

Item No. 6

Meeting Date Tuesday, 10th May 2016

Integration Joint Board

Report By: Chief Officer, Finance and Resources
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**PROOF OF CONCEPT: REVIEW AND REFORM OF SOCIAL CARE CONTRACTS
AND DELIVERY OF THE NATIONAL MINIMUM WAGE 2020**

Purpose of Report:	The purpose of this report is to update the Integration Joint Board on initial work carried out by Social Work Services for the review and reform of social care contracts in the context of the implementation of the new National Minimum Wage 2020.
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Recommendations:	<p>The Integration Joint Board is asked to:</p> <ul style="list-style-type: none"> a) note the contents of the report and b) instruct the Chief Officer to provide a report on the outcome of the Proof of Concept once it is completed.
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Implications for IJB:

Financial:	In respect of this report, there are no financial implications. In delivering the Proof of Concept, there is expected to be a 5% saving on total spend once the transformation has been extended across all providers.
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Personnel:	None
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Legal:	Any legal implications for the Proof of Concept will be understood by the Governance workstream, and the Proof of Concept will comply with Glasgow City Council's statutory duty under the Social Work (Scotland) Act 1968 and European Union procurement law and regulations.
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Risk Implications:	Risks have been developed across the key areas of work for the Proof of Concept and are being monitored.
Sustainability:	None
Economic Impact:	The Proof of Concept should assist provider organisations to pay their staff the new National Minimum Wage.
Sustainability:	The Proof of Concept should strengthen local communities by making maximum use of community based assets and local social networks with an emphasis on provider organisations achieving positive and sustainable outcomes for their service users.
Sustainable Procurement and Article 19:	As above, any procurement issues will be understood by the Governance workstream for the project, and the Proof of Concept will comply with European Union procurement law and regulations.
Equalities:	An EQIA has been carried out for the Proof of Concept. No significant impact was identified. There will be on-going monitoring of the impact of the Proof of Concept on equality groups by the Governance workstream, and an action plan will be put in place if required.
Implications for Glasgow City Council:	As above
Implications for NHS Greater Glasgow & Clyde:	None

1.0 Background

- 1.1 Social Work Services currently purchase approximately c£247m per year of social care services from provider organisations. £160m of this relates to community-based services (including residential ones) that are unlikely to pay anywhere near the new National Minimum Wage (NMW) of £9 per hour to be phased in by 2020 that was recently announced by the Chancellor of the Exchequer. The remaining £87m relates to national contracts for care homes and residential schools, which are out of scope for this review.
- 1.2 On the basis that the majority of this spend goes directly on salaries as the primary overhead, it is estimated that the gap between current funding and maintaining a standstill position of provision by 2020 would be an uplift in the Social Work Services budget in excess of £21m per annum. It is considered unlikely that this shortfall will simply be made up by either local or national government in the longer-term or the

Scottish Government's current local government financial settlement, which includes additional funding for paying the National Living Wage of £8.25 per hour for care workers.

- 1.3 The administration and processes involved in the commissioning, procuring, ordering, invoicing, paying, reviewing and monitoring/auditing of purchased social care services are significant, involving professional social work staff, finance, admin, commissioning/procurement, legal, contract management and senior managers.
- 1.4 Glasgow City Council Executive Committee previously approved a report to commence progression of Phase One related work to review the route to procurement of social care services with a view to establishing a 'proof of concept' test case for a different model of procurement, administration and monitoring (4 February 2016; Item 10). The report is available on the Council's website at <http://www.glasgow.gov.uk/councillorsandcommittees/submissiondocuments.asp?submissionid=78066>.
- 1.5 The Proof of Concept will involve a shift away from the traditional purchasing of social care provision 'by the hour' to a holistic provision of support to individuals that makes maximum use of community based assets and local social networks with the emphasis on providers achieving positive and sustainable outcomes for their service users. As part of this, alternative, 'light touch' governance and audit arrangements will be developed in respect of the need to 'follow the public pound' duties of the Council, focusing on achievement of measurable outcomes for service users. There will however continue to be a framework in place to manage risk and ensure professional safe care.
- 1.6 The Proof of Concept will involve a small number of provider organisations with which Social Work Services currently engages and purchases services from on behalf of people with disabilities or other social care assessed needs. This will then establish the evidence base with which to engage in a transformational way in contractual terms with all existing community-based contracts to enable remaining providers to likewise transform their services within a similar timeframe. The anticipated transformational benefits of the Proof of Concept were outlined within the previous report to Executive Committee referenced in Paragraph 1.4.

