

Service Provider Optimism Survey

Winter 2013-14 - 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 June 2013 and December 2013:

- 61% reported experiencing budget cuts by local authorities.
- No providers reported an improvement in staff terms and conditions
- 52% reported experiencing issues in relation to Welfare Reform that affect the delivery of their services.

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 CJVSF (Criminal Justice Voluntary Sector Forum) members (86 organisations in total). It 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 organisations) and approximately 150 housing support organisations from the HSEU mailing list.

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 and CJVSF members, reflecting a shared concern for the impact of welfare reform and local authority funding cuts but also highlighting the growing confidence of organisations about meeting the requirements for workforce registration.

The survey was completed by 52% of the CCPS/ CJVSF membership (45 organisations) during November and December 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) Budget cuts

Providers are operating within incredibly tight funding environments. Over the six months between June 2013 and December 2013:

- **61%** of organisations report experiencing **budgets cuts by local authorities**
- Of these, **26%** report that at least **half of their services have been subject to local authority cuts**
- **45%** report that **operating surpluses had gone down over the past 6 months**, with

a further 40% stating that surpluses had stayed the same

Providers note that local authorities are cutting budgets through a variety of means, including through retendering, reducing individual support packages and through the introduction of 'claw back' measures whereby any surpluses generated by a provider need to be returned to the purchasing authority at the end of the contract. The use of 'claw back', in instances when a price has been agreed for service delivery at the contract award stage and the service has then been delivered to specification, is increasingly being brought to our attention. Such practice has implications for the potential sustainability of third sector services. It also introduces a large contractual disincentive to efficiency. CCPS, along with fellow third sector organisations also represented on the Public Procurement Advisory Group, has written to the Scottish Procurement Directorate to highlight the issues associated with 'claw back' and to request that local authorities receive clear guidance on this matter.

The results from the December Provider Optimism survey show a continuing trend of budget cuts in recent years, with providers finding it harder and harder to absorb cuts. Previous surveys have picked up reports of the impact of cuts on organisations, and on the workforce. However, there appears to be an increasing number of comments from providers that suggest budget pressures are now resulting in cuts to services and to people's support packages. These concerns about current budget cuts are compounded by fear of further budgets cuts 'just around the corner'. As one respondent observed;

"As well as loss of one or two services it also causes anxiety in staff which impacts on service quality – they worry about their jobs in the future particularly where it is an annual funding cycle."

A number of providers also observed a link between Self-Directed Support (SDS) and budget cuts:

"[Budget cuts have been experienced] mainly through SDS, but other authorities have

asked for reductions in cost at the point of retendering"

"We are starting to see increasingly frequent changes of contracts as we prepare for SDS"

"We have seen increasing attempts by local authorities to contain the 'spirit' of the SDS act as they move to potentially limit the choice and control given to service users under this act."

Further general comments on the extent and impact of budget cuts:

"More local authorities are asking for year end reconciliations and return of surpluses"

"Transfer of services from [one department within the local authority] to [another department] resulted in a decrease in the hourly rate of 4%"

"Continuing squeeze on expenditure and have to constantly re-invent our services"

2) Employment and workforce issues

Over the six months between June 2013 and December 2013:

- **14% report that staff terms and conditions (including wages, pensions & leave) have gone down over the past 6 months**
- **43% report an increase in the numbers employed in the past 6 months, but nearly 20% anticipate a drop over the next 6 months**

Table 1 (overleaf) shows the reported changes in staff terms and conditions over the past two years. There has been an overall trend for staff terms and conditions to deteriorate during this period. The levelling off of the downward trend in staff terms and conditions in this latest survey may reflect the fact that many providers have reached the end of their options in this area of potential cost savings.

Table 1: What has been the trend for your organisation with regard to staff terms and conditions?

Survey date	% of respondents reporting that T&C have gone up over the past 6 months	% of respondents reporting that T&C have gone down over the past 6 months	% of respondents reporting that T&C have stayed the same over the past 6 months
Jun-12	19%	25%	56%
Dec-12	3%	30%	68%
Jun-13	7%	26%	67%
Dec-13	0%	14%	86%

Source: CCPS six monthly Provider Optimism Surveys

We also we know from our Hourly Rates research¹ that some local authority price caps on tenders for social care services are increasingly set at a level that do not allow providers to pay the Living Wage. The small number of organisations resisting cuts to staff pay, terms and conditions speak eloquently of the fundamental importance of supporting staff in order to continue providing quality services.

