

# Business Resilience Survey 2018

## Summary of results

### Introduction

The CCPS business resilience survey is an annual survey providing an overview of how third sector social care and support providers are doing based on a series of measures relating to general levels of optimism, finance, procurement and contracting and workforce issues. The survey has been running since 2009 (2012 for HSEU). This enables us to identify trends in organisational wellbeing and the impact of the economic, social and public policy environment in which our members operate.

### Method

The survey is accessed online using a Likert scale format and open text boxes for comments for each question. There are 6 parts to the survey covering the following areas:

- Optimism about the general business situation
- Financial trends, including income, surpluses, deficits, reserves, funding and sustainability
- Procurement trends, including engagement and withdrawal from procurement exercises and contracts
- Workforce trends, including employee numbers, pay and conditions, and recruitment
- Partnership and collaboration, including involvement with integration authorities and other service planning
- Housing support and early intervention provision

The survey is sent to all CCPS members, as well as to the Criminal Justice Voluntary Sector Forum and Housing Support Enabling Unit stakeholders. This year, 60 organisations completed all or part of the survey, of which 47 are CCPS members. This represents slightly more than half of the CCPS membership and is slightly higher than in previous years. Respondents represent organisations across a wide spectrum from the largest to some of the smallest care and support providers. The organisations represented in the survey manage a combined total annual income of more than £700 million, employ more than 25,000 people and support more than 120,000 people.

In addition to the online survey, initial results were discussed with both HSEU and CCPS members in various forums as part of the analysis. This further input has been included in the report below.

### Optimism

Levels of optimism remain low in the sector, with 41% of respondents saying they are less optimistic than last year, and only 17% expressing more optimism.

The main reasons cited for a lack of optimism included the preponderance of short term and unsustainable funding, difficulty with recruitment, and the “gulf between the rhetoric and reality” of policy.

*There is a widening gulf between rhetoric and reality at all levels in the system and the unintended consequences of policy decisions made on the hoof are having and will continue to have a massive*

*impact on the sector unless we have an 'emperor's new clothes moment'.*

For those organisations saying that they were more optimistic or neutral, they pointed to organisational developments as well as a generally friendly and supportive policy landscape.

*Positive factors include changes in the policy landscape that are favourable to the sector - eg presumption on short sentencing, focus on harder to reach participants, recognition of the issues facing our client groups. Negative factors include despite the policy landscape, funding is getting tighter, more competitive, and harder to service contracts.*

## Income Trend

Each year, we ask respondents to tell us whether, over the last year, their income has gone up, down or stayed the same. Overall, more than half of respondents said that their income had gone up in the last year. However, most (61%) of these increases in income are very small (between 1-5%), while 40% of those reporting decreases were reporting decreases in income of more than 10%. The total number of responses saying that income has gone down has increased from 7 (15%) in 2017 to 15 (29%) in 2018.

Where there were increases, this was tied to increased activity and increased costs. In a continued trend from last year, many people commented that some of this increased "income" was directly related to funding for implementing the Scottish Living Wage.

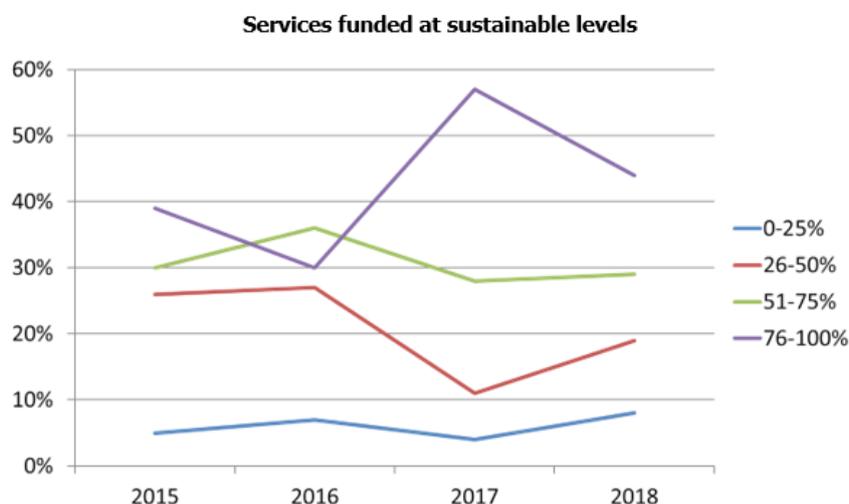
Several organisations, especially smaller organisations, commented that it took much greater effort to get the same level of funding in – with more competitive tendering and some local authorities making it harder for individuals to get the support in place.