2.0 Update

- 2.1 **Project Governance Arrangements.** The Proof of Concept will report on progress to the Chief Officer led Integration Transformation Board.
- 2.2 The Chief Finance and Resources Officer for the Glasgow City Health and Social Care Partnership has been identified as the Project Sponsor for the Proof of Concept, and three project groups have been established whose responsibility will be to ensure the objectives of the project are met to the required specification and within required timescales. The project groups consist of:
 - Social Work Services (including Social Work Services commissioning/ procurement, contract management, finance, ICT, care management and communications representation)

- Social Work Services and Corporate (including Corporate legal, procurement, audit and customer and business services representation) and
- Provider Organisation (provider organisations participating within the Proof of Concept Project).

2.3 Within the Social Work Services and Provider Organisation project groups, individual workstreams representing the key areas of work have been identified. For the Social Work Service Project Group, this includes Governance, Commissioning/Procurement, Contract Management, Care Management, Finance and ICT and Communications. Representatives from the providers participating in the Proof of Concept have been invited to participate in the Contract Management and Care Management workstreams so that the workstream work is co-produced in partnership (two for each workstream). The Provider Organisation project group consists of six workstreams; one for each provider organisation participating within the Proof of Concept.

2.4 The Social Work Services and Corporate project group will mainly be advisory for legal, procurement and audit issues, but it is expected that support will be provided to the Governance workstream as part of the Social Work Services project group.

2.5 **Provider Organisations.** Six provider organisations both city-based and national (2+4) have been approved by the Council's Executive Committee to participate within the Proof of Concept, which will provide the evidence base to then engage differently with existing contracts (31 March 2016; Item 3). The report is available on the Council's website at <http://www.glasgow.gov.uk/councillorsandcommittees/submissiondocuments.asp?submissionid=78935>. The providers include:

- Aspire Housing and Personal Development Services (national)
- Cornerstone (national)
- Enable Scotland (national)
- Fair Deal (city-based)
- Mainstay Trust (city-based) and
- Turning Point Scotland (national).

2.6 These provider organisations are participating within the Proof of Concept for the following reasons:

- Social Work Services currently and actively engages in purchasing services from them and they have recently been through vetting processes as part of a competitive tendering process for the 2015 Framework for Selected Purchased Social Care Supports and/or historically through routine contract management – which includes ensuring that the Council is securing Best Value for services
- together they represent a mixture of provider organisations from the independent and voluntary sectors either at the national or local level. This spread offers an opportunity to ensure the outcomes of the Proof of Concept can be measured across organisations of different size and scale and with different structural arrangements, ensuring that the Proof of Concept, once established, is 'scalable' and robust across the remaining social care sector in Glasgow and
- together they represent a spread across care groups and types of services in scope for the Proof of Concept: addictions, children and families, criminal justice,

homelessness, learning disability, older people/physical disability and carers (care groups); care at home, care and support, day care, supported living, supporting people, respite carers and residential (services).

2.7 **Key deliverables/Milestones.** As part of the key deliverables/milestones for the Proof of Concept, workstreams will early on:

- understand the legal issues around development of the Proof of Concept and find solutions to any barriers to progressing it
- establish alternative governance arrangements relating to the audit issue for the Council in relation to the public spend
- understand impact issues on provider organisational structures and governance arrangements and find any solutions to any barriers to progressing the Proof of Concept and
- establish an open and transparent process for engagement with and signing up to changed personal arrangements for current service users with the participating provider organisations.

2.8 Throughout the Proof of Concept, Social Work Services will be committed to ensuring that it secures Best Value by balancing quality and cost and having regard to efficiency, effectiveness, economy, equal opportunities and sustainable development. In addition, Social Work Services will ensure that it continues to carry out its statutory responsibilities for assessment and care management.

2.9 The Proof of Concept's light-touch approach to governance and audit arrangements may include the suspension of current procurement and contract management procedures and processes with the organisations involved. If there are any legal or procurement implications for the Council that require approval, these will be reported to the Council's Executive Committee and approval from that Committee sought.

2.10 It is being planned to complete the Proof of Concept by June 2017, at such time its outcome will be reported to the Council's Executive Committee and the Integration Joint Board.

3.0 Recommendations

3.1 The Integration Joint Board is asked to:

- a) note the contents of the report and
- b) instruct the Chief Officer to provide a report on the outcome of the Proof of Concept once it is completed.