

Service Provider Optimism Survey

June 2012 - summary of results

This survey, based on the CBI business optimism survey, is designed to track changes in the way that major voluntary sector social care providers view their organisations' prospects and the environment in which they operate. This is the seventh survey carried out by CCPS and marks a change from quarterly to twice yearly timing.

The June 2012 survey results tell the story of stagnant or shrinking turnovers; reducing surpluses; staff numbers more fluid; and staff terms and conditions decreasing, with the notable exception of training budgets that are actively being protected by many providers.

Over the six months between November 2011 and June 2012:

- 78% report budget cuts from local authorities
- 75% report standstill or decreasing provision of low level preventive services
- 40% report the number of staff in employment has decreased

Overall levels of optimism about the general business situation remained low, with a significant proportion of 36% feeling less optimistic. Respondents highlight concerns about further public spending cuts and increased re-tendering, as well as the impact of specific policy developments they expect to present further challenges for social care providers, including the Self-directed Support bill, perceived as both a possible opportunity as well as a threat. Welfare reform continues to loom large for providers, with consequences still difficult to quantify; and respondents also noted the impact of the pension auto-enrolment changes that will begin to take effect for CCPS members over the next 18 months.

Method

Voluntary sector providers were asked to provide 'tick box' answers to an electronic questionnaire

focusing on the following areas:

- General optimism levels
- Turnover/volume of business
- Level of 'preventative' support services
- Operating surpluses
- Service deficits
- Numbers employed
- Changes to staff terms and conditions
- Competitiveness
- Levels of reserves
- Local authority funding cuts

A box for comments was also available, to enable respondents to provide contextual information as appropriate.

Respondents

The June 2012 survey was the first time that the survey was sent jointly by CCPS and the Housing Support Enabling Unit (HSEU: <http://www.ccpscotland.org/hseu>) to a wider group of organisations, including all CCPS members (72), all Scottish Federation of Housing Association members (118) and approximately 150 housing support organisations from the HSEU mailing list.

This report provides a summary of the results from CCPS members only. The HSEU has prepared a separate report looking at the results from housing support provider responses. Where results are significantly different, we have included a note in this report.

The survey was completed by 47% of the CCPS membership (34 organisations) during June 2012. The sample was broadly representative of the overall membership in terms of turnover, number of employees and main areas of activity.

Survey results

1) Local authority budget cuts challenge the sustainability of service provision

- 77% of respondents report local authority funding cuts, with nearly 30% seeing cuts of 20-25% in one or more local authority areas

The majority of respondents have faced cuts across multiple local authority areas, with several experiencing cuts in every area in which they are providing services. The level of cuts is significant in some areas, with nearly 30% of respondents reporting cuts of upwards of 20%. In addition several reported 'across the board' cuts being imposed by some local authorities, with no clear evidence of any assessment of outcomes or value for money in relation to specific services.

Comments about the impact of these cuts increasingly reference a direct connection to reduction or withdrawal of service provision and the corresponding effect that has on service users:

'By virtue of the fact that we have no uplift in our budgets across the board, this equates to a cut across all 16 LAs we cover which has had a huge detrimental impact on all services.'

'Inevitably questions of sustainability of particular services continue to get raised.'

'Impact includes staff redundancies, morale issues of a very well established (8 years) and highly rated recently evaluated project being retendered and moved to a different provider with, most importantly, significant issues for service users. Service user issues resulted in each of these areas.'

'We have had to restructure the organisation. The speed and severity of the cuts in Glasgow have meant that the normal work of the organisation has been disrupted. A lot of time and effort has been expended supporting individuals with the implications of the reductions in their budgets and consequent changes in their support.'

'The squeeze on organisations in some areas is getting tighter and there is a concern that quality will get impacted by the continual thrust to cut funding whilst expecting the same and better. There is an ignorance of cost to value within some local authorities and an avoidance of calculating/assessing costs to include valid costs such as travel time. There is an increase in the potential for this to go wrong.'

