



Position statement on online reverse auctioning of care

Definition:

A “reverse auction” refers to the process of a competitive online auction in which potential providers of care compete in real time to win social care contracts for residential and home-based care.

These auctions are usually run by local authorities, who are often the dominant purchaser in the local area.

Our position on reverse auctioning

The Care Provider Alliance strongly opposes the use of reverse auctioning in social care.

People should not be treated like commodities. Commissioning services in this manner fails to take the individual care needs of service users into account and removes any element of choice in the kind of care that they receive.

The processes of auctioning social care services in this way deliberately drives down the price of care to ever lower levels as providers compete for contracts, and will have a negative impact on the quality of care as some providers are incentivised to submit the lowest bid to be successful, or feel pressured to do so to remain in business at all, while others decline to tender.

Ultimately, driving towards the lowest possible price can harm the quality of social care services. Many providers are already at financial risk due to low prices being paid by purchasing bodies. The margin, or surplus, from providing services is often insufficient to cover back-office costs and maintain a surplus for re-investment back into the business, (for example, staff recruitment costs).

Reverse auctions damage the overall stability of the care market. Where providers are forced into the position of giving ever lower prices, and others decline to tender, provider capacity in the local area reduces, and local councils and clinical

commissioning groups struggle to find enough providers who are able or willing to enter into care contracts.

Above all, reverse auctions do not serve the interests of the person needing support well. Often bids submitted through reverse auctions are evaluated solely on price, and individuals have no choice over the service they receive unless they are able or willing to top up the price to get the service or placement of their choice. Statutory guidance to the Care Act specifies that price should not be the only determining factor when allocating care.

Our collective position, therefore, is strongly to recommend that providers, local authorities and clinical commissioning groups should seek alternatives to reverse auctions and that such methods of purchasing social care should be prohibited. Guidance to local authorities should be amended to outlaw the use of online reverse e-auctions.

About the Care Provider Alliance

The Care Provider Alliance (CPA) brings together the 11 main national associations which represent independent and voluntary adult social care providers in England. We work to represent the sector and ensure a coordinated response to the major issues that affect it.

The first point of contact for the CPA is the Chair, which is a rotating position around its member organisations.

You can contact the chair by emailing info@careprovideralliance.org.uk

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