SUBMISSION FROM SCOTTISH COUNCIL FOR VOLUNTARY ORGANISATIONS

Summary
1. The Scottish Government’s draft budget brings a welcome focus on prevention, primarily through the Change Funds. While the Funds have been well received by the third sector, it is essential that the lessons of the first year of the pilot Change Fund are learned.

2. In addition, the Scottish Government needs to say more about how it will drive forwards the prevention agenda in practice across all of its spending and activities. SCVO has proposed a numbers of ways in which this could be taken forward.

Introduction
3. The Scottish Government’s draft 2012-13 budget published on 21st September 2011 contained much for the third sector to be enthusiastic about in terms of a new focus on prevention.

4. The budget, and the spending review which informed it, explicitly recognise the urgent need to prioritise the principle of prevention in public services, something which the third sector has been arguing in favour of for some time. This would see a fundamental shift in public sector ethos from attempting to fix or manage problems once they have become acute, to preventing need arising in the first place and providing early intervention to ensure those problems which do occur do not degenerate into crises.

5. A great deal of the activity of third sector organisations falls into the category of prevention in one form or another and it has long been touted as a means by which savings to the public purse can be realised – by reducing demand for acute and long-term services – at the same time as delivering better outcomes for the individuals who use those services (or who are prevented from requiring them).

6. However, institutional inertia in the statutory sector and a lack of coherent direction has tended to hamper efforts to move forwards with the prevention agenda. Indeed, it has taken a public funding crisis combined with the prospect of an ageing population to truly drive the message home that moving to a preventative model of public services is not just desirable but essential.

7. As such, SCVO strongly welcomes the focus on prevention that runs through the Scottish Government’s draft budget, in particular the announcement of two new Change Funds and some additional resources for the pilot Reshaping Care Change Fund already in operation.

8. There are still significant challenges in making prevention a reality, which this paper will examine, but the priority given to the agenda by Ministers is welcome and entirely appropriate.
Mainstreaming prevention across Government

9. While the Change Funds announced in the draft budget are a welcome step in the right direction, they should not be relied on to steer the transition to preventative spending alone. As illustration, consider that the £80m allocated to next year’s Reshaping Care Change Fund contrasts sharply with a total spend on health and social care for older people each year of over £4bn. While the draft budget does make it clear that one of the Government’s key priorities over the next three years will be to prioritise prevention, there is a dearth of detail about how this will be realised in practice.

10. It should be stressed that prioritising prevention involves doing things differently with existing budgets as well as providing additional revenue through mechanisms such as the Change Fund as a stimulus. For example, the Change Fund and forms of social finance can help provide bridge finance to develop and establish preventative projects which reduce demand sufficiently for the statutory sectors to redeploy their existing budgets in ways which are preventative or intervene earlier than at present.

11. There are a range of other means by which the Scottish Government could provide much needed additional impetus to the prevention agenda.

Update existing strategies and policies to prioritise prevention

For example, the newly published Mental Health Strategy which is currently being consulted on makes only oblique reference to prevention, in the context of mental ill health among children and the potential of early intervention. Two of the most significant consequences of mental ill health are its effects on physical health and employability – consequences which can be devastating for the prospects of the individual affected, which make recovery much more difficult and which ultimately require the provision of expensive acute services.

The Mental Health Strategy, and others like it, must make prevention a cornerstone of their objectives, indicators and outcomes.

Strategic review – health and social care integration

The Scottish Government is preparing to unveil its plans for health and social care integration but it seems highly likely that these will be mostly confined to tinkering around the edges of the current health and social care systems. While any move that delivers improvements in health and social care integration and leads to improvements in outcomes for individuals is to be welcome, the potential long-term benefits of more significant reorganisation outweigh the short-term costs inherent in such a reorganisation.

The need for greater integration can be seen in the enduring persistence of delayed discharge, where local authority and NHS interests are not aligned, leading to expensive and sometimes harmful extended stays in hospital when it is fundamentally not in the interests of the individual concerned.

This same conflict in the interests of the health and social care systems makes truly prioritising preventative healthcare more difficult as, broadly speaking, responsibility for providing early interventions in the community fall under the financial remit of
local authorities, even though the upstream benefits of such interventions accrue to the health service.

