Further to your letter of 14 October, please find below my response to your questions regarding the above report.

Efficiency Savings

- What actions can you take to safeguard services for vulnerable people in light of any financial constraints?

RESPONSE: Over the last 5 years we have had to effect efficiencies as various local authorities have either frozen or given a below inflation increase in funding. Therefore we have been rigorous in improving our processes and seeking to get best value from all our services.

The coming years will be very challenging and it does seem that we have already endured disproportionate levels of cuts already. When you consider that most voluntary sector social care providers will spend about 70-80% of their turnover on frontline staff then it is already difficult to effect further cuts without affecting the quality and volume of the service. This can be further compounded by working across many local authority areas who all deal with the issue of cuts in different ways.

Therefore how we can safeguard services depends on our ability to work in partnership with NHS and local authority partners. This too is proving difficult as social care is increasingly treated as a procurement commodity and is therefore open to full market forces. Just this week in Edinburgh we have lost a tender which will see our services for 161 people transferred to private sector care at home providers and learning disability voluntary organisations. This will see the removal of specialist mental health providers from the care and support market in Edinburgh. This is a worrying development and emphasises the need for Local Authorities to temper their drive for short term savings with a view to longer term sustainability and service improvements.

- How are you working with local authorities to identify and implement efficiency savings in the services you provide to councils?

RESPONSE: An important point is that the voluntary sector receives a real cut in funding when local authorities seek to make efficiency savings. We do not have the economies of scale of a local authority and we are not given the opportunity to create efficiencies to re-invest in our services. It was suggested by one witness to the committee from a local authority that perhaps voluntary organisations needed to share back office functions such as HR and finance. As independent organisations operating in a competitive market environment these opportunities are not the same as the NHS or local authorities sharing functions where they share statutory tasks and activities.
Some local authorities have sought to negotiate funding cuts rather than re-tender services. We are also constantly reviewing our work and are committed to improving both the effectiveness and efficiency of our services and in some cases have submitted re-design options to funders that would result in savings. In reality, though, most local authorities will simply make decisions about funding cuts without much consultation.

- Has there been an impact on your service delivery as a result of efficiency savings? If so please provide details.

RESPONSE: Yes, we have agreed funding cuts to some of our services in one local authority. In another we re-designed our service in line with a 30% cut in funding and had to make some staff redundant. We closed a further service when the local authority withdrew its match funding. Overall we expect that our turnover will reduce by about 10% in the next year. This is not simply efficiency but actual cuts in levels of service provision as services are not always replaced. In Edinburgh the recent care and support tender outcome states that savings of 21% have been achieved and that quality of service will be maintained. We would contest this notion that quality will be maintained as there is no evidence to support this at this time. We would also point to the issue that 21% (approximately £500,000 per annum) of spend has been saved from the mental health part of this tender and there are no guarantees that any of this saving will be re-invested in mental health services.

- Do you anticipate that you will be able to identify further efficiency savings should this be required?

RESPONSE: No, we do not envisage that further savings will be possible without making decisions to reduce the quality of the services. We are aware that some voluntary sector organisations have sought to make themselves more competitive in the market by reducing and changing terms and conditions for employees by either increasing the working week, freezing pay or introducing new (lower paid) grades of staff. We believe that our staff are already insufficiently rewarded for the type of work they do and as we move to further requirements from the Scottish Social Services Council for registered and qualified staff then staff will be required to ensure they have relevant qualifications. This further challenges the pay agenda as staff feel short changed as they get no increases for obtaining qualifications and improving their practice.

- Could councils be working better in partnership with the voluntary sector?

RESPONSE: Yes, they could do much more. Councils increasingly see voluntary organisations as simply providers of services and do not want to engage at a strategic or development level in case they are seen as favouring one provider. However where we work best and where we add value is by true partnership working where problems are shared and solved together. If you look across the social care field then most of the innovative and person centred services that we now take for granted were conceived and pioneered by the voluntary sector. These services are now being bundled up into ‘lots’ and put
out to tender where it is difficult to escape the conclusion that the agenda is simply to achieve more of the same services for less money. The extent to which this is a sustainable position is questionable as we believe this will have a direct detrimental impact on service users experience of their support services and may also increase pressure on other services such as NHS and housing. We have not to date noted the same pressure being placed on in-house services. It is also not the case that Local Authorities could deliver services such as ours more efficiently in-house as units costs for voluntary organisations are typically at least half those of local authorities directly provided services.

