

SECTION 1 – STRATEGIC CASE

1.1 Clyde Valley review

In early 2009, Sir John Arbuthnott was appointed by the Clyde Valley Community Planning Partnership to conduct a high level review of service provision across the 8 Clyde Valley local authority areas. In relation to social care and health, Sir John recommended that the 8 local authorities and 2 health boards concerned, should work with Scotland Excel to develop a joint approach to the procurement of social care services across the Clyde Valley. In addition, Sir John recommended that local authorities should consider more integrated working arrangements with local health partners.

A health and social care workstream was established to take forward this work, which is being sponsored by David Martin, Chief Executive of Renfrewshire Council, and lead by Peter Macleod, Director of Social Work, Renfrewshire Council. The Clyde Valley Health and Social Care collaborative was established as the vehicle for driving this workstream, and has been meeting on a four weekly basis since February 2010. Membership is at Director / Chief Social Work Officer level from each participating authority, with senior level representatives from both NHS Lanarkshire and Greater Glasgow and Clyde, Scotland Excel and the Joint Improvement Team also being members of the group. The collaborative has engaged Sir John Arbuthnott in an ongoing role, whereby he will act as a “critical friend” to the work being undertaken by the group, and provide advice and support as required.

1.2 Current arrangements

Social Work services, in partnership with local NHS Boards, provide services and supports to some of the most vulnerable people living in our communities. These cover service areas such as mental health, physical disabilities, learning disabilities, addictions, as well as a number of other important services which provide care and protection to those most vulnerable. For social work services alone across the Clyde Valley this equates to a total social care budget of almost £1.4billion, with over 15,000 FTEs.

The introduction of single outcome agreements in 2008, has strengthened community planning partnerships across the Clyde Valley and Scotland in general, with all organisations working together to make communities; Safer and Stronger, Healthier, Wealthier and Fairer, Greener and Smarter.

In terms of single outcome agreements, social work services are central to the ability of local authorities and their community planning partners, to meet the key outcomes that they have agreed to work jointly to achieve.

The emergence of Community Health Partnerships (CHPs) and CHCPs over the past 4 years has enhanced partnership working between NHS/community health services and local authorities. Each local authority across the Clyde Valley has a scheme of establishment in place, describing how these arrangements operate in practice.

Given the financial constraints within the public sector it is essential that closer partnership working and collaboration between health boards and local authorities is promoted as a matter of greatest priority. This should be focused around clear and agreed joint outcomes for citizens and communities.

1.3 Financial and demographic challenges

Within the Clyde Valley Review, Sir John Arbuthnott noted the demand-led nature of health and social care services. Services are delivered to the most vulnerable people living across the Clyde Valley, the need for which is often unpredictable. Service demands have increased over the past decade and in particular in the last few years with particular pressures stemming from:

- Increasing numbers of vulnerable children and adults requiring care and protection and the need to manage risk to these groups.
- Increasing numbers of older people requiring support and community care services / long term care
- Increasing levels of drug/alcohol misuse

Due to the demand-led nature of these services, these challenges have culminated in significant resource pressures. The budget for social work services now constitutes approximately 30% of the total resources available to local authorities, and consequently resourcing pressures being experienced in these services, have a significant impact on local authority provision as a whole.

There has been a significant policy agenda over the past few years to reduce the number of people being admitted to or staying for longer than is necessary in hospital, particularly in light of the demographic change towards an ageing population. In addition, the service users that organisations engage with have increasingly complex needs, and there has been a clear focus on ensuring that as many service users as possible can live as independently as possible within their community. In some cases the support and care which is in place to promote this independence can be very costly to the local authority in particular, and it is estimated that Clyde Valley authorities spend in excess of £178m per annum on supported living services for adults alone.

In addition, social work services have a lead role to play in terms of ensuring that vulnerable people receive the care and protection that they require. In terms of children's services in particular, there have been significant financial and demographic pressures in recent years, which have stemmed from the high numbers of children requiring to be accommodated by local authorities. The financial costs associated with such placements can be unpredictable, yet must be met by the local authority when these are required. It is estimated that Clyde Valley authorities spend £19.6m per annum on external fostering placements, and in excess of £30m on external residential placements.

