facilitation are the purpose (ensuring a wide range or ‘ecology’ of sustainable support) and the process (doing this collaboratively).

### Why ‘market’ facilitation?

‘Market’ is often seen as a difficult concept when applied to social care so why is it used? Following the introduction of the ‘mixed economy of care’ in the 1980s social care has taken the form of a quasi-market known as a monopsony. In a monopsony there is a single purchaser (the public authority) and many providers (voluntary and private sector.) Monopsonies tend to favour the

purchaser (as they can control price and specification) and not favour the provider (as they are one of many suppliers in the marketplace.) Monopsonies tend not to encourage innovation and creativity as they drive competitive behaviours between organisations.

*“The problem with competition is that it takes away the requirement to set your own path, to invent your own method, to find a new way...”*

*Seth Godin*

### How we got here

The way that social care is organised in Scotland has gone through significant change since the 1940s and our current approach to commissioning and procurement is heavily influenced by this shared history.

In the 1940s there was no market model. Care and support was delivered by the state and charities served particular groups and were generally funded by discretionary funders or individual donors. The move to delivering care and support under contract was pushed by the 1980’s model of the ‘mixed economy of care’. The theory of creating a monopsony was that competition would drive cost down; efficiency up and promote innovation. Looking across types of

markets there's mixed evidence (at best) as to the ability of competition to drive innovation- particularly where services are people based rather than product based.

In 2006 the EU procurement directives were introduced into Scots Law. This brought in a technocratic approach to purchasing, governed by processes; quasi- scientific scoring mechanisms; specifications and multi-stage tendering. Here we see the beginnings of procurement legislative drivers (best value, cost, quality and effectiveness) begin to conflict with social care values (personalisation, quality, continuity of support.)

In 2013 the Social Care (Self-directed Support) (Scotland), Act was passed. S.19 of the Act recognises that choice and control for supported people can't happen unless there is a sustainable market of different supports to choose between.

*“ The Local Authority must, as far as is reasonably practicable, ensure a range of providers and types of support in their area.”*

Market facilitation moves the market model away from a monopsony to a 'marketplace'. Here the role of the public authority is to facilitate the development of personalised, effective and sustainable supports for people who need it. This is a fundamental change from market 'management' and transactional behaviours to collaboration and partnership behaviours.

## **The legislative and policy context**

Many people believe that procurement law and policy stands in the way of collaborative, facilitative approaches to social care purchasing however this is not what the law says.

The Procurement Reform (Scotland) Act, 2014 and associated guidance highlight the considerable flexibility available to social care procurement in Scotland. Contracting authorities can follow and procedure they wish (ensuring it adheres to the TFEU principles) and below threshold social care contracts are specifically exempt from the requirement to advertise.

Even where traditional processes are followed it is important to bear in mind that procurement governs how public authorities purchase social care it does not govern what they purchase. This means that outcomes or problem focussed specifications (such as the Barcelona model REF) are acceptable and innovative bidding can be encouraged through effective contracting that doesn't place undue risk on the bidding organisation.

The Public Bodies (Joint Working) (Scotland) Act, 2014 and guidance requires IJBs to strategically plan and commissioning according to a set of principles. These include promoting that services are planned and led locally in a way which is engaged with the community (including in particular service-users, those who look after service-users and those who are involved in the provision of health or social care.

## Market facilitation in practice

Market facilitation has three aspects. These are conventionally represented as a cycle (and in some ways align with, and are part of, the commissioning cycle.) However in practice market facilitation activities overlap run alongside- particularly market relationships.

- Market intelligence
- Market influencing
- Market relationship

## Market intelligence

The question to ask- what does the data/analysis mean for the market?

Market intelligence involves collecting data from multiple sources and analysing these with a view to what it means for the market (the range of providers and types of support in an area.)

Market intelligence requires commissioners to take a broad definition of evidence and include third sector data as well as statistics and information gathered from social work assessment and reviews.

This involves close work with information holders across the system- including providers and supported people.

Crucially market intelligence must go beyond simple collection of data- good analysis is required to bring together the narrative of needs, gaps, strengths and supports in a local area.

## Market influencing

The question to ask- what do we need to start/ stop doing to support a flourishing market of support in our area?

The underpinning theory of commissioning and procurement is often that of 'market management'. Market management is a transactional approach to social care purchasing that emphasises the provider- purchaser split and drives competition. Market influencing recognises providers and supported people as partners in working out what is required in an area and that the role of procurement and commissioning is not to control or rationalise the market.

There are a number of influencers available to local authorities. These include:

Sharing market intelligence so providers can plan their businesses

- Research, training and capacity building
- Specific innovation funds
- Good contracting practice- reasonable timescales, clauses and sustainable hourly rates.
- Using outcomes or problem based specifications within traditional procurement approaches.

## Market relationships

The question to ask- what does the data/analysis mean for the market?

Collaborative commissioning conversations

<http://www.ccpscotland.org/dtd>

Market facilitation

[https://ipc.brookes.ac.uk/docs/market-shaping/What is Market Shaping.pdf](https://ipc.brookes.ac.uk/docs/market-shaping/What%20is%20Market%20Shaping.pdf)

Market facilitation looks to move away from 'market management' and the approaches and processes that drive transactional behaviour.

Market relationship require:

- A long term, whole market view.
- Transparent decision making.
- Good collaborative structures and behaviours.
- Cross- sector leadership.
- Focus on sustainability.

## Market facilitation plan

A market facilitation plan (or statement as they are called in England) sets out the market intelligence (shared understanding of demand and support) and the proposed market influencing activities. A market facilitation plan should be a live document and be closely linked with the local area strategic commissioning plan and procurement strategy.

## Read more

Procurement reform

[www.ccpscotland.org/hot-topics/procurementreform](http://www.ccpscotland.org/hot-topics/procurementreform)

Social care commissioning

[www.ccpscotland.org/hot-topics/commissioning](http://www.ccpscotland.org/hot-topics/commissioning)

Collaborative behaviours and structures

<http://collaboratei.com/2015/10/collaboration-readiness-matters-build-start>



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