

Finance Committee

Strategic Budget Scrutiny

Submission from Community Care Providers Scotland

Introduction

Community Care Providers Scotland (CCPS) is the national association for voluntary sector organisations providing care and support services in Scotland. CCPS members provide a range of care at home, housing support, residential and other support services to a diverse range of client groups including people with learning disabilities, older people, children young people and families and people with mental health issues.

In 2008/09, CCPS members provided support to around 160,000 people and families in Scotland, attracting an annual income of nearly £1.1 billion, of which around 70% related to publicly funded services. CCPS members work primarily under contract to local authorities.

CCPS itself is funded 100% through membership subscriptions. CCPS also hosts two units, the Housing Support Enabling Unit and the Voluntary Sector Social Services Workforce Unit, both of which receive Scottish Government funding. Our comments below relate to the experiences of CCPS members in relation to the Scottish Government budget and other funding issues, focussing in particular on the effect of the recession and cuts in public spending on

- social care budgets; and
- contracted (particularly voluntary sector) service providers.

Our discussion of these issues raises three challenges which the Committee may face in undertaking strategic scrutiny of the Scottish Government's budget:

- the difficulty but necessity of differentiating between the impact of the recession and the impact of more general cuts in public spending;
- the difficulty for Parliament of scrutinising the effect of the Scottish Government budget on public services when much of the responsibility for these services lies with local authorities; and
- the lack of congruence between a budget based on inputs and a performance measurement framework based increasingly on outcomes.

Funding of voluntary sector social care providers – feedback from CCPS members

CCPS surveys its members' regarding their financial situations on an annual basis. In 2008, members reported that serious financial problems were widespread, with 79% of respondents reporting a deficit in one or more of the services they provide, and a similar number having discussed the financial viability of services at board level. The survey also highlighted that withdrawal from services is viewed as a last resort by voluntary sector providers, with only 24% of respondents having closed a service or served notice on a contract in 2008. The quality of service and workforce terms and conditions are in danger of being eroded by tightening

financial situations, with 55% of respondents having been forced to make changes that affected the quality of services (such as reductions in one-to-one contact and activities) and 51% having frozen or deleted posts¹.

CCPS' concern is that this already worrying situation may be made worse by the recession and by cuts in public spending, firstly as social care budgets may be cut by local authorities, and secondly as within tighter budgets for social care voluntary organisations may find their budgets squeezed disproportionately.

Social care budgets

As recognised in SPICe's briefing on the impact of the recession, the economic downturn may see an increase in demand for social care and health services, and in the medium to long term an ageing population will also see a growing need for social care services². We would also draw the committee's attention to the growing need for more complex care packages, and the costs associated with this.

While SPICe's briefing suggests that resources will be moved to areas where "demand or priority is higher", it is important to note that demand does not always equate with priority, and that in our experience social care is not always given the priority within budgets that demand might suggest. Social care is a budget heading which is particularly vulnerable to cuts, as it is relatively 'invisible' to the majority of voters in comparison with other services such as education; social care budgets are also not restricted by a 'minimum level' of fixed costs such as the nationally agreed pay rates relevant to other areas of spend. While local authorities have a statutory obligation to provide a minimum level of social care services, many are already revising eligibility criteria, meaning that those assessed as having mild or moderate needs are not able to access support, even though this low-level early intervention could prevent more costly support needs in the future.

Voluntary sector providers

Within an environment of tighter budgets for social care, our particular concern is that some local authorities consider contracts with voluntary organisations to be a good place to make further budget savings, either by not awarding inflationary uplift to existing voluntary sector providers (about which some councils have been quite explicit³) or by re-tendering existing services in an attempt to lower the costs for which services are purchased.

CCPS surveyed its membership on the issue of re-tendering in 2008, finding that the costs of conducting tenders can be extremely high for providers, and that these costs could in some cases outweigh the savings achieved as a result of the exercise⁴. The results of the survey also raised concerns about the way in which quality is assessed as part of tender exercises, an issue which has been

¹ Community Care Providers Scotland (2008) *Social Care and Support Services in the Voluntary Sector: Funding Survey 2008*

² Burnside, R. (2009) *SPICe Briefing: Impact of Recession on Scotland's Public Finances*

³ Graham, A. (2009) Glasgow City Council Executive Committee, 17 April 2009, Item 8: Social Work Services – Resource Redirection 2009/10

⁴ Community Care Provider Scotland (2008) *Re-tendering of Social Care Services: Service Providers' Perspectives*

highlighted recently in the BBC's *Panorama* programme and which is to be taken forward in an inquiry relating to care for older people by the Local Government Committee.