*Apart from the Big Lottery, funding has been pretty much at standstill levels for the last few years. The main increase in our income in the last year was through additional Housing Benefit. On the face of it, this looks positive, but the reason is that we had few voids [...] - families are waiting longer and longer to be rehoused.*

*For the first time we suspect that local authorities are "stockpiling" diagnosed people - i.e. lengthening the process for the commissioning of services.*

This trend of very small increases in income, directly tied to increased activity or to a specific purpose (e.g. implementation of the SLW) has meant that there is little opportunity to build reserves that can be used to innovate or to provide a cushion for other services. Well over half of respondents this year said that their level of reserves either stayed about the same or decreased.

## Sustainability



Those organisations reporting that the vast majority of their services (over 75%) are sustainable has dropped from 57% of respondents to 44%, while the percentage of organisations saying that less than a quarter of their services are sustainable has increased from 4% to 8%. In a worrying trend, the percentage of respondents indicating that fewer than half of their services are sustainable has almost doubled from 15% to 27%.

Several organisations said that they were engaging in “deliberate housekeeping” to change or hand back unsustainable services.

*Our care homes and our housing function run at sustainable levels. However, most of our care at home services do not.*

*This again is the result of deliberate housekeeping activity to shed or stabilise loss making services. It also reflects most services being at or close to tipping point.*

Respondents pointed to the perceived drive from Local Authorities to lower the cost of services through competitive tendering as a continuing threat to sustainability.

*I expect the trend of sustainably funded services to worsen over the next few years - particularly if we end up in a commissioning landscape. Our services are significantly more expensive than the likely cost per head we could achieve through a commissioning process.*

*No authorities are willing to engage in discussing the ‘real’ cost of providing an hour’s support and still seem in strong denial about the cost of paying for staff to travel between visits. The focus remains heavily - in most contracts - on only paying for direct time spent with an individual person. Organisationally, there is increasing scrutiny on (generally loss-making) visiting-style services and this trend will continue with greater focus as the contractual model becomes increasingly unsustainable.*

We ask organisations how they are managing to run these unsustainable services. Some said they are cross subsidised by other services, others said that they use fundraised income to test new ways of working and to innovate, while others said that shortfalls are funded from reserves.

*Overall if we can balance our budget then we will continue to subsidise loss-making services with surpluses from other services. We will have a problem if for some reason we start to lose surpluses we currently have and this could mean we have to take tough decisions on loss making services*

Organisations are also reporting an increase in service deficits. While last year, only 14% of organisations said that their service deficits has increased, this year that percentage had gone up to 24%.

*The services with deficits will not be sustained in the long-term once all funding sources have been exhausted.*

*In discussion with funders about services with significant deficits. If funding issues cannot be resolved, then organisation will consider scaling back/handing back services. Issues are most prevalent in community based services.*

As we have highlighted in previous years, this trend for an increasing number of unsustainable services, decreasing (or stable) reserves, and increasing service deficits is leading to an increasing number of services being handed back.

*I expect we may need to hand more services back.*

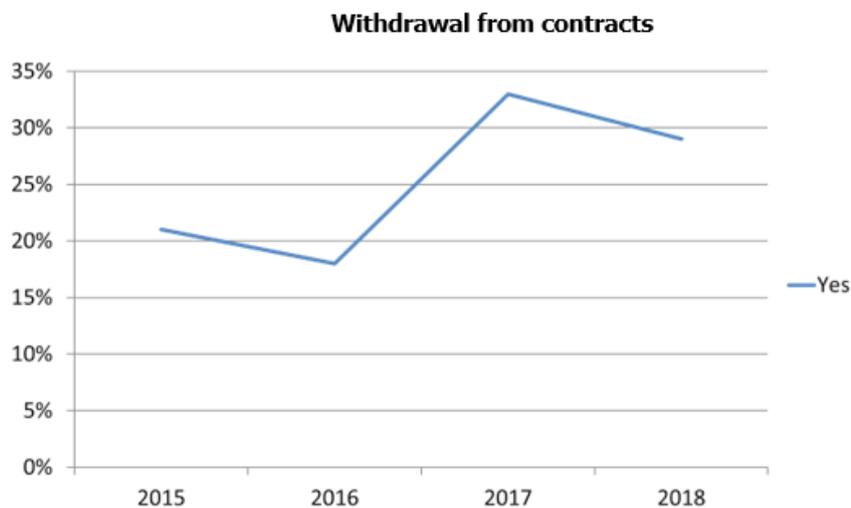
## Withdrawal from procurement process and handing back services

Since 2015 we have asked organisations whether they have withdrawn from or chosen not to engage with a procurement process as well as whether they have withdrawn from a contract that they currently deliver.

More than half of respondents (53%) said that they had chosen to not engage with a procurement process. Most of the reasons given were, unsurprisingly, that the rates or conditions of the contract would not make the service sustainable.