We understand that the Scottish Government plans to undertake a strategic review in early 2013 and believe this will provide an ideal opportunity to bring forward plans for a fundamental reorganisation of the health and social care system, perhaps as part of a wider reform of the structure of local government – one suggestion being the alignment of local authority and health board boundaries and the wholesale transfer of social care staff to the health service. Clearly there would be issues around how the principle that NHS care is free at the point of delivery can be reconciled with a social care system that includes a charging regime but these should be seen as challenges to be overcome rather than excuses to restrain reform to merely tinkering with the existing systems.

Building capacity and expertise in the third sector
For a preventative model of public services to become a reality, the third sector has to be at the forefront. In large part this is because the statutory sectors are not organised in such a way to make early intervention possible whereas third sector organisations, which are often run by the people from the communities they serve, have a level of trust and accountability that enables them to be more flexible to local contexts and provide intervene at an earlier point than would otherwise be possible.

However, marshalling a suite of third sector organisations in a local area to deliver a suite of services and projects addressing the multiple needs of a particular client group is easier said than done. Third sector organisations are not all accustomed to working as part of a consortium, or can sometimes be reluctant to work with charities they see as competitors for increasingly scare funding. In addition, Third Sector Interfaces – as has been found with the Change Fund – do not always have the necessary capacity or experience to build and lead a consortium, or to engage with national third sector organisations. This is a challenge for the sector which SCVO would be more than happy to work with partners to address.

Working together in partnership
The proposed greater role for the third sector in delivering and reforming public services is welcome but comes with a health warning. For the third sector to be able to fulfil its potential in this area, and to drive forward with prevention, it is necessary for the sector to be given parity of esteem with the statutory sector from the earliest stages of designing and commissioning public services. It would be regrettable and counter-productive if third sector organisations were to find themselves relegated to the status of contractors rather than being treated as partners.

Building on what works
There is a growing evidence base of robustly evaluated projects which helps establish the efficacy of various models and approaches, as well as what outcomes can be expected for the investment and how much money can be saved by the statutory sectors through reduced demand. However, there is no central repository for this information and local authorities, health boards and third sector organisations do not always have access to the latest information given that many of the most
effective projects are small, locally run operations which do not receive much publicity.

Graham Allen MP, in his report on early intervention for children and young people, proposed a potential solution to this issue in the idea of an Early Intervention Foundation, funded by local authorities, the NHS, philanthropists etc which would be separate from central Government and would be charged with assessing the efficacy of various projects and recommending best practice. Crucially, he also proposed a role for the Foundation in developing expertise in combining multiple projects addressing different needs among a particular client group, the idea being that the sum of such preventative interventions would be greater than the sum of its parts.

**Third Sector Division budget**
In the short to medium term the Scottish Government’s Third Sector Division budget should continue to be used as a catalyst for activity that will build capacity and expertise in the third sector, and not require funding in perpetuity. This should include capacity building for Third Sector Interfaces to engage with national organisations, housing associations etc and to help enable them to forge partnerships across the third sector to take forward the prevention agenda.

**Change Funds**
In common with the pilot reshaping care Change Fund announced in 2010/11, the two new Change Funds and continued reshaping Care Change Fund included in the draft budget have been welcomed by the third sector as a mechanism and new funding which would assist in the transition to preventative approaches in the care of older people, reoffending and children and early years. The explicit involvement of the third sector is seen as a welcome endorsement of the crucial role which voluntary organisations could play.

For the reported £500m earmarked for prevention to have the biggest possible impact, the lessons from the pilot Change Fund must be learned, particularly with the third sector’s experiences so far being decidedly mixed.

Some valuable services have been commissioned from the third sector in some parts of the country, but a cumbersome approach to third sector delivery, delays in implementation and a failure to treat the third sector equitably have hindered progress elsewhere. The inappropriate allocation of funding has also caused concern among the third sector. We believe it to be essential that future Guidance is informed by experiences of the first year.

The mid-year review of Fund allocation has also raised eyebrows. The review’s analysis shows that only 18% has been allocated to preventative and anticipatory care while 19% has been spent on hospital and institutional care, essentially investing in alternative means of providing existing services.

If the Change Fund and the new funds announced in the draft budget are intended as a catalyst to progress the prevention agenda, the Scottish Government needs to ensure that the £500m reportedly earmarked for them is focused on preventative community services; the predicted pattern of spend so far suggests it will make only a small difference.
Meanwhile, some local authorities are using money from the Change Fund to plug gaps in their mainstream budgets, for example Glasgow reportedly planning to spend substantial sums over three years to procure social care places in the private sector. This is categorically not what the Change Fund is intended for and will not help achieve its objectives.