- How do you monitor your services to ensure that they are being delivered effectively and efficiently?

RESPONSE: We monitor both quantitative and qualitative information. We have developed our own outcomes measurement tool which helps service users see the ‘distance they have travelled’, this is called i-ROC (individual recovery outcomes counter), we also monitor staff/service user contact time, staff sickness, staff and service user satisfaction, monthly management accounts, use of training and learning opportunities. We are also asked by some local authorities to provide detailed reports on our service activity (usually quantitative information) and this often requires us to present information in different formats for individual local authorities as no standard monitoring measures are in place across Scotland.

- How do you demonstrate that councils are getting the best value for money when using your services?

RESPONSE: Most councils want information about unit cost and volume of delivery. We provide this in a variety of ways to different councils depending on their systems. Mainly this involves financial reporting and number of hours provided or service users supported. Increasingly we are using our outcomes tool to also give information about the difference to quality of life we have made for each service user although most council’s have not yet developed systems for monitoring this. We often also contribute in other ways by securing and raising funds from other sources to add value to our service offering. Examples of this are where we have match funded self harm services from charitable sources or where we have offered additional support via charitable funds to run return to work courses for some of our service users. However this type of added value is often unrecorded by local authorities as it does not form part of our service level agreement or contract.

- How will you ensure that councils are getting more value for money for services in the long term?

RESPONSE: As mentioned above this can be difficult to achieve as councils will often only look at the specific outputs from a service covered by a service level agreement. Often as voluntary organisations we are simply seen as providing a range of projects and the added value from looking at more than the sum of the parts is missed. This is a challenge for us, as providers, to
address so that local authorities see the whole picture. Again this can be difficult if the funding comes from different departments within councils or is seen as addictions money, homelessness money or mental health money, all with different officers monitoring our activities but perhaps not always seeing the whole range of our work.

**Spending on mental health services**

- What can you do to ensure that spending on mental health services is more transparent going forward?

RESPONSE: We currently have a research bid into the Big Lottery to conduct a mapping exercise of mental health services in the voluntary sector across Scotland. This will contribute more information than is currently available. However, it is difficult to see how the voluntary sector can encourage Local Authorities to account for their mental health spend in a post Concordat world where ring fencing is removed. More use of joint and pooled budgets for mental health between NHS and councils would go some way to addressing this issue. However, problems exist at the interface between social care and NHS as a saving in one public budget could be a cost in another. For example if someone receiving support in the community requires to go into hospital this might result in a saving for the Local Authority and a cost for the NHS.

**Early Intervention**

- What parts do, or could you play in early intervention?

RESPONSE: As stated in evidence to the committee by local authority witnesses, early intervention work can be seen as non core and therefore is more susceptible to funding cuts. Whilst instinctively we know that ‘prevention is better than cure’ it can be difficult to evidence this. At present local authorities plan for and deliver services to those with the highest needs or the greatest crisis. It is difficult to see how without a major re-design/rethink of services we are going to offer better early intervention and prevention services and be able to build the evidence base for this.

However, we provide a unique (in Scotland) service in Edinburgh via our 24/7 Crisis Centre that provides social and emotional support to people in crisis or experiencing a level of distress that may not yet require intervention by psychiatric services but could do if left unsupported We also provide services for young people who are concerned about their emotional and mental wellbeing but may not yet present as having a mental illness. Additionally we have 5 self harm services across Scotland that seek to provide support and early intervention to people who self harm or who may be at risk of suicide. We are also partners in the successful ‘see me’ anti stigma campaign and host the Scottish Recovery Network that has done much to refocus and galvanise the mental health community to adopt recovery as the underpinning approach to more person centred mental health services.
Do you consider that earlier intervention could ultimately result in the need for fewer resources?

RESPONSE: We would hesitate to say that fewer resources would be required but they could be better utilised or targeted towards helping people to self manage their illness and to lead a more fulfilling life. Early intervention requires more of the existing resources to be directed towards wellbeing promotion and prevention type services. However this is not happening as resources are focussed on those who are in most need or experiencing crisis. The problem of evidencing that early intervention or prevention work has actually altered what might have happened appears difficult and for this reason it seems it is easier to react/respond to crisis which can then be quantified in terms of impact.