While we understand that part of the reason councils contract with third sector providers is that in many cases third sector contractors can provide social care services more cost effectively than in-house provision, it is our contention that cuts targeted disproportionately at voluntary sector providers are inequitable, both to providers and to the people who work in and use those services. The need for councils to make savings is not disputed, but situations where, for example, staff employed directly by the local authority are given an inflationary uplift on their salary but third sector providers do not correspondingly have their budgets uplifted for inflation seem to us to be unjust. The committee has noted that budgetary assumptions have been made about public sector wage increases, and we would reiterate that no such assumptions are made by councils in their relationships with third sector providers.

The lack of inflationary uplift has been an issue for providers for several years, and voluntary organisations have been making efficiency savings to back office and other costs to try to mitigate against this for some time now. Most providers are no longer in a position to make efficiencies without this affecting the quality of services or staff pay and conditions, as approximately 80% of social care costs relate to staffing.

Monitoring the impact of the recession and the budget on social care services provided by voluntary organisations

The impact of the recession

The fact that the removal of the ring fence, the economic downturn and cuts in public spending are all hitting public sector budgets at the same time makes it almost impossible for us to comment on the effect of the recession in particular on local authority budgets, or the knock-on effects on the budgets for purchased services.

That being said, we would highlight to the committee the importance of trying to differentiate the effects of the recession from the effects of cuts in public spending or indeed the effects of the removal of the ring-fence. We note that there is some reticence in both COSLA and the Scottish Government to explore the impact of the removal of the ring fence on local authority funding due to the difficulty of disentangling this from the effects of the recession, and are aware of some local authorities citing the recession as the reason for having to make cuts before this could have really impacted on their budgets; we would not like to see the recession being used as a smokescreen in situations where it is cuts in public spending or the removal of the ringfence which have led to changes in budget priorities. It is extremely important to try to make the distinction at least between the effect of the recession and the effect of wider public spending cuts, since an economic downturn is likely to reverse at some time, while we understand that cuts in public spending are not.

The impact of the budget

The Scottish Government has undertaken to bring forward “budget proposals for 2010-11 that will support...effective public services,”⁵ yet it is difficult to identify a meaningful link between the general package of resources allocated to councils by the Scottish Government and public services provided on the ground by or on behalf of local authorities. The draft budget attempts to address this by linking the resources given to local authorities to the delivery of “the Scottish Government’s Purpose and five Strategic Objectives, and in particular progress towards the outcomes and objectives set out previously and the priorities set out in the Single Outcome Agreements,”⁶ but it is not clear to us how Parliament will be able to link the outcome focussed performance measurement framework with an inputs based budget or to the performance of particular public services.

In relation to children’s services, the draft budget states that “most of the spending on children’s services is channelled through local authorities with better value for money spent on children and young people coming from this radical reform of how we manage public services,”⁷ but we are unsure how value for money is to be demonstrated by a monitoring system that measures only a limited number of outcomes.

While outcomes for children and young people are reasonably well reflected in the national performance framework, our particular concern is that the national performance framework does not adequately relate to other aspects of social care, making it almost impossible to trace the link between the funding provided to local authorities and the social care services delivered. While it is possible to see how social care *could* contribute to nearly all of the Government’s 15 national outcomes, social care is not well represented by the 45 indicators monitored on the Scotland Performs website, and the link to social care was not always made explicit in the first set of Single Outcome Agreements, meaning that within the national performance framework very little information on social care services will be reported.⁸ If, as we understand it, the second iteration of Single Outcome Agreements are to be much more strategic documents than those produced in the first round, it is our fear that social care will be even less well represented in this set of documents.

In its strategic scrutiny of the Scottish Government budget, CCPS would therefore encourage the Finance Committee to examine how the link can be made between the finances provided to local government and the public services provided by or on behalf of councils, with reference to social care services and with a particular focus on those services not adequately covered by the national performance framework. We would also ask the committee to bear in mind in its future work the important role of third sector organisations as deliverers of public services, with a view to ensuring that they should not suffer disproportionately where budget cuts are necessary.

⁵ Swinney, J. (2009) S3M-4004: budget implications for Scotland

⁶ Scottish Government (2009) *Scottish Budget: Draft Budget 2009-10*

⁷ Scottish Government (2009) *Scottish Budget: Draft Budget 2009-10*

⁸ Community Care Providers Scotland (2009) *Single Outcome Agreements 2008-09: An Analysis by CCPS*

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