2) Low intensity 'preventative' services not expanding in line with policy ambitions

- 75% of respondents describe standstill or decreasing provision of low level support

This is the first time the CCPS survey has included a question on trends in low level service provision. In view of the range of policy initiatives focusing on shifting the balance of care towards preventative approaches, including the change funds which are into their second year of implementation¹, we thought it would be useful to begin tracking changes in the types of services provided by CCPS members. We used the Audit Scotland definition of low level services, which is 4 hours per week or less, and asked respondents whether provision of these services had increased, decreased or remained the same over the past 6 months.

50% of respondents reported that their 'preventative' services had remained at a standstill, with a worrying 25% reporting a decrease over the past six months. While the sample is small, this is in line with anecdotal evidence about the lack of voluntary sector engagement with the change funds and concerns that local authorities are cutting funding to the voluntary sector in favour of more intensive critical needs provision and tightening eligibility criteria².

3) Surpluses and reserves expected to continue shrinking

- 41% report that surpluses will decrease in the next 6 months
- 33% report that reserves will decrease over the next 6 months

The majority of respondents show surpluses have

remained unchanged or have decreased in the past six months. A small number of respondents reported increased surpluses in that period, but with the expectation that this trend will reverse in the next six months. Small improvements or stability in surpluses are largely the result of reductions in staff terms and conditions, as well as decisions to stop providing deficit services:

'Surpluses up due to efficiency measures and staff agreed to terms and conditions changes as service/job protection.'

'Surpluses decreasing due to increased exposure to life assurance costs, insurance costs and inflation costs. Funding from Councils is also reducing. More reliance in some areas on agency staff, which is more expensive; and retendering, funding reductions that lead to restructuring are creating instability.'

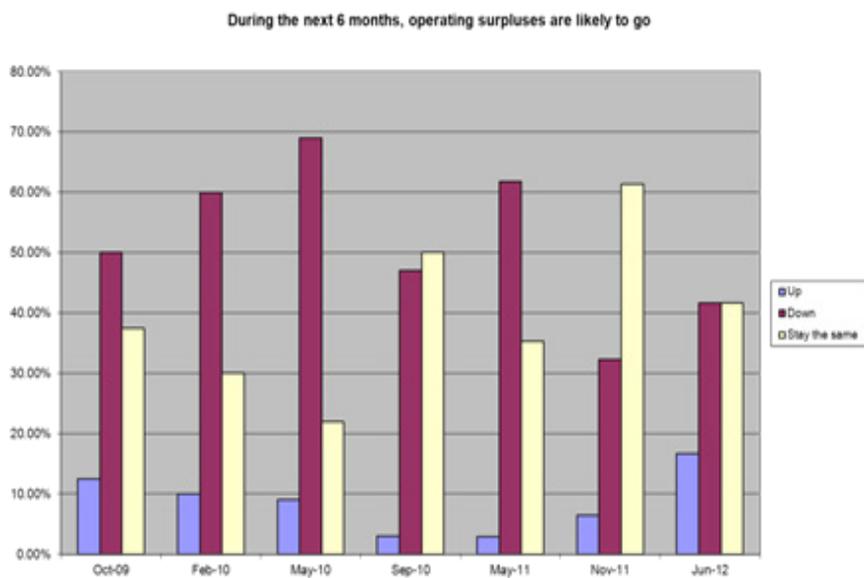
and suggests the possible impact of increased competitive tendering, which appears to be on the rise. In addition to reductions in staff more generally, some providers report difficulties recruiting in some areas, and others continue to restructure and target management in order to maintain frontline staff:

'We handed back a service because of its rurality and difficulty in recruiting'

'Head office reductions in staffing meant redundancies to maintain front-line services'

A small number of respondents noted increased employment due to provision of new services. However, what is not clear is whether these are new services or services that have been taken over from another provider, which would involve tupe procedures (which were specifically mentioned by several respondents) rather than the creation of new jobs and expansion of service provision overall.

