



**Executive Director
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Our Ref DW/JS Your Ref
Date: 2 March 2010

Dear Chief Executive/Director

Financial Pressures 2010/11

You will be by now fully aware of the challenges facing public sector funding for the next financial year and beyond. I am also confident that you will be aware of the activity that I have been engaged in with Providers since last summer. This activity has been centred around how we can begin to work together more effectively with the Third Sector to meeting these financial challenges in our social care provision.

You or your organisation may well have been directly involved in the series of meetings I have chaired or facilitated to date or may well have been in attendance at the Provider event I hosted at the beginning of December.

In short, the focus of activity has been two fold:

- (a) To look at how we can realise significant savings in 2010/11 amounting to approximately 4% of our purchasing budget; and this has been with a view to identifying what we have termed "quick wins"
- (b) To work more strategically to reshape social care provision over a longer period to take account of the expectation that the financial challenges will be more difficult in 2011/12 and beyond. In undertaking this latter activity we recognise that the anticipated shortfalls in funding cannot simply be achieved by way of continuous cuts to budgets.

My reason for writing at this point, however, is in relation to the forthcoming necessities of 2010/11. As you will know by now I am sure, the Council published its budget at the end of January; and within that I can advise that we will need to find a total of £5.3M of full year savings on current purchasing budgets. This is over and above what has already been identified through other previous mechanisms and processes.

As I have indicated previously in the forums that I have facilitated to date, Glasgow City Council would not anticipate realising this level of savings through the traditional routes of wholesale re-tendering or allocating a straightforward percentage cut across the board. In my view both of these approaches are more likely to be counter productive in the current climate. Nevertheless, the level of savings must be found and as I have indicated previously, we will be pursuing this next financial year a progressive implementing of the personalisation agenda based on a RAS model. We will also be progressively developing innovative methods of social care delivery such as telecare; and social care direct.

In other words, our realising of the levels of savings to be found will be focussed and targeted. This inevitably will mean an element of challenge and pain for many providers and I acknowledge that the next period will not be straightforward. Beyond this next year though as I have indicated root and branch change is an imperative for everyone who wishes to continue to provide services on behalf of Glasgow City Council.

My senior officers and I will therefore be concluding activity over the next matter of weeks with a view to identifying the savings required for a full year effect in 2010/11. We will thereafter be writing to those providers who will bear the brunt of these savings in due course and senior officers will follow this up with direct contact to begin the process of realising these efficiencies.

I appreciate this will not have been an easy correspondence to digest, nevertheless it was important that I wrote to you at this point.

Yours sincerely

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