

# Service Provider Optimism Survey

## Summer 2014 - 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 eleventh survey and is currently run twice yearly.

Over the six months between December 2013 and June 2014:

- providers' outlook has been dominated by an increasing sense of uncertainty
- 73% reported experiencing budget cuts by local authorities
- Over 50% reported an increase in numbers employed

### 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 CCPS and Criminal Justice Voluntary Sector Forum ('CJVVSF') members (85 organisations in total). It is also run by the Housing Support Enabling Unit ('HSEU'), which circulates the survey across a wider group of organisations, including Scottish Federation of Housing Association members that provide housing support (35 organisations) and approximately 150 housing support organisations from the HSEU mailing list.

This report provides a summary of the results from CCPS and CJVVSF 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 and CJVVSF members, reflecting a similar level of uncertainty, a shared concern for the impact of local authority funding cuts, and the challenges of developing and supporting a flexible workforce.

The survey was completed by nearly 50% of the CCPS/CJVVSF membership (37 organisations) in summer 2014. The sample was broadly representative of the overall membership in terms of turnover, number of employees and principal areas of activity.

### Survey results

#### 1) General levels of optimism among care and support providers remain low

There is little sign of a major shift in the level of optimism, with most providers expressing significant levels of uncertainty in relation to the key features of their operating

environment. This reflects the fact that at the time of the survey in June, there were (and still are) unprecedented levels of change in the political and policy landscape relevant to care and support providers. The impact of austerity continues to weigh heavily and several providers expressed concern about the post-referendum Scottish Government budget and what it will mean for local authority finances.

Providers also noted considerable uncertainty in respect of the impact of various Scottish Government policy initiatives which have already or will take effect shortly. Optimism about the Procurement Reform Scotland Act is tempered by the view that its success in improving outcomes for care and support services will depend on a significant shift in relationships between providers and local commissioners.

Personalisation and SDS generate a cautious level of optimism among some and a few providers have begun to see positive changes in their relationships with service users and local authorities, both in terms of the types of services and an increased volume of business. However, comments on changing turnover among some providers provide a very mixed picture in relation to the impact of SDS. SDS has led to a reduction in volume of business for some organisations, a perceived transfer of risk to providers in some cases (as a result of the introduction of frameworks), and a more fluid and uncertain environment for most.

Comments on the general level of optimism:

*"I am getting more worried about the next round of Government spending review and local authority settlement. ... they say we should expect further cuts of anywhere in the region of 8-12%. ... we could not cope with that level of reduction."*

*"We remain unsure about the implementation of various pieces of legislation and how these will be adopted into practice and therefore remain unsure about their*

*impact on us..."*

*"We have lost a considerable amount of business in the SDS review process and developed new opportunities. These are cancelling each other out...appears to be an awful lot of work with little to no movement in resources."*

*"Whilst we have increased the number of frameworks we are on, this hasn't necessarily translated into new business."*

## 2) Local authority budget cuts

Providers continue to operate in very difficult funding environments. Over the six months between December 2013 and June 2014:

- 73% of organisations report experiencing budgets cuts by local authorities
- Of these, one third report that at least 50% of their services have been subject to local authority cuts

The survey results show a continued trend in funding cuts. The difficult climate of austerity local authorities are working in is well understood by providers. However, many providers struggle to mitigate the impact of these cuts. This may be in part because of the way they are implemented in some local authority areas. Providers continue to report across the board cuts, retendering, claw back measures (whereby any surpluses generated by the provider are required to be returned at the end of the contract), reduced hourly rates and reductions in the size of block contracts; and inflation uplifts are extremely rare.

Where relationships between providers and the local authority are strong, providers report more positive outcomes as a result of a more collaborative process. However, based on comments from a majority of providers, many local relationships remain traditional purchaser/provider oriented and the kind of partnership and collaboration that is envisaged in the public service reform agenda remains some way off.

Survey results point to a growing trend

towards reduction and closure of services, where in previous iterations responses focused more on service restructuring, internal reorganisation and changes to staff terms and conditions. It would appear that more providers are being forced to make difficult decisions to discontinue or withdraw from unsustainable service contract arrangements.

Comments on the impact of funding cuts:

*"Service reductions and in some cases service closures. We have needed to re-structure some services as a consequence of cuts."*

*"Worst case scenario is we may no longer be able to provide some services."*

*"Some housing support services are no longer being provided to tenants."*

*"We are having to reduce service volume and in one service make staff redundant."*

### 3) Employment and workforce issues

- 50% of respondents report an increase in numbers employed since the last survey

Survey results indicate a stabilisation or slight increase in employment numbers among a majority of providers in the past 6 months. Comments provide a more nuanced picture, with some providers noting that recruitment is for part-time or lower grade posts, and seasonal or sessional workers. The main driver for these changes is reduced funding for services. However, some providers are also responding to changes brought about by the implementation of SDS, and the need for a more flexible workforce.

In relation to terms and conditions, there is a small but notable upward trend among providers to address issues of low pay. Comments indicate that some providers have or are looking to introduce the living wage, or have agreed the award of pay rises in a small number of cases for the first time in many years. One provider reported funding staff salary increases from fundraised reserves.

Nevertheless, it remains a very mixed picture, with a number of providers continuing to report reduced staff terms and conditions as a direct result of the difficult funding environment, combined with other external factors, including the impact of pension auto-enrolment, increases in national minimum wage and the unknown future impact of recent employment tribunal decisions on holiday pay and sleepovers.

Comments on changes to numbers employed and the trend in terms and conditions:

*"We have increased the number of sessional staff to cope with the fragmented hours of service required by individuals. We expect to recruit new staff, albeit at lower grades."*

*"Recently consulted on addressing low pay across the organisation, so t&c's have gone up for lower salaried posts."*

*"We awarded a pay rise in January 2014 for the first time in 7 years."*



#### 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 2011-12, CCPS members managed a total annual income of over £1.3 billion, of which an average of 78% per member organisation related to public funding.

Over this period, members supported approximately 350,000 people and their families, and employed around 43,000 staff.

CCPS, Norton Park, 57 Albion Road,  
Edinburgh EH7 5QY  
T: 0131 475 2676  
[www.ccpScotland.org](http://www.ccpScotland.org)

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