There is an increasing need, in this context, to explore what services can be contributed by NHS partners to support children in these placements.

1.4 Objectives

In light of the significant financial and demographic challenges facing the 8 local authorities and 2 health boards, the Clyde Valley Health and Social Care collaborative was established to investigate and take forward proposals for joint working and collaboration.

In recent years, a great deal of work has been undertaken across health and social care services to modernise and improve the efficiency of service delivery. At the heart of this is a real drive to improve the outcomes experienced by service users. It is recognised that a traditional approach to budget management and the targeting of efficiency savings, will not allow services to deliver the level of savings required within their organisation. Joint working through the collaborative, is seen by all participants as being key to tackling the significant demographic and financial pressures being experienced across the Clyde Valley area.

The Clyde Valley Health and Social Care collaborative is seeking to achieve efficiencies through collaborative procurement, and to work together in the longer term to develop proposals for service redesign around children's services, adult services, telecare and telehealth savings, and in relation to shared opportunities around training and development. The collaborative has developed proposals around several key areas which are detailed within the next section.

Key to the success of the collaborative is the commitment of all participating organisations to progress the workstreams and associated savings targeted. Whilst each organisation is at a different starting point in terms of achieving service redesign and efficiencies, collaboration offers greater surety of achieving these efficiencies, particularly in terms of procurement.

SECTION 2 – OPTIONS APPRAISAL (the economic case)

2.1 Activities / options appraised by the collaborative

The Clyde Valley Health and Social Care collaborative has met on a monthly basis since February 2010, to investigate and discuss potential opportunities for greater partnership working / collaboration. Early discussions focused on key areas of budgetary pressure, and in particular around the cost of supporting adults with complex needs to live independently within the community, and of accommodating and providing care for vulnerable children. A large proportion of the expenditure incurred by local authorities around these services is used to procure services from the private/voluntary sector, and members of the collaborative were keen to analyse the costs and rates which were attached to these services on a collective basis. A significant proportion of budgets allocated to social work services is also used to fully or partly fund residential care home places and this analysis was extended to include the level of expenditure incurred through the national care home contract.

Other key areas discussed related to:

- the need to work with health partners to reshape older adult care services given the pressures stemming from the ageing population and to fully utilise telecare/telehealth initiatives.
- support services such as training and development, and the identification of potential opportunities to share best practice and resources for inhouse SVQ centres.

At a very early stage the collaborative discussed the scope and focus of the regional childcare commission initiative, which was being lead by Renfrewshire Council in partnership with Inverclyde, Glasgow City and East Renfrewshire Councils, and had been funded by the Scottish Government. It was agreed that there would be significant benefits to all participating authorities if the initiative was extended to include all of the Clyde Valley local authorities. This is detailed within section 2.3 below.

2.2 Priority areas

5 key areas were prioritised to be taken forward by the collaborative:

a) Collaborative Procurement opportunities:

- Adult care services
- Child care services
- Residential care home places (national care home contract)

b) Shared training and development opportunities

c) Telecare and telehealth initiatives.

Workstream leads were identified for each of these areas, from participating local authorities and health boards. Working groups were established with representatives from each organisation in order to investigate and develop proposals for joint working. A crucial activity has been in relation to analysing spend data across the 5 key areas. In some of the more complex service delivery areas such as adult care, this activity is ongoing and will involve a great deal of further commitment from all 8 local authorities and Scotland Excel. A breakdown (estimated) of available data is detailed within Appendix 1.

2.3 Cost benefit analysis

a) Adult care services

There has been a significant policy agenda in recent years to reduce the number of people being admitted to or staying for longer than is necessary in hospital, particularly in light of the demographic change towards an ageing population. In addition, the service users that organisations engage with have increasingly complex needs, and there has been a clear focus on ensuring that as many service users as possible can live independently within their local community.

In some the cases the support and care which is in place to promote this independence can be very costly to the local authority in particular, in terms of funding individual care packages for service users living within local communities.