The following comments illustrate the continuing steps providers are taking, in relation to staff terms and conditions, to manage organisational pressures resulting from funding cuts, and highlight both the strain on the workforce and the impact on services:

Comments:

“Cuts to pension, annual leave and other entitlements reduced to meet pressure on hourly rates and costs associated with pension auto-enrolment.”

“[Terms and conditions have gone down] For new staff and we are reviewing terms and conditions for current staff”

“Changes made to sickness absence payments”

“Loss of services causes anxiety in staff that has an impact on service quality”

“Damaging morale”

Of those who report no change to staff terms and conditions, several note their commitment to supporting staff because of the direct relationship with quality services:

¹ <http://www.ccpsscotland.org/news/stories/Quality-of-care-at-risk-from-low-hourly-rates>

“We are convinced of the need to maintain current terms and conditions of staff a part of our continued drive to maintain very good/excellent service standards”

These overall trends in provider responses to funding cuts are consistent with the recently published findings of the Scottish Government’s longitudinal study of the third sector². The Report summary highlights the impact of austerity on the workforce and reflects the same trends that the CCPS surveys have identified over the past 3 years:

‘Cost savings were being made through wage freezes on front-line staff. This has meant a real terms decrease in take home pay for many third sector staff. Cost savings were also being made through redundancies and reduced working hours for other staff.’³

Of those providers reporting increases in employment numbers, some indicate only marginal increases, and for several the increased numbers are part time rather than full time staff.

3) Welfare reform

Providers increasingly note the effect of welfare reform on service provision:

- **70%** of providers report **concerns about how welfare reform has affected or will affect their services**
- **52%** have experienced **issues in relation to welfare reform that have affected delivery of their services**
- **65%** expect that the **changes to the welfare system will lead to a change in demand for their services**

Providers are continuing to report concerns about welfare reform, with a growing proportion (52%, up from 42% in summer 2013) experiencing issues in relation to welfare reform that affect the delivery of their services. Initial indications suggest this is increasing the

² ‘The Opportunities and Challenges of the Changing Public Services Landscape for the Third Sector In Scotland: A Longitudinal Study (2009 – 2013) Year 4 and Final Report’: <http://www.scotland.gov.uk/Publications/2013/12/3930>

³ See p.56 onward for further detail about Staff Terms and Conditions, Redundancies, Pay Cuts and Wage Freezes and the impact of those changes on third sector organisations

demand on staff time to support individuals to cope with changes associated with welfare reform and services are being interrupted as people feel less able to afford the charges levied for care by councils.

In order to gain a better understanding of how welfare reform is affecting service demand and delivery of third sector social and housing care providers, CCPS is currently partnering with IRISS on an ESRC research project⁴. The research findings will be used to help inform future policy and practice and to support social care and housing support providers to effectively prepare for and respond to welfare reform.

It is important that staff feel supported during this time of significant change. The Scottish Welfare Reform Advisory Service (ScotWRAS)⁵ has recently been set up by Child Poverty Action Group (CPAG) and Shelter Scotland. This service is aimed at frontline advice and support staff in Scotland and provides information and advice in relation to welfare benefits, housing and debt.

Comments:

“Major squeeze on the families we are working with now and we are very concerned about the impact of sanctions which will leave people destitute”

“Our advice service is struggling to keep up with demand in this area, even with new funding/ project work brought in.”

“We are seeing some services being interrupted as people feel less able to afford their assessed financial contribution”

“‘Bedroom tax’ HB [Housing Benefit] reform in particular has led to service users needing support to move, pressure on housing service and a lot of anxiety. ESA [Employment and Support Allowance] has had direct impact on employment service users in particular.”

“We think that our slightly increased bad debts are related to changes in people’s household incomes and increasing financial contributions for care”

“Some individuals may opt not to receive support due to the care charge however they will likely reappear in the system in crisis.”

“I would expect the demand to go up but I don’t expect the delivery to go up as I do not see many new revenue streams becoming available to support the increase in demand.”

4 <http://blogs.iriss.org.uk/welfarereformscotland/2014/01/28/impact-welfare-reform/>

5 <http://scotwras.org>

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 December 2013, combined CCPS and CJSVF membership stood at 86 organisations, of which 45 completed the survey. A full list of CCPS members is available at <http://www.ccpscotland.org/about-ccps/members-list>

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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.

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