

Service Provider Optimism Survey

Summer 2013 - summary of results

Introduction and headline findings

This survey, based on the CBI business optimism survey, is designed to track changes in the way that major third sector social care providers view their organisations' prospects and the environment in which they operate. This is the ninth survey and is currently run twice yearly.

Over the six months between December 2012 and June 2013:

- 68% report budget cuts from local authorities
- 76% report concerns about the impact of welfare reform on services
- 43% report an increase in staff numbers (mainly due to replacement of full-time with part-time posts) but 26% report reduction in staff terms and conditions

Responses to the summer survey show a slight improvement in overall optimism levels within the sector. This is consistent with results from the June survey last year. One possible explanation is that there is a degree of certainty in respect of funding at this stage in the financial year, in contrast to the December survey, when many providers are unsure about local authority budget decisions. Respondents also provide insight into the ongoing impact of local authority funding cuts, which have come in many forms, including across-the-board cuts, price caps in new tendering exercises and framework agreements, and increasingly by way of clawbacks¹. Staff terms and conditions continue to erode as a result, with a notable increase in concerns about staff morale and recruitment issues.

The volume of business and employee numbers have increased but local authority pressure to secure 'more for less' is in some cases leading to

¹ By 'clawbacks', we mean circumstances where a provider is required by a contract to return any surpluses to the local authority at the end of a financial year.

reduced staff qualifications and more part-time staff, in addition to the overall reduction in terms and conditions. As respondents grapple with the challenge of providing quality services in these circumstances, we continue to see reports of decreasing surpluses and reserves.

There has also been a notable increase in the number of respondents expressing concern about welfare reform as changes take effect. However, on a positive note, they are also flagging up self-directed support legislation as a source of optimism, with some reservations due to the uncertainty of implementation across different areas in Scotland.

This iteration of the survey included new questions on welfare reform in response to growing concerns from CCPS members and the wider sector about the potential impact on service provision and individuals who receive support. We also added new questions on workforce development because, despite being one of the four pillars of the Scottish Government's public services reform agenda (in response to Christie Commission recommendations), evidence from members indicates that the third sector care and support workforce continues to experience downward pressure on terms and conditions, coupled with recruitment and staff development challenges. Evidence from this survey suggests that local authority funding practices are directly countering this key policy ambition in respect of the third sector workforce.

Method

Third 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, and training budgets
Workforce registration and staff recruitment
Impact of welfare reform on service demand and delivery
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 survey is sent to all 71 CCPS members and is also run by the Housing Support Enabling Unit (HSEU: <http://www.ccpscotland.org/hseu>), which circulates the survey across a wider group of organisations, including Scottish Federation of Housing Association members that provide housing support (35) and approximately 150 housing support organisations from the HSEU mailing list. This time the survey was extended to include non-CCPS members of the Criminal Justice Voluntary Sector Forum (CJVSF).

This report provides a summary of the results from CCPS and CJVSF members only. The HSEU has prepared a separate report (available at the above link) looking at the results from housing support provider responses. The findings are consistent with those of CCPS members, reflecting a shared concern for the impact of welfare reform but also highlight trends in the development of preventative services.

The survey was completed by 55% of the CCPS/ CJVSF membership (39 organisations) during May and June 2013. The sample was broadly representative of the overall membership in terms of turnover, number of employees and principal areas of activity.

Survey results

1) Local authority budget cuts hit staff morale

- **68% of respondents report local authority funding cuts, with nearly 40% seeing**

cuts to multiple services across Scotland

The continued trend in local authority funding cuts is not unexpected. However, respondents note worrying signs of poor commissioning practice, including clawbacks and price caps in tendering exercises. In response to wider concerns about funding issues, CCPS has partnered with SCVO to report to the Cabinet Secretary for Finance on third sector experience of local authority funding practices, focusing on funding periods, clawbacks and inflationary uplifts. Early results from the SCVO survey show that 'less than 10%' of organisations had funding that made provision for inflationary cost increases. This is consistent with the experience of care and support providers, who have anecdotally reported little or no inflationary uplift for several years. In addition, over 20% of organisations said that they had been asked by local authorities to return money deemed as surplus.

In responses to the CCPS survey, nearly 100% of comments on the impact of local authority cuts noted the direct effect that funding pressures have on staff terms and conditions, and increasingly on staff morale. As with previous surveys, respondents link the impact on staff to potential quality of service issues and service reduction in areas where funding cuts have made services unsustainable.