At an aggregate level it is estimated that Clyde Valley authorities spend in excess of £178m per annum on supported living services for adults with external providers. This is approximately 13% of the total budget allocated to social work services. Given this proportion, there is a clear advantage to local authorities working together to achieve efficiencies through collaborative procurement. There are also potential opportunities to work with providers to shape the longer term nature of the care packages which are being purchased by local authorities from external providers.

Each local authority within the collaborative has contractual agreements in place with a range of different providers, and in recent years all have worked to review and implement agreements which represent best value to that local authority. Some local authorities have made significant progress in terms of reducing the costs associated with individual care arrangements.

Further significant efficiencies within this area will be achieved by all local authorities (and NHS boards where appropriate) working together to negotiate with adult care providers of supported living services.

Procurement – Adult Care services

Key aims	<ul style="list-style-type: none">- Cost reductions sought from key providers of adult supported living services to achieve savings in region of 4-5%- Work with providers to develop future commissioning plans for services- Share best practice and learning across organisations on activities being undertaken to reshape / change the balance of care
Progress to date	<ul style="list-style-type: none">- Discussions underway with major adult care providers (3 meetings held)- Further engagement with providers planned to develop potential framework agreement supported by local bilateral agreements.
Benefits realisation	Year 1 – local authorities targeting procurement savings of 4% = £7.1m

Year 1 – targeting additional procurement savings through collaboration 1%	= £1.78m
Year 2-3 – service redesign with providers to achieve significant efficiencies	

b) Child care services

Social work services have a lead role to play in terms of ensuring that vulnerable people receive the care and protection that they require. In terms of children’s services in particular, there have been significant financial and demographic pressures in recent years, which have stemmed from the high numbers of children requiring to be accommodated by local authorities, which has increased by 29.1% in the Clyde Valley since 2000. At a local level, an increasing number of children are staying in care for much longer periods of time, compared with national levels.

The financial costs associated with such placements can be unpredictable, yet must be met by the local authority when these are required. It is estimated that Clyde Valley authorities spend £19.6m per annum on external fostering placements, and in excess of £29m on external residential placements. Combined these areas represent 3% of the total budget allocated to social work services across the Clyde Valley area, and like adult care, a large proportion of this is utilised to procure services from the private/voluntary sector.

In early 2010, Renfrewshire Council Social Work service agreed to lead the Regional childcare commissioning pathfinder; which is a Scottish Government funded initiative being taken forward with Inverclyde, Glasgow City and East Renfrewshire Councils. The collaborative agreed that there were clear parallels between the work of the pathfinder and the key areas for collective action which had been identified by the group. It was therefore agreed that the scope of the pathfinder should be broadened out to include all 8 Clyde Valley authorities, as well as the 2 health boards.

A great deal of analysis has been undertaken on the comparative levels of spend and rates paid by local authorities in relation to the purchasing of external fostering and residential services. For fostering services alone, there are significant differences in the rates charged by external foster care providers between Clyde Valley Authorities for spot placements. There are clear benefits to all Clyde Valley authorities working in partnership to achieve procurement efficiencies.

Further work is also being undertaken to analyse spend across externally purchased residential services for children. These placements can also be very expensive, with the cost per week of accommodating a child or young person in secure residential school being £5,250 on average, with no consistent evidence available across the sector that improved outcomes have been achieved for children in secure care. As well as the need to work together to achieve collaborative procurement efficiencies, there is a clear partnership commitment to redesigning services across the region which provide appropriate alternatives to secure accommodation.

Procurement – Children’s Services

Key aims	<ul style="list-style-type: none"> - Progress work being taken forward through Regional Child Care commissioning pathfinder (Scottish Government funded) - Cost reductions sought from all foster care / residential providers through greater collaboration around commissioning/procurement of services - Redesign child care services market /future provision
Progress to date	<ul style="list-style-type: none"> - Discussions underway with foster care / residential care providers - Sub-group pursuing development options around secure care which costs on average £5,250 per week per child

