

# Market Facilitation

## What is market facilitation?

Moving towards more personalised support means supported people have more choice and control over the services they use.

**Market facilitation is how public authorities stimulate a diverse, vibrant and sustainable market**, so there are different types of support and provider organisations for supported people to choose from.

Successful market facilitation and shaping relies on collaboration - **commissioners need to work with people and providers** to understand what's needed, so they can offer the services people need and want, now and in the future.

'... effective services must be designed **with and for people and communities** - not delivered 'top down' for administrative convenience.'

**Christie Commission  
June 2011**

## A bitesize history of market facilitation

- 1945** ○ There is **no market model for social care**. Services are provided by the state. People have very little choice or control over the services they use.
- 1980** ○ The '**mixed economy of care**' model creates a **monopsony**, with one purchaser (the state) and many providers (private and voluntary). Competition between providers is expected to drive up quality and efficiency, and drive down costs. In practice, it inhibits innovation.
- 2006** ○ EU procurement directives are introduced into Scots Law, bringing a **process-driven, technocratic approach to purchasing care**. Procurement drivers (best value, cost and effectiveness) start to conflict with social care values (personalisation, quality and continuity of support).
- 2013** ○ The Social Care (Self-directed Support) (Scotland) Act 2013 recognises that **choice and control for supported people** can't happen unless there is a sustainable market of providers and services to choose from. As the **monopsony moves towards a marketplace**, the role of public authority changes from manager to facilitator, working in partnership to deliver personalised, quality support to the people that need it.
- 2018** ○ Challenges of planning and providing sustainable, personalised care within tightening budgets means **the commissioning process needs to become a 'collaborative system'**. More local authorities explore co-production, alliancing and networked leadership models.

## What does the law say about market facilitation?

Many in the social care sector worry that process-driven procurement legislation gets in the way of the partnership approach that's needed to achieve social care policy ambitions. Competitive tendering is often seen as the safest way of complying with regulations, but this process inhibits constructive dialogue between purchasers and providers.

### In fact, the legislation is much less restrictive:

- The **Procurement Reform (Scotland) Act 2014** and associated guidance provides considerable flexibility for social care procurement in Scotland. Under the new 'light touch' regime, public bodies can choose any procedure they like, as long as it fits with EU Treaty principles. They are also no longer required to advertise for social care contracts under €750,000, which opens the door to alternative ways of procuring.
- The **Public Bodies (Joint Working) (Scotland) Act 2014** sets the tone for Integrated Joint Boards to plan integrated health and social care services in a way that puts the needs and rights of service users at the heart of the process. Services should be planned and led locally, through engagement 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)
- **Section 19 of the Social Care (Self-directed Support) (Scotland) Act 2013** specifically provides for market shaping, by giving the contracting authority a responsibility to ensure a range of providers and types of support.

Remember, procurement is about **how** services are purchased, not **what** those services are. It's possible to develop specifications that address particular outcomes or problems and encourage innovative bids from providers.

But **successful market facilitation means encouraging collaboration and partnership** so that a choice of appropriate, quality services are available at the right price, without undue risk on provider organisations.

## Who should be involved in market facilitation?

Market facilitation should involve partners from across the local authority and beyond - including providers and supported people: constructive dialogue between purchasers and providers.



## Market facilitation in practice

Market facilitation involves three main activities: **market intelligence**, **market influencing**, and **market relationships**. All three should be factored in to a market facilitation plan - a live document, which links to the local strategic commissioning plan and procurement strategy.

### Market Intelligence

Market shaping starts with a **shared understanding of supply and demand** - knowing what people need, what's available, and what's missing. Commissioners must find out what providers can offer and at what cost. Sharing intelligence helps plan for contingencies, to ensure sustainability and support workforce development. Evidence can come from statistics, social work assessments and reviews, and supported people and providers.

## Market Influencing

Market influencing **recognises supported people and providers as partners** in shaping what the market should look like, now and in the future. Activities include:

- sharing intelligence so providers can plan their business
- research, training and capacity building
- specific innovation funds
- good contracting practice (reasonable timescales, communication, clauses, sustainable hourly rates)
- using outcomes or problem based specifications within traditional procurement approaches.

## Market Relationships

Market shaping is about moving away from the transactional behaviours and processes of market management, and **encouraging partnership working**. Effective relationship-building rests on:

- transparent decision making
- good collaborative structures
- cross-sector leadership
- a focus on sustainability.

## Find out more...

Check out CCPS' Improve Commissioning resources: <http://www.ccpscotland.org/hot-topics/improve-commissioning/handy-resources/>

You'll find our recent publications, information about our work, and more quick guides like this.

If you'd like to explore ways to improve commissioning and procurement in your area, contact Dee Fraser:

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