

Local Government and Regeneration Committee  
Scrutiny of Scottish Government's Draft Budget 2014/15

SUBMISSION FROM CCPS

**About CCPS**

CCPS is the coalition of care and support providers in Scotland. Its membership comprises more than 70 of the most substantial third sector providers of care and support, supporting approximately 300,000 people and their families, employing over 45,000 staff, and managing a combined total annual income in 2010-2011 of over £1.3 billion, of which an average of 73% per member organisation relates to publicly funded service provision. The great majority of public funding for care and support in the third sector comes from local government.

CCPS welcomes the opportunity to contribute to the committee's scrutiny of the 2014-15 draft budget. Our comments focus on the impact of local authority budget reductions on providers of care and support and their services; the future challenges and pressures on local authority finances and services; and the role of the wider public service reform agenda in addressing those challenges.

**Looking back**

- 1. Overall, how have local authorities dealt with the "flat-cash" (i.e. real terms reduction) revenue settlement, and what has been the impact on the delivery of services?**
- 2. Are there particular examples of good and bad practice across local authorities in dealing with the budget settlement? How is good practice shared and disseminated and how is bad practice addressed?**

The 'flat-cash' revenue settlement has resulted in financial pressures being transferred on to third sector care and support service providers in a number of different ways. Local authorities are increasingly using some or all of the following to cope with budget constraints in relation to social care services: competitive tendering, price caps and framework agreements, the growing use of 'claw-back' clauses in contracts, and across-the-board budget cuts.

CCPS conducts a survey twice yearly to map the trends in levels of activity and organisational wellbeing of its members. The survey includes questions about local government funding cuts and the impact on providers and services. The most recent survey which looked at the first half of 2013 reflects a continuation of the trend in budget cuts. Nearly 100% of comments on the impact of local authority cuts noted the direct effect that funding pressures have on staff terms and conditions, recruitment and staff development challenges, and increasingly on staff morale. As with previous surveys, respondents linked the impact on staff to potential quality of service issues and service reduction in areas where funding cuts have made services unsustainable.

These trends run directly counter to the Scottish Government's workforce development policy aims, one of the four pillars of public service reform which feature throughout the draft budget document. For example at p.12: 'Ultimately, the transformation that is needed will depend more on people than on processes. The public service workforce operates in a complex environment and it must be highly skilled and engaged if we are to achieve our

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reform ambitions. Unlocking the full creativity and potential of **all public service workers** and enabling them to work across organisations and sectors, in innovative ways is a fundamental part of the shift to prevention.'

CCPS members' concerns about the budget decision making process within local authorities was an issue also identified by Audit Scotland in its February 2010 report: Improving Public Sector Efficiency: "...we found that baselines were in place for costs, but not for activity and quality; performance measures were not routinely being used; and reporting of efficiency savings was not supported by performance information on the quantity and quality of services provided... There is therefore a risk that reported efficiency savings might actually be cuts in service because it is not clear if they have resulted in fewer or poorer quality services being provided."

In connection with these concerns about the impact of the downward pressure on hourly rates for care and support provided by CCPS members, we conducted an FOI exercise and published our findings in June 2012. The results reinforced Audit Scotland's findings that councils do not have "sufficient information to make informed decisions... in particular they do not have a full understanding of how much social care services cost and their value for money".

It also confirmed fears about the trend towards diminishing hourly rates and the tendency for rates to be clustered at the lower end of the range; rates which we believe are highly unlikely to cover all the costs necessary for providers to successfully offer good quality support, especially for people with complex support needs, and in particular, will seriously affect providers' ability to attract and retain appropriately skilled and experienced staff.

The reality of decreasing hourly rates also threatens the wider adoption of the living wage, a policy which the draft budget endorses and a theme that the Local Government Committee has previously taken an interest in. Despite it being adopted and advocated by the Scottish Government and an increasing number of local authorities in relation to their own employees, we continue to see price caps and funding decisions that are making the living wage difficult or impossible to pay in the third sector care and support workforce.

### Looking forward

**3. Over the years of the new Spending Review, are the resources being provided to local government sufficient to deliver on currently agreed priorities, and other statutory duties?**

From the provider perspective, it is difficult to say whether the Scottish Government funding to local government is sufficient or not. What we can say is that the resources provided to the third sector by local government are insufficient to deliver on agreed priorities. We refer to our comments above for specific evidence of this and examples of the impact on care and support services and the third sector workforce.

**4. What are the key challenges and pressures that local authorities face over the period of the new spending review, and what planning has been undertaken?**

**5. How will the wider public service reform agenda support local authorities' ability to deal with the consequences of the budget settlement?**

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This Committee has already done much work to identify the key challenges and pressures facing local authorities, most recently in the public service reform ('PSR') inquiry. In our view, the principle challenge is how to shift the emphasis of public service delivery away from expensive acute services toward more upstream preventive support to individuals, that wherever possible and appropriate, is community based, focuses on personal outcomes, and draws much more effectively on the assets of communities and individuals. The penny is starting to drop in some local authority areas but we still have a long way to go.

The Committee's PSR report in June 2013 concluded that: *'The best examples of PSR arise when local communities and front-line staff are fully engaged in the process of designing and procuring services. We are sceptical of the value of top-down or centrally driven changes to services. Our evidence overwhelmingly shows that the best results involve real community engagement, clear communication, and leadership that is strong, responsive and enabling.'*

CCPS agrees with this conclusion and argues that third sector providers of care and support should be part of this community engagement and specifically, an integral part of the planning, as well as delivery of care and support services. They should be recognised as key partners in addressing the challenges that local authorities face, rather than, as so often currently happens, being perceived as a drain on resources.

In particular, CCPS strongly supports the adoption of joint strategic commissioning and welcomes the work of the Joint Improvement Team to develop the understanding and practical application of this among local authority commissioners and other relevant stakeholders. As we have said in the past, it goes without saying that strategic commissioning also needs to look at the complete range of services being provided, leaving nothing off the table. Difficult decisions about disinvestment must be made but made collaboratively, and informed by the necessary evidence about inputs and outcomes. For some time now, our concern has been that budgets for third sector services are being reviewed (and cut) outwith the context of strategic commissioning and largely without examination of their relative value in terms of quality and outcomes.