

# Long-Term Financial Sustainability of Local Government

## SCVO response to Scottish Parliament's Local Government and Communities Committee

14 August 2019

### Our position

The voluntary sector makes a significant contribution to communities across Scotland, with potential to do even more. That is often founded on genuine partnerships with the public sector, particularly councils and the NHS.

Below we provide some examples of public and voluntary sector working together to secure the best outcomes for individuals and communities. And we set out some concerns that sadly have existed for many years. Traditional approaches to commissioning and procurement, coupled with financial pressures on councils, can lead to a rule-bound, financially-driven system which meets no one's needs.

### Our response

#### Introduction

In this response, we highlight a few examples of current good practice partnership working between the voluntary sector and local authorities, resulting in improved service delivery and improved outcomes and experiences for citizens. Example one shows what can be achieved through co-design; example two highlights how council collaboration with voluntary sector providers already in their area can bring service improvements; example three highlights the very real benefits of a voluntary sector liaison, funded by the council; and example four shows what can happen when council workers embed themselves in a voluntary sector service, going to where service users are.

However, whilst these examples help to provide an insight into what can be achieved for communities through working differently to the norm, the picture across the board is not so good. There still remain many of the same issues for the sector as there have been for many years. We explore those first, before moving on to the best practice examples.

All of the below ties into the committee's question 4, "What alternative models of planning for, and delivering, council services (for example, joint working initiatives) could help local authorities make efficiency savings and/or deliver better services?", and question 5, "Are there any other issues relating to the long-term sustainability of Scottish local government which you wish to bring to the attention of the Committee?".

## The issues

There are risks to purely pursuing "efficiency savings", as doing so will often lead to external service providers being penalised and losing sight of people and communities by focusing on finance. Unfortunately, the voluntary sector has long borne the brunt of such undertakings. Back in 2013, we undertook a review of the sector's experience of commissioning<sup>1</sup>, and whilst the Procurement Reform (Scotland) Act 2014 is slowly encouraging councils to rethink some of their strategies, many of the same issues we saw six years ago are still reported.

Anecdotally, we still hear of:

- frameworks being offered with fixed hourly rates that are not sufficient to cover costs, let alone re-invest in developments for the future;
- lengthy frameworks (sometimes of ten or fifteen years) with no guarantee of annual increases in line with inflation or Scottish Living Wage or even minimum wage;
- frameworks where providers have no guaranteed hours but have very limited rights to decline requests for the service;
- and
- service specifications in which councils are demanding delivery of higher-grade support without financial recognition of the impact this would have on salaries for providers<sup>2</sup>.

There have also been issues with the formation of Health and Social Care Partnerships (HSCPs). Despite spending billions of pounds of public money, there is very little oversight of their spending decisions; their decision-making structures lack transparency, with their rationale for their choice of services not always backed by long-term thinking or a clear desire to achieve the best outcomes for communities. This is of concern to the sector, who

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<sup>1</sup> *Long-term Funding*, SCVO, July 2013. See <https://scvo.org.uk/policy-research/evidence-library/2013-scvo-long-term-funding-survey-and-roundtable-report-2013>.

<sup>2</sup> Such concerns were in the social care sector were highlighted recently in CCPS's excellent report *Nice People, Terrible System* (2018), but are true across much of the sector. See <http://www.ccpscotland.org/wp-content/uploads/2018/10/npts-publication-digital-1.pdf>.

have sometimes found their services pulled despite achieving excellent results<sup>3</sup>. It is not just ourselves who have these concerns<sup>4</sup>, they are shared by Audit Scotland.

Yet shutting the sector out, or demanding the impossible, is not the way to get best results for the communities we all serve. As our examples below show, another way is possible.<sup>5</sup>

## Some working solutions

As stated above, we know from our members that there are ways of running services differently across Scotland that are working today, and that are already bringing real benefits to communities and local authorities.

We therefore use this opportunity to highlight just a few examples of joint working between the two sectors that has led to improved outcomes.

These examples have been chosen to show a range of ways of partnership working, and the kind of results that can be achieved. Such results speak strongly of what the two sectors can do when working together, and are just the tip of the iceberg: we will be publishing more examples of stronger partnership working in the coming months.

### Example 1: Food Train and West Lothian Council

Food Train, a voluntary service which provides weekly food shopping, handyperson, meal-sharing and library services to older people in their own home, has a very positive relationship with West Lothian Council and NHS via the Health and Social Care Partnership.

West Lothian has a very active seniors' forum, supported by the HSCP as part of their commitment to really responding to what local older people want and need. As part of their

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<sup>3</sup> See, for example, <https://thirdforcenews.org.uk/tfn-news/shock-as-health-project-faces-closure> and <http://www.pchp.org.uk/news/2019/next-steps-pchp>.