	- Development sessions held with providers to map out future commissioning plans.																
Benefits realisation	<p>Year 1 – Target collaborative procurement savings on external spend</p> <table border="0"> <tr> <td>Fostering</td> <td>1%</td> <td>=</td> <td>£0.2m</td> <td>Residential</td> <td>1%</td> <td>=</td> <td>£0.3m</td> </tr> <tr> <td></td> <td>4%</td> <td>=</td> <td>£0.8m</td> <td></td> <td>4%</td> <td>=</td> <td>£1.3m</td> </tr> </table> <p>Year 2-3 – service redesign with providers to achieve significant efficiencies, particularly around alternatives to secure care for children</p>	Fostering	1%	=	£0.2m	Residential	1%	=	£0.3m		4%	=	£0.8m		4%	=	£1.3m
Fostering	1%	=	£0.2m	Residential	1%	=	£0.3m										
	4%	=	£0.8m		4%	=	£1.3m										

c) National care home contract

Local Authorities are required, each year, to set Standard Rates that they will pay towards *Care Home Fees* for publicly funded clients (those with capital below the lower limit) within private and voluntary care homes. The Convention of Scottish Local Authorities (COSLA) negotiates with representatives of the independent care home sector as part of the National Care Home Contract (NCHC) to set these rates.

The 8 Clyde Valley authorities spend in the region of £185m per annum on care home places through this contract, and are actively participating in discussions with providers on the current level of rates attached to the contract. These discussions are being lead by COSLA, and although any reduction in rates which may be agreed with providers will be realised across all authorities in Scotland, the participation of senior figures allows Clyde Valley authorities to have a strong voice in terms of determining the level of these savings and rates for 2011.

Joint working in this area is critical to the ongoing sustainability of social care budgets given the current volume of spend through the contract, and the issue of the ageing population itself, with the percentage of adults aged 85+ alone projected to increase by 39.5% by 2019. It is likely that many adults within this age group will require to be care for in residential homes, or receive high levels of personal care.

National care home contract

Key aims	- To discuss and explore the future sustainability of the contract with providers - Leaders from Clyde Valley authorities play a key role in national discussions						
Progress to date	- Meeting held with Scottish Care in October 2010. Lead by COSLA and involving Peter Macleod and Lynne Brown (Glasgow City Council)						
Benefits realisation	<p>Year 1 – local authorities targeting procurement savings of</p> <table border="0"> <tr> <td>1%</td> <td>=</td> <td>£1.8m</td> </tr> <tr> <td>2.7%</td> <td>=</td> <td>£5m</td> </tr> </table>	1%	=	£1.8m	2.7%	=	£5m
1%	=	£1.8m					
2.7%	=	£5m					

d) Telecare and telehealth proposals

Given the focus on reshaping the balance of care for older people across both local authorities and health boards, a working group was established to consider options for collaborative working across telecare/telehealth services. This area of service has been a particular area of growth, with local authorities being able to demonstrate significant benefits from using the technology, particularly in relation to maintaining people safely within their own homes.

The key areas identified by the group for further exploration relate to potential savings which could flow from joint call handling arrangements with partners such as NHS 24, and the development of telehealth initiatives with NHS boards. Links have been established to work being taken forward by Scotland Excel on the development of a national framework for the procurement of telecare equipment, whilst a clear benefit is likely to be the sharing of best practice and joint working between participating local authorities and health boards.

Telecare and telehealth developments

Key aims	<ul style="list-style-type: none"> - Explore opportunities for joint call handling arrangements between local authorities / links with NHS 24 - Share best practice and learning across organisations on activities being undertaken to reshape / change the balance of care
Progress to date	<ul style="list-style-type: none"> - Working group established to develop proposals / share best practice across local authorities and health boards. - Number of authorities have agreed to explore joint call handling arrangements with NHS 24.
Benefits realisation	<p>Potential savings are currently being investigated in relation to:</p> <ul style="list-style-type: none"> - Collaborative procurement of equipment through national contract being developed by Scotland Excel (estimated value of spend= £1m) - Joint call handling arrangements - Telecare / Telehealth developments between health boards and authorities will provide opportunities to deliver services in a more cost-effective manner.

e) Shared training and development proposals.