*We chose not to bid into frameworks (when the rate was too low to pay travel time with no guarantee of hours) and we chose not to bid into contracts in which the rate did not cover the TUPE costs of the incumbent workforce (and so it seemed that a tender was being used to drive down the cost of the incumbent). We also continued to choose not to tender as a matter of principle when a third sector incumbent was scoring high CI grades.*

*The 'hourly rate' was substantially reduced from the current, agreed rate and even reduced from the original rate 7 years ago*



The percentage of organisations saying that, in the last year, they had withdrawn from a contract or handed a service back has gone from around 20% in 2015 and 2016 to around 30% in 2017 and 2018.

The overall number of organisations reporting that they have handed services back at any point in the last four years has steadily increased, reaching 28 organisations this year. Unfortunately, this number looks like it will increase again this year as several organisations commented that, while they had not yet handed back a service yet, they were actively considering withdrawing from some contracts.

*Despite not having actually withdrawn we are currently working on some which require us to use reserves currently to keep them going. We have also threatened to hand back three services which prompted a renegotiation and a short term reprieve.*

It is never an easy decision to withdraw from a contract, not least because of the impact that this decision will have on service users. We ask organisations to tell us what happened to the service after they withdrew from the contract. While most said that the service was now delivered either “in-house” by the Local Authority or by another voluntary sector provider, worryingly, two respondents reported that the service was no longer being delivered.

*Yes, not wholesale withdrawal but in the case of [Local Authority] for example we have reduced the*

*volume of service we provide to bring it back in on budget, this saw a reduction of around 20% of the contract. This is very challenging as supported people and families do not really understand why we would take a business decision to withdraw from services*

Many respondents also reported that the impact on staff delivering the service has been significant. One provider reported that when they decided to withdraw from a contract and the Local Authority took it in house, most staff decided to apply for internal vacancies rather than transfer to the Local Authority.

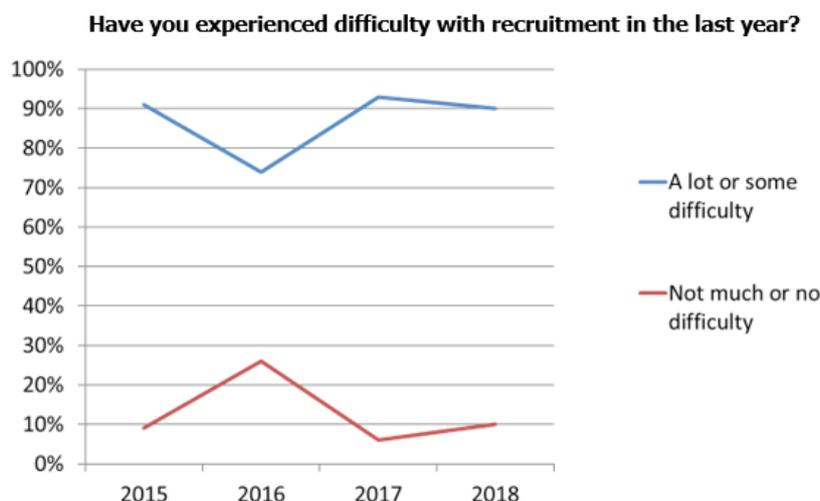
*Initial feedback was that the staff working conditions were considerable poorer than we had provided.*

The rising trend in providers handing back contracts has been identified by CCPS as a major cause of concern, particularly as it is taking place against a backdrop of broader provider withdrawal across the UK, including most recently the withdrawal of Allied Healthcare from all its social care services.

CCPS has commissioned research from the University of Strathclyde intended to explore this trend in more detail. The research will examine the nature of contracts that providers are handing back; the rationale for withdrawal; the process(es) by which withdrawal is being handled by commissioning authorities; and the impact on organisations, the workforce, the market and the people who use these services.

The findings will be published in a report in late 2018/early 2019.

## Recruitment



With the exception of 2016, over 90% of respondents have consistently reported that they have some or a lot of difficulty with recruitment. While people are experiencing difficulty recruiting to all roles, the role mentioned most often in comments as causing difficulty was a front line support worker.

*The main reason I believe is the demands of the role relative to the pay.*

*Main factor is finding candidates who fit with our values, but we're also competing with higher salaries in less stressful industries. We have increased our reliance on agency and relief workers - this has impacted on service delivery.*

Over half (58%) of respondents are also still saying that the Scottish Living Wage has made little or no difference to their ability to recruit and retain staff. Again, in a continuing trend from last year, respondents commented that the SLW was causing some increased difficulty with recruitment of senior support workers and supervisors because the differentials between the more junior roles and senior roles

had narrowed, while the jump in responsibility had remained the same.