<sup>4</sup> As Audit Scotland say in their latest report on HSCPs, "Financial planning is not integrated, long term or focused on providing the best outcomes for people who need support... Change cannot happen without meaningful engagement with staff, **communities** and politicians [our emphasis]." *Health and social care integration: Update on progress*, Audit Scotland, November 2013: [https://www.audit-scotland.gov.uk/uploads/docs/report/2018/nr\\_181115\\_health\\_socialcare\\_update.pdf](https://www.audit-scotland.gov.uk/uploads/docs/report/2018/nr_181115_health_socialcare_update.pdf).

<sup>5</sup> The committee might also be interested to explore, if they've time, the Wigan Deal (<https://www.kingsfund.org.uk/publications/wigan-deal>), as an (imperfect, but still impressive) way that a whole council can reorientate itself, if it so chooses, to better serve the needs of its community, including working closely with the voluntary sector. 'Vibrant Communities' in East Ayrshire is undertaking something similar, although across a reduced range of department. See example 2 below, and <https://www.east-ayrshire.gov.uk/CouncilAndGovernment/About-the-Council/East%20Ayrshire%20Council%20Structure/Safer-Communities/HousingandCommunities/VibrantCommunities.aspx>.

engagement with this forum, commissioners realised that their in-house shopping service wasn't quite working; this led them to approach the Food Train directly for assistance. The Food Train pulled together a proposal, including costing details, and funding agreed.

That was the start of what has proved to be a long and fruitful relationship. Food Train has now developed further services in West Lothian, in partnership with the Seniors Forum and HSCP. The funding for these additional services have actually come from savings made through having the agreement in Food Train itself: as Food Train's weekly shopping service took off, the need for the frozen meals service reduced. The money saved has now been directed by the seniors' forum to a handyperson service, also carried out by the Food Train.

This relationship has been in place now since 2010. Regular feedback is sought from the Seniors Forum on the value of Food Train in West Lothian, and due to their satisfaction levels, the service is continued. No fuss, no drama, no new expectations or burdensome evaluation. More lots of talking and negotiating, rather than formal commissioning and procuring.

Because of the success of this service, the Food Train was more recently contacted by the library service of the council. They'd had problems with finding a taker for a library book delivery service they were looking to contract out, and had been encouraged by council colleagues to contact the Food Train to see if they could help. Chief Executive, Michelle Carruthers, was very clear at the outset that they'd consider whether or not they could design a service that would both fit with the organisation's aims and also would work to the available budget. This open conversation – as opposed to the transactional nature of a classic procurement process (where a service is defined by the buyer, who then seeks bids to run that service) – led to the Food Train taking on the council's library book delivery service, adding to it the option of volunteer readers, who come and read to the older people in their homes.

It is this kind of open, conversational relationship, with the weekly food shopping and handyperson service, and with the library service, that allows the Food Train to get on with what they do best for the benefit of older people in West Lothian, all at a fair cost to public sector partners.

## **Example 2: Youth Work Organisations and East Ayrshire Council**

In 2013, East Ayrshire Council launched their Vibrant Communities Service. The idea behind this ongoing work is to ultimately transform the way the council works with the communities it supports, making them stronger, happier, and healthier. As part of this, the council looked to reform the way it was procuring its youth work services.

At this time, the area's youth work services were procured in the traditional fashion, but Kevin Wells, Head of the Youth Work Team, saw the need to work in a more strategic fashion. He took a look across what contemporary organisations were doing, what level of funding they were being given and in what areas. He remodelled the region into five hubs, covering the whole of the council area, and – in conversation with those organisations

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running their youth work services at the time – arranged for three of the five hubs to be delivered by the voluntary sector.

These hubs now work effectively, with the council having only minimum requirements on the organisations as to what has to be delivered for the money. The council also supplies each hub organisation with approximately £10,000 unrestricted income per year to ensure core operating costs are covered. Furthermore, a network has been set up which gives cash to smaller groups; this network is headed by the voluntary sector.

Kevin emphasises that the idea behind this approach is all about investing in communities, trusting voluntary organisations to get on with the job and deliver for those communities. Monitoring is a simple two-page report, and Kevin enjoys the excellent relationship the council now has with the providers. He's saved lots of time in terms of monitoring and compliance, and is now able to have a real partnership with delivery organisations. More importantly, young people in the area now all have equal access to youth services, no matter where in the region they live.

These mature relationships have come into their own at a time of austerity. When the need for cuts in council funding became apparent in 2017, the organisations came up with the best way to do this, and Kevin agreed. Equally, when there are extra pots of money for, for example, holiday hunger, Kevin feeds those directly through these partnership organisations.

The end result has been improved outcomes for the beneficiaries, with a range of youth work now being undertaken right across the council area.