Shared Training and Development Opportunities

Key aims	<ul style="list-style-type: none"> - Explore opportunities for shared provision of training across authorities and health boards - To achieve cost efficiencies from specialist training providers - To explore options to reduce the number of SVQ centres used by organisations
Progress to date	<p>This workstream is being progressed through the existing Clyde Valley Training and Development Partnership. Importantly, potential opportunities involve health partners. Key elements of progress:</p> <ul style="list-style-type: none"> - Meetings held with providers of behaviour management training to request efficiencies of 4-5%pa - Agreement reached to progress proposals to reduce the number of SVQ centres currently in operation - Members have agreed to take forward opportunities to deliver e-learning on a shared basis e.g. Future child and adult protection awareness training or criminal justice related training - Discussions being undertaken with SQA to develop national accreditation to replace behaviour management training

Benefits realisation	<p>Potential savings being pursued in relation to:</p> <ul style="list-style-type: none"> - Reduction in SVQ centres (year 1 – 11/12) - Efficiencies from behaviour management contracts (Year 1) - E-learning (cost avoidance rather than cashable efficiency saving) (Years 2-3) - The development of a behaviour management training qualification with SQA (Years 2-3)
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2.4 Summary of savings targeted

The savings detailed in section 2.3 will be challenging to achieve, given the significant level of negotiations that will need to take place with third party providers. Further work also needs to be conducted across workstreams, to analyse and confirm levels of spend.

A summary of the savings being targeted by the collaborative is presented in the table below. A “high” and “low” level of savings has been provided to illustrate the potential variation in savings that may be achieved overall. It is anticipated that these savings will be released from social care budgets in 2011/12.

Summary of savings targeted

Workstream area	Total spend (estimated)	HIGH		LOW	
		Assumptions	Saving – Year 1	Assumptions	Saving – Year 1
Adult care procurement	£178m	4% Local authority savings	£7.1 m	4% Local authority savings	£7.1m
		1% additional	£1.78 m		
Child care procurement	Residential £32.7m	4%	£1.3m	1%	£0.3m
	Fostering £19.6m	4%	£0.8m	1%	£0.2m
National care home contract	£185m	2.7%	£5m	1%	£1.8m
TOTAL			£16m		£9.4m

2.5 Allocation of savings

The overall savings targeted by the collaborative will largely be achieved through collaborative negotiations with external providers, and as such it will be difficult to separate out what has been achieved by individual authorities or solely through collaboration.

Efficiencies will be realised by each local authority through local procurement activities and therefore will be retained by that authority.

SECTION 3 – FINANCIAL CASE

3.1 Approach

Assistance will be provided to the collaborative by Scotland Excel, in terms of taking forward the range of negotiations with providers required.

Further detail on the savings targeted has been detailed within Section 2, whilst key risks relating to the achievement of these efficiencies are highlighted within section 4.3.

SECTION 4 – ACHIEVABILITY

4.1 Project management

A clear project management framework has been established to guide the work of the collaborative. The Chief Executive of Renfrewshire Council is the sponsor for the health and social care workstream, with the day to day direction of key activities undertaken by the Director of Social Work, Renfrewshire Council. Project management support is provided from within Renfrewshire Council Social Work Services. Monthly meetings of the collaborative are held to address issues and drive progress.

Each of the five sub-workstreams have a designated lead from across the participating organisations, and working groups have been established to actively progress each workstream area.

4.2 Project Milestones

Key milestones have been agreed for each workstream, as outlined in the table below. Progress against these milestones will continue to be monitored at monthly meetings of the health and social care collaborative.

Timelines for Benefits Realisation

	2010/11		2011/12				2012/13				2013/14			
	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Adult care procurement														
Complete negotiations with providers for 11/12 rates	█	█												
Develop provider group to progress service redesign opportunities		█	█	█	█									
Take forward service redesign options						█	█	█	█	█	█	█	█	█
Child care procurement														
Complete negotiations with providers for 11/12 rates	█	█												
Continue to develop commissioning groups to support service redesign	█	█	█	█										
Commissioning strategy for children's services developed					█									
Take forward service redesign options						█	█	█	█	█	█	█	█	█
National care home contract														
Complete negotiations with providers for 11/12 rates	█	█												
Telecare / telehealth development														
Develop and agree proposals for shared call-handling solution with NHS 24	█	█	█											
Implement joint call-handling arrangements (if agreed)				█	█	█								
National contract for telecare equipment in place			█	█										
Shared training and development proposals														