This raises a fundamental question about how much direction the Scottish Government is willing to provide to local authorities and health boards when it comes to how the Change Fund is spent. While the concordat makes attempting to direct local government politically awkward, the alternative is to allow some of the scarce resources intended to fund prevention being used to plug mainstream budget gaps and maintain existing patterns of care.

As mentioned above, there are also concerns about whether the third sector is always being treated as an equal partner in Change Partnerships. While the model is right in principle, in practice it has at times left room for improvement. For example, while Third Sector Interfaces (TSIs) are the right vehicle for the third sector to be represented in local Change Partnerships, some lack the capacity to engage with larger, national third sector organisations, housing associations and development trusts. They also often lack the expertise to stand up to the statutory sector during the planning phase, which in some circumstances has enabled Change Plans to be designed by the NHS and local authorities and then merely signed off by the local TSI with minimal input. The Change Partnership model also runs into difficulty when the third sector is not treated as an equal partner by the statutory sector, as has sometimes been the case thus far.

On a positive note, SCVO welcomes the commitment in the draft budget to devote 20% of the reshaping care Change Fund to supporting carers. However we are particularly alarmed by the proposal that treatments to older people which can be argued to have a beneficial impact on carers should qualify under this quota. We propose that carers’ organisations should play the lead role, nationally and locally, in developing proposals for utilising this allocation for agreement by partnerships.

Four changes to make Change Funds more effective
1. Allocate the Change Fund money to preventative and early intervention projects to reduce demand rather than redirecting it to different patterns of service
2. Don’t allow Change Funds to be used to plug local authority and NHS funding gaps
3. Reform the Partnership model overseeing the implementation of the Change Fund to ensure the third sector is a genuinely equal partner from the earliest stage of the decision making process
4. To ensure the accountability and transparency of how funds are being spent, Change Plans should be signed-off by the Ministerial Steering Group

Potential impact of UK Welfare Reform Bill on the Scottish Budget
12. The Welfare Reform Bill currently working its way through Westminster has the potential to significantly disrupt the Scottish Government’s spending plans over
the next three years. Plans to devolve the budget for Council Tax Benefit and the Social Fund, whilst cutting both, leaves the Scottish Government in the invidious position of having to decide whether to pass on the cut to the public or subsidise the funding gap from its own budget.

13. In addition, the replacement of Disability Living Allowance with the new, more restrictive Personal Independence Payment could see social care costs in Scotland increasing if people receiving disability benefits are no longer enabled to support themselves and live independently.

Conclusion
14. The Scottish Government’s new focus on prevention is welcome and timely. At a time when the existing model of public service provision will no longer be fit for purpose in future, and with significant demographic change already happening, there is an unavoidable need to prioritise prevention and change the way that public services are delivered.

15. The Change Funds are a useful way to help lead some of this transition but by themselves they will not be sufficient to drive the necessary change. Prevention must be mainstreamed across all Government spending and the Scottish Government must begin to provide more detail about how it will do that in practice.

About us
16. The Scottish Council for Voluntary Organisations (SCVO) is the national body representing the third sector. There are over 45,000 voluntary organisations in Scotland involving around 137,000 paid staff and approximately 1.2 million volunteers. The sector manages an income of £4.4 billion.

SCVO works in partnership with the third sector in Scotland to advance our shared values and interests. We have over 1300 members who range from individuals and grassroots groups, to Scotland-wide organisations and intermediary bodies.

17. As the only inclusive representative umbrella organisation for the sector SCVO:

- has the largest Scotland-wide membership from the sector – our 1300 members include charities, community groups, social enterprises and voluntary organisations of all shapes and sizes
- our governance and membership structures are democratic and accountable - with an elected board and policy committee from the sector, we are managed by the sector, for the sector
- brings together organisations and networks connecting across the whole of Scotland
18. SCVO works to support people to take voluntary action to help themselves and others, and to bring about social change. Our policy is determined by a policy committee elected by our members.¹

Further details about SCVO can be found at www.scvo.org.uk.

SCVO

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¹ SCVO’s Policy Committee has 24 members elected by SCVO’s member organisations who then co-opt up to eight more members primarily to reflect fields of interest which are not otherwise represented. It also includes two ex officio members, the SCVO Convener and Vice Convener.