eBRIEF
For Members of the Scottish Parliament
UNISON Scotland

Procurement of social care services debate - 15 September 2011

Key Points

UNISON is Scotland's largest union in public services and has members providing, managing and assessing care in the public, private and voluntary sectors.

Current guidance on procurement in social care is based on the idea of using procurement exercises as a way to squeeze more provision from falling budgets. UNISON's view is that it is better to retain services in-house and seek improvements through involvement of users and staff in service redesign. Major expenditure savings are incompatible with maintaining and improving the quality of care. Reforms should always be predicated on the idea of better care – cheaper care should be secondary to this.

One of the pressures on social care budgets results from the drive towards personalisation and self directed support. If self directed support is to be a meaningful choice then it must be accompanied by both sufficient resources and a preservation of core services for those who do not opt for self directed support.

There is evidence of local authorities 'outsourcing' budget cuts (with the privations that entails) to voluntary sector and charitable bodies. This race to the bottom is not compatible with maintaining high standards of care.

Retaining services in-house and involving users and staff in redesign of services is the most effective reform. UNISON wishes to see councils enter into procurement agreements with their own trade unions, and also with unions representing bidders.

Social Care Procurement

The Scottish Government issued Guidance (jointly with Cosla) on Social Care Procurement in Sept 2010. The guidance states explicitly that it aims to sustain a 'mixed economy' in care across in-house, third and private sector providers and states the view that procurement should be a way of generating efficiency in the face of declining budgets. In a welcome change from its draft form, the guidance does contain explicit mention of the need for local authorities to pay heed to the 'Section 52' guidelines aimed at preventing a two tier workforce, and to TUPE regulations in the event of staff transfers. (It remains silent on the need for such staff to receive broadly comparable pensions.)

Private Sector = Uncertainty

The guidance talks of the sharing of risk. This is by definition more difficult with private providers. For example, it is extremely unlikely that any risk assessment by local authorities utilising Southern Cross had factored in the demands for Middle Eastern Sovereign wealth funds. The use of care homes by private providers either for property speculation or as a generator of cash for use in other ventures adds a level of unpredictability to the sector that is not present in in-house delivery.

Southern Cross, it should be remembered, (despite having generated £1bn for private equity firm Blackstone in four years) was in financial trouble in 2008. In 2009, Four Seasons, one of the biggest operators in Scotland, with 49 homes, found itself in financial difficulties through enormous debts created by a private equity buy out. It had to be rescued by RBS.

In August 2011 a Scottish care group, Choices Care, which provided services for people with learning disabilities, called in administrators, although some parts of the business were quickly sold to other providers and staff transferred over. All the homes continue to run whilst buyers for the other parts are sought.

This example points to another difficulty with a 'mixed economy' in care. The private sector is, by definition, only interested in providing care where there is a profit to be made. This lends itself to a position where 'straightforward' parts of social care can be 'cherry-picked' for privatisation, while the public sector deals with services for those people needing more complex care. This will inevitably make it more difficult for the public sector to maintain an infrastructure of broad caring services, thus creating a permanent disadvantage when bidding for work. Current guidance urges the sustaining of markets. The design of care should be based around the needs of users, not the creation of packages attractive to the external providers.

Since April 2011, Scottish Councils have frozen the amount they pay to care homes at £550 per week, per resident, which in a time of rising inflation, amounts to a cut. In addition, again due to public sector cutbacks, councils are reducing the number of elderly people they refer to care homes, resulting in lower occupancy rates impacting on the commercial viability of some homes and/or operators

Personalisation/Self Directed Support

One factor putting pressure on social care budgets is the drive towards Personalisation (or Self Directed Support). UNISON Scotland is committed to the principle of the right to independent living for all care users. However, we have concerns about the long term future of core services which we believe should be maintained at a sustainable level, to provide real choice for people who do not want to use direct payments or individual budgets. Choice means that those who do not opt for self directed support should have facilities available to them. We are also concerned at the implications of self assessment for the services that are needed.

We now have great fears that personalisation will be used by cash-strapped local authorities as a mechanism to cut costs. Glasgow City has led the way with plans in its 2011 budget for the wholesale introduction of personalisation for people with learning disabilities in the belief that this will achieve a 20% saving over the two years 2011-13. Disability groups have warned the personalisation agenda could be halted altogether if it is seen as simply a cost-cutting measure, rather than a genuine empowering process.

Changes are incompatible with wide scale savings. The primary aim of any change should always be better care - the aim of cheaper care must always be secondary. If local authorities are looking to personalisation as a mechanism for balancing the books, this will not be the case.

'Outsourcing' cuts through procurement

Whilst staff who are transferred out of local authority employment have some protection via TUPE regulations and the Section 52 guidelines on procurement, service users and staff have little recourse when local authorities cut funding for services delivered by third parties. An obvious current example of this is Quarriers.

The situation in Quarriers is explicitly the result of procurement issues. Local authorities are commissioning the same services but at significantly lower cost than previously. The result of this has been an attempt to impose draconian pay cuts. Care is labour intensive. It is delivered by people. Manufacturers have a capacity to cut costs through technical innovation and capital investments - few such opportunities exist in the delivery of care. Cheaper care is largely at the expense of already modestly paid staff. A race to the bottom in wages will mean a decline in standards as staff turnover increases and people work longer hours or take on second jobs to make ends meet.

Care values v market values

Cost is only meant to be one factor amongst many when procuring care services. One of Scotland's best known charities is seeking to impose brutal wage cuts in order to remain 'competitive'. Market mechanisms mean that the logic of commerce is over-riding the values of care. In Scotland it has rightly been held that the values of the market are inimical to the provision of health care - why should social care be different?

Useful links

- UNISON concern about cuts in social care
- **UNISON view of self directed support**
- UNISON Scotland response to draft Social Care Procurement Guidelines

UNISON Scotland's key campaigns

- **Public Works**
- **Protect Our Pensions**
- **UNISON Scotland website**

For more information please contact UNISON's Bargaining and Campaigns team on 0141 342 2811, or email Dave Watson, Scottish Organiser.

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