	2010/11		2011/12				2012/13				2013/14			
Complete negotiations with providers for 11/12 rates	■	■												
Develop and agree proposals for reduced number of SVQ centres	■	■												
Implement new SVQ centre arrangements			■	■										
Develop proposals with SQA to deliver national qualification for behaviour management	■	■	■	■	■									
E-learning opportunities shared across Clyde Valley authorities	■	■	■	■	■	■	■	■	■	■	■	■	■	

4.3 Key risks

It is recognised that the savings targeted by the savings will be very challenging to achieve and that there are various risks that require to be monitored and addressed where possible by collaborative members. Largely these risks relate to the achievement of efficiency savings being dependent on effective negotiations with third party providers, who may be unwilling / unable to deliver what is required within the timescale set. A summary of key risks is provided below:

Workstream Area	Key Risks / challenges
Adult care procurement	<ul style="list-style-type: none"> • Ability to achieve procurement savings is reliant upon effective negotiations with providers • Potential negative publicity stemming from provider discussions • Need to mitigate risks to service users from reshaping care packages • Local authorities are at different starting points and will achieve varying levels of efficiencies i.e. some have made significant savings to date.
Child care procurement	<ul style="list-style-type: none"> • Ability to achieve procurement savings is reliant upon effective negotiations with providers • Service redesign needs to be embraced by all participating authorities and health boards to ensure that future developments meet their requirements.
National care home contract	<ul style="list-style-type: none"> • Ability to achieve procurement savings is reliant upon effective negotiations with providers at a national level • Potential negative publicity stemming from provider discussions
Telecare and telehealth development	<ul style="list-style-type: none"> • There is a need to ensure that procurement / development options are future-proofed for future cost avoidance as far as possible
Shared training and development proposals.	<ul style="list-style-type: none"> • Ability to achieve procurement savings is reliant upon effective negotiations with providers • This is a key area where there can be a quick win in terms of savings for both authorities and health boards.

Appendix 1 – Analysis of CV Spend across key areas targeted

	Gross budget (10/11)*	FTE *	Adult care (supported living) **	National care home contract (08/09) **	Fostering (purchased) (09/10)***	Residential childcare 08/09 ****				
						Secure	Residential Schools (non-respite)	Children with disabilities	Care homes (non-respite)	Other (non-respite)
East Renfrewshire	52,222,905	617		7,810,00	604,101		275,760	394,629		
Glasgow	631,227,390	4875		65,611,092	9,640,451	4,330,957	5,815,750	2,035,049		6,454,711
East Dunbartonshire	56,900,000	669		13,601,624	866,846	398,000	502,000	289,000	1,098,000	
North Lanarkshire Council	201,870,000	2957		36,094,748	1,705,904		1,038,485	654,577		
Inverclyde	62,115,520	931		15,781,492	75,096	196,317	2,417,855	239,210	1,891,841	
West Dunbartonshire	74,185,000	1252		7,361,639	638,426	794,206	4,474,337	496,000	1,879,643	2,108,621
Renfrewshire Council	135,824,783	1546		21,297,685	5,818,218	529,526	2,163,833	1,480,646	3,955,584	
South Lanarkshire	180,610,000	2539.3		25,877,589	340,532	912,750	3,079,911	201,027	2,200,652	
SUB TOTAL						7,161,756	19,767,931	5,790,138	11,025,720	8,563,332
TOTAL SPEND	1,394,955,598	15,386.30	178,000,000	185,625,869	19,689,574	52,308,877				
						TOTAL EXTERNAL SPEND (excluding own care homes and other cat)				
						32,719,825				

* Source – Reports / data obtained from local authorities

** Source – Scotland Excel (Spikes Cavell database) / local authority provided data

*** Source – local authority data collected through the regional childcare commissioning initiative

****Source – Local authority returns to Audit Scotland / local authority provided data