



Proposal

Procurement of Social Care Services

Prepared by:

Julie Welsh, Director, Scotland Excel

Prepared for:

Ainslie McLaughlin, Director of Procurement and Commercial,
Scottish Government

30 September 2016

Purpose

This paper sets out the business case for interim financial investment to expand Scotland Excel's social care procurement shared service. Funding of £350k over the next two years would allow Scotland Excel to deliver an ambitious work programme that will ensure procurement plays its part in supporting the Scottish Government's flagship reform of health and social care.

Background

Social care reform is becoming increasingly urgent, particularly with the demographic challenges that the nation faces from its rapidly ageing population.

"The growing number of people with complex health and social care needs, particularly frail older people, together with continuing tight finances, means that current models of care are unsustainable".

Audit Scotland¹

Scotland Excel has a proven track record of working with councils to deliver collaborative social care procurement frameworks which increase fee transparency, reduce duplication, provide enhanced monitoring of care providers, and support the delivery of social care and workforce policy outcomes.

Strategic context

Securing the value and financial sustainability of health and care services is embedded within the Scottish Government's *2020 Vision for Health and Social Care*². This proposal has been developed to respond to the current financial environment and rapidly changing legislative and policy landscape:

- The integration of health and social care is one of Scotland's most important programmes of reform since devolution of powers from Westminster. Robust market facilitation and procurement strategies establish the foundations for successful strategic commissioning plans which make the best use of resources.
- Statutory guidance to the Procurement Reform (Scotland) Act offers greater procurement flexibility while increasing the focus on the principles of equity, fairness and transparency. However, many procurement staff remain unfamiliar with the flexibility and obligations required by this new statutory guidance.

The need for investment

An opportunity exists to extend the benefits of collaborative procurement to two further key areas of social care expenditure. Further benefits can be secured through the development of tools which support social care placements and by enhancing the knowledge and efficiency of practitioners responsible for social care procurement.

¹ [Audit Scotland Changing Models of Health and Social Care published March 2016](#)

² [2020 Vision for Health and Social Care](#)

Scotland Excel has identified two areas of significant public sector expenditure that would benefit from a collaborative approach to developing and implementing procurement strategies:

- **Adult supported living** – An estimated c. £450 million per annum is spent on adult supported living. Preliminary research indicates that a relatively small number of providers dominate this market, with very limited visibility of how fees compare between individuals, providers and localities. A national framework could increase transparency on fees and outcomes delivered for service users.
- **Care at home** – An estimated c. £400 million per annum is spent on care at home services. A deeper insight into this market is required to explore the sustainability of current fee levels and the opportunity to standardise costs, support outcomes-based service delivery, and provide a centralised resource for monitoring the financial sustainability and workforce practices of providers.

While national frameworks increase efficiency by eliminating the need for local contracts, the process of contacting providers to find the right placement can be onerous. The efficiency and effectiveness of this process could be improved through funding the development of a **national vacancy tool** which supports real time information on placement vacancies across the independent and third sector.

The effectiveness of social care commissioning could also be enhanced through the consistent dissemination of procurement knowledge and best practice. Additional investment would allow Scotland Excel to respond to identified skill gaps by establishing a new **commissioning academy** to deliver learning programmes including:

- **Health and Social Care Integration** - Procurement can play a clear role in the overall success of strategic commissioning plans. Scotland Excel would research and establish a range of practical tools and templates for use by local partnerships.
- **Procurement of Care and Support Guidance** – Scotland Excel would develop a learning programme for contracts, commissioning and procurement staff to ensure knowledge of the new Scottish Government guidance is embedded across local authorities and related partners.
- **Self-directed Support** – Many procurement staff remain unaware of their potential role in relation to self-directed support. Scotland Excel would deliver a learning programme to help practitioners create a flexible and creative procurement environment which helps individuals to meet their personal outcomes.

To pursue all of the above opportunities, Scotland Excel would need to increase the size of its social care procurement team. As there is no scope for this within the organisation's current funding model, additional investment must be secured.

Benefits assessment

While further work is required to quantify benefits, based on our previous experience of similar projects, we believe that investing in the proposed programme has the potential to deliver the following benefits:

- An opportunity to make costs savings against the c. £850m expenditure on adult supported living and care at home services which can be used to reduce budgets or invest in better services and workforce improvements.
- Potential efficiency savings of c. £768k from the development of a single national framework in place of 32 local authority agreements³.
- A national vacancy tool will improve the efficiency of practitioners by significantly reducing time spent finding the right placement for individual service user needs.
- Creating transparency and consistency within the social care market through national procurement frameworks paves the way for commissioning strategies which deliver innovation and service improvements.
- Centralised monitoring of social care provider financial stability can support continuity of care for vulnerable service users through early intervention
- A collaborative approach can help to standardise terms and conditions for social care employees and support positive workforce practices such as payment of the Living Wage and avoidance of zero hours contracts.
- A national commissioning academy provides a trusted resource that enables practitioners to keep up-to-date with best practice, policy and legislation in a changing landscape.

Return on investment

Potential **efficiency saving of c. £768k** would provide an immediate return on an **investment of £350k** during the lifetime of the project. Following completion of the two national frameworks, even a modest **cost saving of 1% could return c. £8.5m per annum** to reinvest in service improvements or other areas of public expenditure.

Timescales

High level timescales for delivering the programme are:

Year 1	<ul style="list-style-type: none"> • Project initiation and resource recruitment • Develop procurement strategies for national adult supported living and care at home frameworks • Specify, source, configure and test a national vacancy tool for social care placements • Develop learning materials and initiate pilot courses offered within the commissioning academy
Year 2	<ul style="list-style-type: none"> • Develop and implement national frameworks for adult supported living and care home services • Launch and roll out a national vacancy tool for social care services to practitioners and providers • Complete commissioning academy pilot courses and roll out to practitioners across the public sector • Project close and funding secured for business-as usual activities

³ Based on the Scottish Government cost estimate of an average procurement exercise at £12k.

Risks

Key dependencies and risks associated with the programme are:

- Securing provider engagement for a national procurement approach.
- Building relationships with new stakeholders within Integrated Joint Boards.
- Recruiting suitable qualified staff for the project team
- Securing ongoing funding for contract management and further development of the commissioning academy to respond to changing policy or skills requirements.

Scotland Excel has significant experience of resourcing similar projects and engaging with stakeholders across the social care sector. We are confident that any risks arising can be mitigated in partnership with the Scottish Government.

Next steps

Within three months of securing investment, Scotland Excel will agree a full project plan with the Scottish Government including expenditure, timescales and deliverables. In parallel with this, Scotland Excel will undertake a recruitment exercise to ensure a suitably qualified team is in place to resource the programme. Quarterly reporting will be provided to monitor progress.