Figure 1:



- 54% of respondents said staff terms and conditions have stayed the same, with a further 25% reporting a decrease

Because of the growing pressure on organisations to reduce staff terms and conditions while at the same time providing a qualified workforce, the survey included a new question about staff terms and conditions and training budgets. Not surprisingly, staff terms and conditions continue to be the main focus of efficiency measures. The recent budget announcement to lift the public

sector pay freeze may place even further pressure on local authority budgets with a knock-on effect on voluntary sector contracts. However, interestingly, many organisations are protecting training budgets. This begs the question for how much longer providers will be able to continue to reduce terms and conditions, while maintaining a highly skilled workforce:

'We protect and invest in training - however we have had to adjust annual leave.'

'Terms and conditions reduced, with sick

4) Movement in staff numbers and further pressure on employee terms and conditions

- 40% of respondents have seen decreases in numbers employed over the past six months

There appears to have been greater movement in staff numbers in the past six months than in the previous survey period, with however, a continued significant proportion of providers reporting declining employment numbers. The shift in numbers contrasts slightly with the relative stability of the previous six months

pay, holidays and corollary benefits reduced. Investment in training increased by a very significant amount.'

'Terms and conditions remain the same although we paid cost of living this year of 1%. We have also reinstated 50% of our learning and development budget, previously cut 3 years ago.'

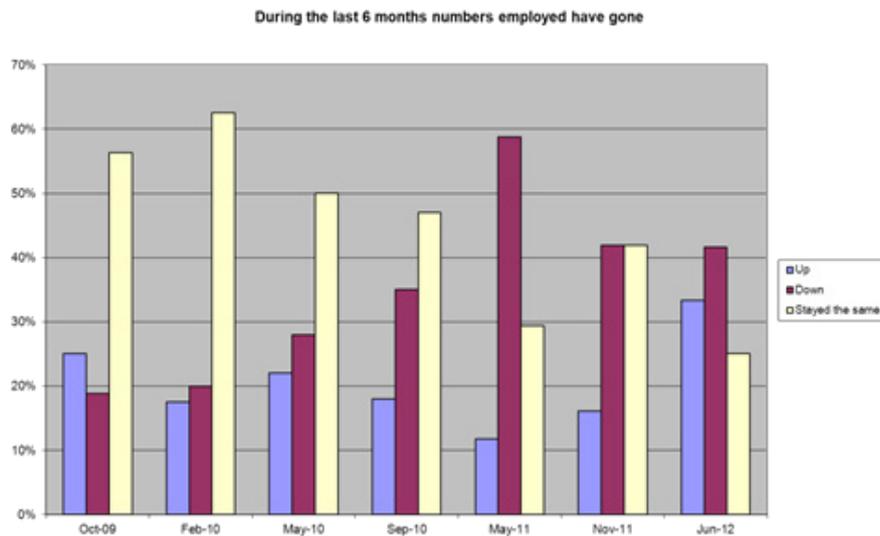
'We have eroded terms and conditions by freezing cost of living awards and increments for 2 years and increasing working hours from 37-39 but have kept our training budget at last year's level.'

1. CCPS is grateful to the CBI for their assistance in developing this survey. For further information on the CBI business optimism survey, go to: <http://www.cbi.org.uk/ndbs/content.nsf/802737aed3e3420580256706005390ae/31ed571e0d73a30b80257410005ce1c6?OpenDocument>

2. Previous surveys can be accessed at <http://www.ccpscotland.org/publications/research-reports>

3. At June 2012, CCPS membership stood at 72 organisations, of which 34 completed the survey. A full list of CCPS members is available at <http://www.ccpscotland.org/about-ccps/members-list>

Figure 2:



About CCPS

Coalition of Care and Support Providers in Scotland is the national association of voluntary organisations providing care and support services across Scotland. In 2009-10, CCPS members managed a total annual income of over £1.2 billion, of which an average of 73% per member organisation related to public funding.

Over this period, members supported approximately 270,000 people and their families, and employed around 45,000 staff.

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