



COALITION OF CARE AND SUPPORT PROVIDERS IN SCOTLAND

Service Provider Optimism Survey

Winter 2014/15 - 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 twelfth survey and is currently run twice yearly. Over the six months between July 2014 and December 2014:

- 40% of respondents report they are less optimistic about the general business situation, a notable decline in overall optimism from the previous survey
- 36% experienced an increase in services running a deficit
- nearly 40% anticipate an overall reduction in reserves in this financial year
- 35% anticipate increased difficulty with recruitment and retention of staff, a doubling of the figure from the last survey

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](#) ('CJVSF') 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.

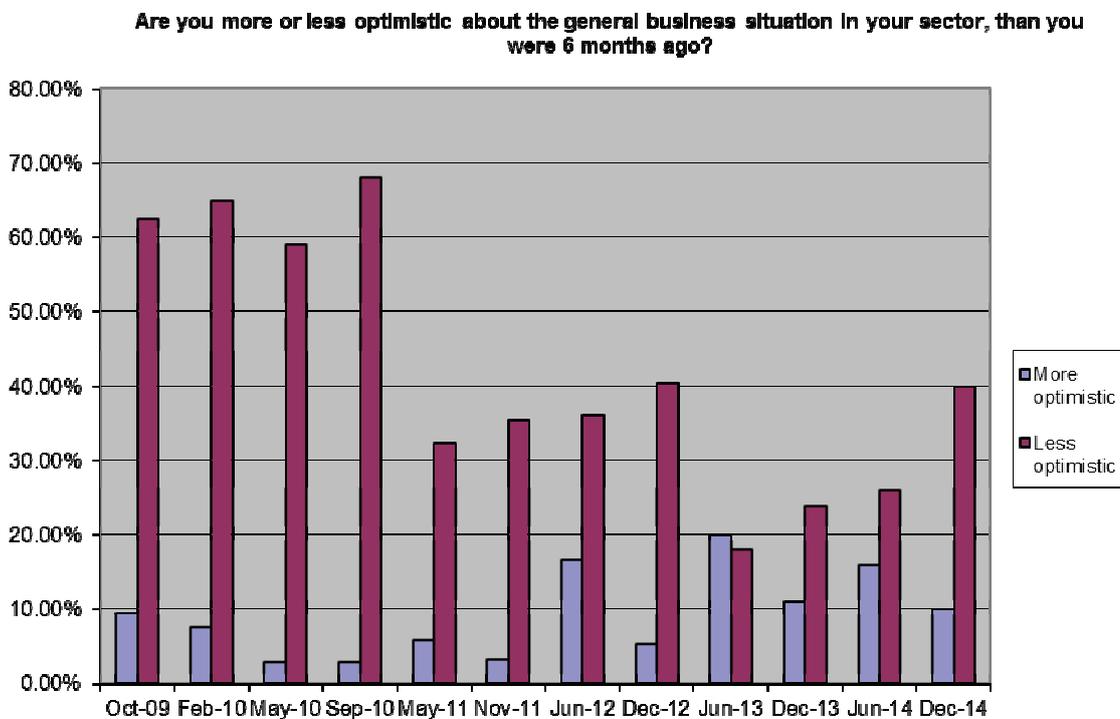
This report provides a summary of the results from CCPS and CJVSF members only. The HSEU has prepared a separate report (available at the above link) looking at the results from housing support provider responses. The findings are consistent with those of CCPS and CJVSF members, reflecting a similar trend towards less overall optimism, a shared critical concern for the impact of local authority funding cuts, and the challenges of developing and supporting a quality workforce, highlighting in particular difficulties with recruitment and retention of staff.

The survey was completed by nearly 50% of the CCPS/CJVSF membership (40 organisations) at the end of 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) Optimism among care and support providers shows marked decline

Respondents indicated a drop in the level of optimism in the second half of 2014, with a near doubling of the numbers reporting feeling less optimistic. Since early 2013, there has been a growing percentage of respondents reporting that they are less optimistic about the general business situation in their sector, as evidenced in the following graph:



As with the previous survey, respondents commented on the challenge of managing in a climate of continued uncertainty, acute funding pressure and growing difficulties with recruitment and retention of staff.

The survey results point to evidence of a widening gap between key policy initiatives that promote better services and improved outcomes through partnership, prevention and early intervention, and the reality for care and support providers, who continue to be faced with significant local authority funding cuts despite growing evidence of the positive impact of their services on personal outcomes.

Respondents expressed renewed concern that the personalisation and SDS agenda is being overshadowed and even derailed by health and social care integration. There is a general concern that the latter is demanding significant levels of public sector energy channelled into the processes and structures required by the Public Bodies (joint Working) (Scotland) Act but with little sign of the necessary culture change towards real collaboration.

Recent Employment Appeal Tribunal and other related employment law decisions coupled with the living wage campaign and pension auto-enrolment should result in improved terms and conditions for care and support staff. However, they also present huge challenges for providers if local authority contractual terms and financial settlements are not modified to reflect the increased costs.

Comments on the general level of optimism:

"SDS implementation has stalled, Council budgets for social care are overstretched and health and social care integration seems to be about structural issues and not significant transformation... all of this leads me to be less optimistic about the future."

"SDS challenges to our business continuity seem to be increasing."

"The EAT rulings on sleepover and holiday pay cause significant threats to our financial stability."

"Cuts and flat lining budgets have the effect of making it difficult to innovate, manage service redesign and cause increased stress for our frontline staff as they struggle to maintain service levels."