### **Example 3: Fife Voluntary Action and Fife Council**

Fife Voluntary Action and Fife Council work together on employability in the region. As part of this, Fife Voluntary Action employ an Employability Development Manager, funded by Fife Council. This manager, Pegs Bailey, supports third sector employability providers in the region. She sits on the local authority's employability strategic group: the Opportunities Fife Partnership (OFP), ensures third sector concerns and needs are represented, and shares strategic priorities and opportunities back out to third sector providers.

The role was established in 2013 following an independent review that showed the voluntary sector working well in this area but that current funding and delivery was too dispersed and not well coordinated. The OFP, and in particular the then Head of Economic Development, wanted to ensure the third sector was engaged as a key delivery partner in future work in the employability arena.

The local authority also ensured that, when recruiting the OFP Manager (which happened at around the same time) the post was hosted outwith the Council's own employability services thus avoiding potential conflicts of interest around funding decisions. They also recruited someone with an external background and who has taken an outward facing approach to partnership working.

Pegs sees this as critical, drawing a clear distinction between supporting the partnership of all players in the services, and the delivery of those services themselves. This separation

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allows collaborations to work, rather than there being any conflict of interest. This allows the programme to look objectively at what will provide the best service for the end users, rather than falling back on existing provision.

In the first instance Pegs' role was to set up a consortium of voluntary sector employability providers (Fife Employability and Training Consortium is now the largest local provider of employability services in Fife), map the sector and identify key issues and priorities facing it. She also advocates on behalf of the sector at strategic meetings, shares information with new providers, and feeds information from third sector partners back to the Partnership.

Pegs works part-time and is supported by a Project Officer and some administrative support. The team is located at Fife Voluntary Action. They have now undertaken three rounds of third sector employability services mapping, which raises the profile of the immense work done in the sector and provides credibility for strategic conversations. The mapping was funded almost exclusively through the local authority funding.

In short, her role as local authority / third sector liaison ensures more partnership working across the council area, positive relationships between the sector and the council, and good outcomes for beneficiaries of the services. This set-up has not yet been repeated in other council areas, but Pegs would highly recommend it to those councils wishing to ensure strategic employability provision across their region that uses the best players to get the results they need.

#### **Example 4: Glasgow City Mission and Glasgow's Health and Social Care Partnership**

Glasgow's Winter Night Shelter, led by Glasgow City Mission, has been helping to provide shelter to the homeless since 2010. For the last few years, the shelter has had a broad range of partners including the Health and Social Care Partnership (HSCP).

Glasgow City Mission are the lead organisation and fund the shelter entirely from their own resources, with other partners contributing their services to the shelter for free, thereby enabling the overall service to achieve greater outcomes for guests staying at the shelter. As well as Glasgow City Council housing officers, partners include Simon Community Scotland, Lodging House Mission, Govan Law Centre, Shelter Scotland, Police Scotland, City Ambition Network, Healing for the Heart, Marie Trust, as well as many other funders and supporters. It has been this overall partnership, especially with HSCP staff, that has been transformational.

Last year, two council caseworkers were at the shelter every night from 10pm until midnight, putting themselves in the places where homeless people are, seeing them on their terms. At the shelter, they supported people with their homelessness and accommodation claims.

This innovation meant the move-on rate from the temporary accommodation provided by the shelter was much higher than it had previously been, with 70% staying for just three nights or less. Furthermore, 74% of guests had a positive outcome in terms of an offer of accommodation or returning to friends and family.

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The partnership has been aided by the positive relationships established by the lead agencies over a number of years – especially between Glasgow City Mission and the HSCP. It is this mature working relationship which allows a positive partnership to be established that in turn produces significant results for guests.

Phil Wray, Head of Projects at Glasgow City Mission, believes that other localities may benefit from exploring similar partnerships in their own areas. Glasgow Winter Night Shelter witnessed significant improvements in outcomes because of this partnership, and they are happy to share the learning with any other agency who would be interested.

## Conclusion

There are clearly still significant issues with how the sector as a whole is funded and supported by local authorities, particularly when it comes to commissioning and then procurement. It is disappointing to hear anecdotally, six years on, that many in the sector are still facing the same kind of difficulties as they were in 2013 – despite the introduction of the Procurement Reform (Scotland) Act 2014. Sustainability and shared focus on the people they are serving are surely what everyone is trying to achieve.

However, as our examples illustrate, there are better ways of working. What all the above examples have in common are positive relationships, held at an individual to individual level. Each one, though different, highlights how mature conversations between partners, all of whom have the same ultimate goals – to get the very best for service users and communities – can result in good outcomes. Money is not always what's required – as the Glasgow City Mission example shows – but to make any service sustainable, it needs dedicated resource and long-term planning.

Despite the tough times local government is facing, we hope councils continue to take the time to build these relationships with the voluntary sector, recognising the great work that can be done when we work together.

## About us

The Scottish Council for Voluntary Organisations (SCVO) is the national body representing the third sector. Supporting 45000 third sector organisations, 2000 members, 100,000+ staff, £1m volunteers. [View the latest sector stats](#)

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