While respondents did mention some geographical differences in recruitment, no one mentioned an area of Scotland where they were finding it easy to recruit well qualified staff.

*Different experiences across the country, but the situation varies from very difficult to difficult*

*Recruitment across Scotland is difficult. [Different] areas have different problems e.g. rural areas have small recruitment pools; urban have extensive range of alternatives employers.*

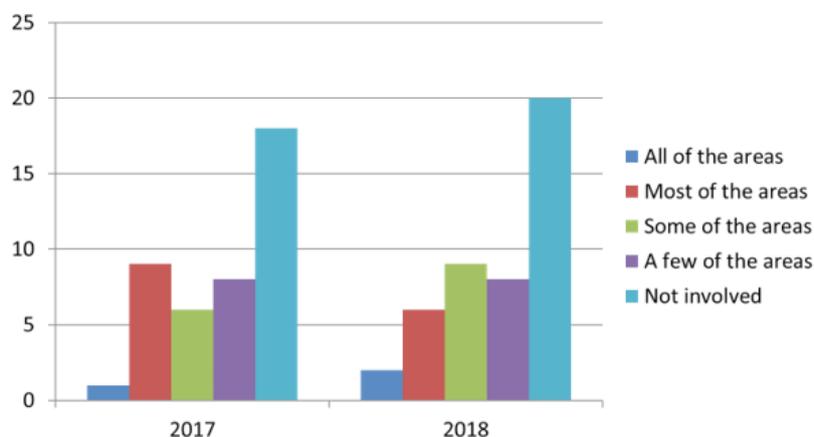
In both the survey and in follow up discussions with members, the increasingly demanding SVQ qualifications were brought up as a factor adding to the difficult recruitment environment for front line staff.

*All non admin roles have been difficult to recruit but in particular direct support staff. Many factors for this including support work not perceived as a valuable job and some commenting SVQ requirements are too demanding.*

## Partnerships and Collaboration

CCPS has been doing a significant amount of work to help providers engage with the Health and Social Care Integration process. Since last year, we have asked respondents to indicate if they are involved in any of the integration structures in the areas in which they work.

**Do you have any involvement with the planning aspects of integration structures in the areas in which you work?**



Disappointingly, two years in to Health and Social Care Integration, there is little evidence that many CCPS members are involved in the planning aspects of these structures. This confirms the submissions CCPS made to the ministerial strategic group and has been fed back to Audit Scotland for their second of 3 reports on integration.

However, CCPS would like to look more closely at the organisations (about 15%) that say that they are engaged with Integration and hopefully use these examples to enable others to become more involved in Health and Social Care planning structures.

There were also some positive indications about (some) Integrated Joint Boards (IJBs), managing the new Health and Social Care Partnerships:

*IJBs are beginning to articulate their commissioning plans more clearly. I am also encouraged by the willingness of some IJBs to work collaboratively in relation to outcomes focused contracts and alliances.*

## Conclusion

Sustainability, or rather, a lack of sustainability, has been the unfortunate theme for this year's Business Resilience Survey. Organisations that have been cross subsidising, using reserves and unrestricted income to prop up unsustainable services are having to make tough choices about those services. The "club" of providers that have handed back financially unsustainable services has grown to almost 30 organisations – and that only accounts for those who responded to this survey. This trend is not only disruptive for the organisation and staff but, more importantly, it is disruptive to those people who rely on support.



### About CCPS

Coalition of Care and Support Providers in Scotland is the national association of voluntary organisations providing care and support services across Scotland.

### About HSEU

The Housing Support Enabling Unit helps providers to demonstrate the impact of housing support and to raise awareness about the role housing support plays in helping people to secure and maintain appropriate housing. The HSEU works with and assists providers of housing support across the independent and third sectors.

The Housing Support Enabling Unit is a partnership initiative between Coalition of Care and Support Providers in Scotland (CCPS) and the Scottish Federation of Housing Associations (SFHA), funded by the Scottish Government.

### About CJVSF

The Criminal Justice Voluntary Sector Forum (CJVSF) is a collaboration of voluntary sector organisations working in criminal justice in Scotland. A list of our current members can be found [here](#). We warmly welcome new members. If you are a voluntary sector service provider working within criminal justice in Scotland and would be interested in joining the CJVSF, please get in touch. CJVSF is hosted by CCPS and funded by The Robertson trust and The Monument Trust.

CCPS is a company limited by guarantee registered in Scotland No. 279913, registered with the Office of the Scottish Charity Regulator as Charity No.SCO29199. The company's registered office is at Norton Park, 57 Albion Road, Edinburgh. EH7 5QY.