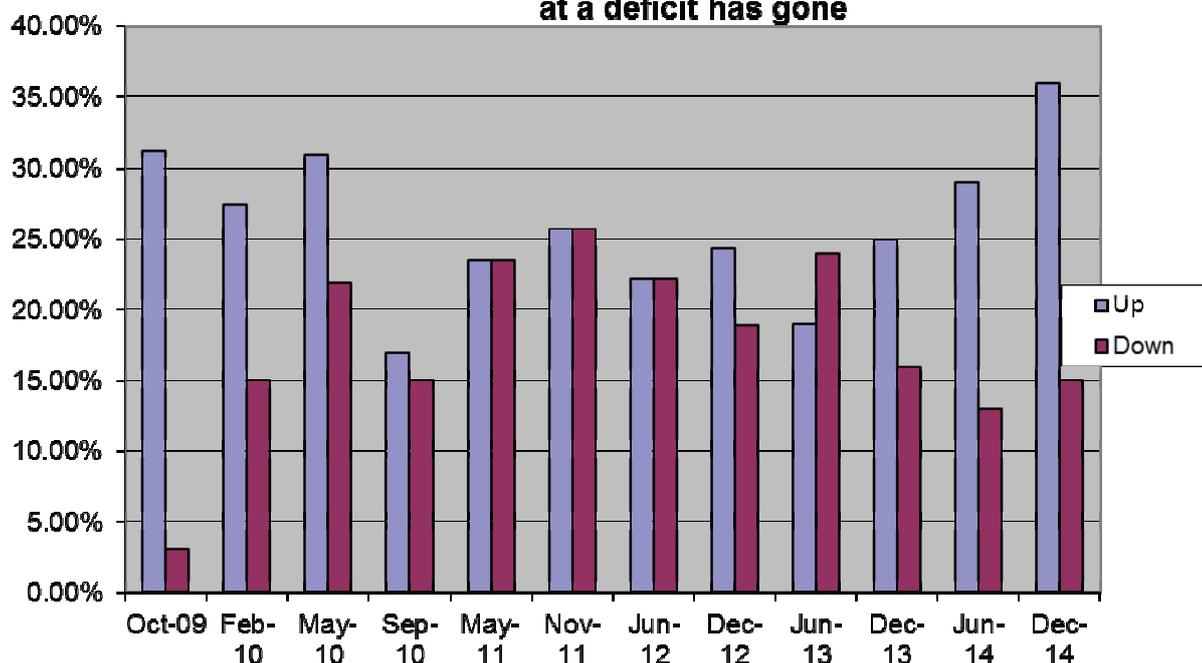
2) Local authority budget cut crisis continues

There has been no sign of improvement in the difficult funding context in which providers operate. Over the six months between June and December 2014:

- **73% of respondents report experiencing budgets cuts by local authorities**
- **36% of respondents saw an increase in the number of services running a deficit**

The survey results confirm the continued trend in funding cuts but also a worrying increase in the number of providers reporting service deficits. The graph below shows a trend starting from early 2013 of rising service deficits, with the numbers now surpassing the highest levels seen during the height of the recession. Possible reasons for this may include high levels of unpredictability in funding decisions, and recent external financial pressures that would have been difficult to anticipate (e.g. EAT decisions and living wage developments).

During the last 6 months the number of services we operate at a deficit has gone



Comments on the impact of funding cuts:

"We continue to subsidise from our own funds a number of services where we do not achieve full cost recovery. Whilst councils are urging us all to be living wage employers, they are less willing to actually pay for this."

"Cuts are putting people at risk and decisions being made are purely financial and nothing to do with people's lives."

"Uncertainty of sustainable service which can deliver a high quality personalised services."

"Increased deficits make services less financially viable going forward."

"The unpredictability of the implementation of cuts is one of the most difficult aspects to plan for."

3) Employment and workforce issues

Survey results indicate relatively stable trends in employment numbers among a majority of providers, with the majority of respondents either reporting stable or slightly increasing numbers of staff. However, there is a reduction in the number of providers expecting to increase their workforce, down from 51% in the last survey to 36%. In addition, 35% of respondents indicated they are less confident about planning for staff recruitment and retention over the next 6 months. This is more than double the proportion reporting concerns in the previous survey (16% in the summer 2014 survey reported concerns about recruitment and retention).

Comments highlight the huge challenge of improving recruitment and retention when there is intense pressure on terms and conditions due to reduced funding settlements. Respondents note the impact of a gradually improving overall economy and competition from better paid areas of the job market. In addition, difficulties with recruitment previously limited to certain regions of the country appear to becoming more widespread.

Providers report continued efforts to support existing terms and conditions, with nearly all respondents (95%) reporting stable or marginally increasing terms and conditions. Increases are in most cases focused on uplifts for staff at the lowest end of pay scales, including introduction of the living wage.

Comments on workforce issues:

"One of the reasons why certain services are not growing to breakeven level is because of the difficulty to recruit at the lower end of the job market."

"We have taken people up to last year's living wage figure, but have reduced contracted hours."

"We have struggled to deliver inflationary salary increases but have safeguarded terms and conditions."

"Recruiting is a big challenge for us. There is a big gap between what prospective employees expect to earn and what commissioners see as reasonable and are prepared to purchase."

"It is becoming increasingly difficult to recruit good quality staff. We focus on identifying people with the right values as skills and experience can be gained on the job."

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 2012-2013, CCPS members managed a total annual income of over £1.3 billion, of which an average of 76% 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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