The connection between funding cuts and staffing issues is starkly illustrated by the following comments:

Comments:

- "... same quality of service expected for less money. One LA is interesting in expecting 5% cuts without any change to staff costs - so this is really a 5% cut from less than 20% of the service budget!"
- "making day to day operations very tight. Staff delivering supported living services are having to work at an unsustainable pace to ensure as little time as possible is lost to travel time (we are not paid for this, but we pay staff whilst they travel)"
- "making it more difficult to maintain national terms and conditions... and sustain quality"

- “Impact is reduced services for service users and staff redundancies, which has an impact on staff morale”
- “Changes to some terms and conditions leading to some discontent within workforce”
- “Putting people we work for at risk, lower staff morale, uncertainty”

2) Welfare reform is beginning to affect service provision

- **76% of respondents report concerns about the effects of welfare reform on services**
- **Of those, 58% anticipate an increase in demand for their services**

While there remains a high level of uncertainty in this area, the results of this survey show a noticeable increase in respondents’ concerns about the impact of welfare reform on service provision. Respondents’ staff are witness to the impact on individuals receiving support, and this is raising challenges to service delivery and staff training in particular. Staff are dealing with increased levels of anxiety and other mental and physical health effects. This is in turn placing greater demands on staff for expertise that they may not possess, as well as assistance and signposting in relation to advice and information about the changes. This is having a knock-on effect on staff time, the types of activities they are engaging in and overall resource available for the support services they are meant to be providing. Staff training issues have already been identified by a number of provider organisations, especially among housing support providers. The HSEU has responded with a programme of basic training in welfare reform for support staff. For more information, please refer to the HSEU website.

A significant area of uncertainty remains in relation to supported exempt accommodation. The HSEU has been working on this issue and their report discusses this in greater detail (see above link).

The following comments indicate the nature of the impact of welfare reform on staff and operations:

Comments:

- “Huge - taking up at least 10% of our working time”
- “Impact primarily on service users - and

from provider perspective our need to skill up our staff and volunteers to be much more involved in supporting income maximisation for service users – this creates learning and development and practice issues”

- “In the aspect that staff are helping service users through this process but also dealing with the consequences that this is having on service users”
- “Particularly with our homeless/addiction services where the demand made on the service users here has adversely affected on call for many of them”
- “In terms of supporting tenants and service users with support and advice which has a knock on effect on staff training”

3) Employee numbers increase but funding cuts continue to erode terms and conditions

- **43% report an increase in staff numbers**
- **26% report reduction in staff terms and conditions**

Survey results show an increase in staff numbers, which is consistent with an overall increase in volume of business. However, the evidence suggests a continued picture of ‘more for the same’ and ‘more for less’. Responses regarding decreasing surpluses (44% report a decrease over the next 6 months) and anticipated year-end reserves (33% predict a decrease) would appear to confirm this.

In addition, comments indicate that an increase in staff numbers is in many cases due to a reduction of full-time and increase in part-time posts, and a reduction in the level of qualifications. Some of these changes in staffing are to enhance flexibility in order to respond to different support provision and in anticipation of changes that may occur due to the implementation of self-directed support (SDS) legislation. Lastly, while staff numbers increase in several organisations, some respondents report recruitment difficulties due to reduced terms and conditions in specific areas of Scotland.

The following comments provide a snapshot of current third sector workforce challenges:

Comments:

- “Fewer full-time more part-time posts”
- “We have been proactively recruiting - in particular to part-time and relief positions to

ensure we have flexibility re support provision”

- “Much reduced pension contribution, reduced annual leave and sickness entitlement. No consolidated pay increase”
- (on the planning of staffing and recruitment)...”terms and conditions are having an impact”
- (impact of funding cuts)... “Staffing reductions for a particular service - don’t affect front line services directly, but affect the input and interaction we have in the area, with more work for the Council because of work we cannot do”
- “very difficult to predict operational impact of SDS”

The results of this latest CCPS survey provide insight into the range and impact of challenges third sector providers continue to face. CCPS has argued that better strategic commissioning is one of the keys to achieving better services and better outcomes. To this end, we have been actively engaged with the various Scottish Government working groups on the integration of health and social care and particularly the proposals for joint strategic commissioning and the work of the Joint Improvement Team. In addition, CCPS has initiated a collective conversation with ADSW to identify solutions to the problems caused by low hourly rates. As noted above, we are also supporting the work of SCVO, gathering evidence about third sector experience of local authority funding.

References

1 CCPS is grateful to the CBI for their assistance in developing this survey. Further information on the CBI business optimism survey is on their website.

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

3 At June 2013, CCPS membership stood at 71 organisations, of which 39 completed the survey. A full list of CCPS members is available at <http://www.ccpscotland.org/about-ccps/members-list>



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 2010-11, CCPS members managed a total annual income of over £1.3 billion, of which an average of 79% per member organisation related to public funding.

Over this period, members supported approximately 300,000 people and their families, and employed around 45,000 staff.

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