Public Audit Committee

Overview of Mental Health Services

Submission from Community Care Providers Scotland

About CCPS

Community Care Providers Scotland (CCPS) is the national voice for providers of care and support services in the voluntary sector. Its membership comprises 65 of Scotland’s most substantial service providers, a significant proportion of which support people with mental health problems. The combined annual income of CCPS members is in excess of £1bn, of which an average of 70% per organisation relates to public funding, generally in the form of service contracts. Members support a total of approximately 220,000 people and their families, and employ over 36,000 staff.

We have a keen interest in the matters under consideration by the Public Audit Committee in respect of the AGS report and would offer the following comments in response to the questions posed by the Committee Convener in his letter to us dated 14 October 2009. We have focused on the first two sets of questions, as these are where our key interests and indeed our expertise are located.

Efficiency savings

We believe that it is important to distinguish between efficiency savings and cuts. In the former, the emphasis is on reducing the running costs of a service whilst maintaining (or indeed improving) both quality and outcomes; however in the latter, the key imperative is cost reduction, which may impact on service quality and on outcomes.

Most service providers in the voluntary sector have taken significant steps in recent years to introduce efficiencies to their organisations. Measures have included organisational restructuring; smarter management of suppliers (e.g. telephony, IT equipment, etc); revision of staff rotas; and office moves (e.g. away from more expensive city centre premises to business parks etc). Fairly radical changes to the workforce have also been introduced in a number of organisations, for example by the creation of lower-graded, lower-rewarded posts to take on some support tasks; stripping out layers of management; and negotiating reductions in salary levels, terms and conditions.

In respect of these latter measures, organisations have noted that the line between ‘efficiency savings’ and ‘cuts’ may be crossed, in that there is an attendant impact on service quality and indeed on cost in the longer term (for example, lower-graded posts can require additional management input and more training; and some organisations have reported an increase in disciplinary activity). Providers also report that their capacity to make any further efficiency savings or indeed to absorb additional cuts through such activity is now severely limited.
Providers have been active in exploring the potential for more collaborative working in pursuit both of efficiencies and added service value, for example by forming consortia and partnerships with other voluntary organisations and looking at areas where back-office functions might be shared. In our view, providers’ ability to fully explore the possibilities of such arrangements is severely hampered by the increasingly competitive environment in which they operate, and which effectively pits them against one another rather than encouraging them to collaborate.

Voluntary sector providers are generally willing to work with authorities to identify savings, however it is the experience of many providers that budget ceilings and in some cases cuts will be imposed by councils without negotiation. Costs in the voluntary sector have in any case been systematically restricted over a number of years by the failure to uprate contract values in line either with inflation or with cost-of-living pay awards implemented by councils in respect of their in-house service workforce.

A significant development since 2006 has been the acceleration of a public procurement approach in social care and support, whereby voluntary sector services are re-tendered in open competitions which most providers believe are dominated by cost considerations at the expense of quality.¹ The most recent example of such an approach can be seen in the City of Edinburgh Council where, if contract award recommendations are approved by the council in November, voluntary sector mental health services that are graded by the Care Commission as ‘very good’ and ‘excellent’ stand to be transferred to private companies with comparatively poor gradings records, because they will cost less to run. It is perhaps worth noting that in-house council services, many of which are again of comparatively poor quality, are generally excluded from these competitions.

We believe that whilst there are some very good examples of partnership working between councils and voluntary organisations, the direction of travel is generally towards a more straightforward ‘buyer-supplier’ relationship. Again, in our view this is the result of the introduction of a public procurement reform agenda to social care and support services which does not take proper account of the significant differences between these services and other types of service delivery for which councils are responsible (eg. refuse collection), and which can prevent voluntary organisations that may have a commercial interest in contract opportunities from contributing effectively to mental health strategy and service design.

**Monitoring and best value**

We note with interest the evidence from council representatives that ‘funding decisions are based on whether service providers are meeting targets and analysis of whether services could be more effectively administered in-house’.

It is the experience of many providers that funding decisions are not made on the basis of ‘meeting targets’, unless those targets are cost-related: this is demonstrated very clearly by the outcome of the current tender in the City of Edinburgh, as noted above, and in an earlier decision by Glasgow City Council to

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¹ See *Re-tendering of social care services: service providers’ perspectives*, CCPS 2008
cut all voluntary sector services by a uniform rate across the board, regardless of the individual performance of those services. Meanwhile evidence from the Care Commission indicates that voluntary sector social care services are of significantly higher quality than in-house provision\(^2\).

Providers’ efforts to demonstrate that they offer best value are hampered, in our view, by the absence of any shared understanding of the parameters by which value is measured in social care: best value is, in effect, whatever a council decides it is, with resulting anomalies in respect of external and in-house service provision such as those noted above.

CCPS is grateful to the Public Audit Committee for the opportunity to comment on the AGS report. We would be very happy to discuss with the committee any of the points that we have made in this brief paper.

CCPS
October 2009

\(^2\) Evidence provided by the Care Commission to the Local Government and Communities Committee on 10 June 2009 showed that 92% of voluntary sector care at home services achieved gradings of ‘good’, ‘very good’ or ‘excellent’, compared with only 73% of public sector care at home services. Gradings comparisons for housing support services and care home services show similar disparities.