Business Resilience Survey 2019

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, including Scottish Federation of Housing Association members that provide support. This year, 51 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 the SFHA Housing Support Group 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 in the sector have actually risen a bit this year as compared to last year with 27% of respondents saying that they were more optimistic about the general business situation than they were last year (17% in 2018). Even so, just over a third (34%) of respondents said that they were less optimistic. The main reason given for a lack of optimism was a lack of certainty – in commissioning and contracts, funding, regulation and policy implementation. Many comments raised how the way local authorities were navigating the challenging economic environment affected their work and the service delivered to supported people.

"I think there is probably a balancing to zero here – there are some authorities … that are getting things in some degree of systematic order (however competent/flawed) and some that are trying to talk/collaborate now that they are in a pit of special measures … but others continue to be dogmatic [and] insular … in their approach."

"That there is lots of recognition of the issues but little by way of resolutions. Having worked in the sector for a long time there is obvious roll back on what people should expect as support for the state. We are seeing hard-pressed colleagues in the statutory sector resorting to more command and control approaches, taking significant decisions with far reaching consequences without recourse to stake holder consultation [or] equality impact assessments."

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 (39%) of these increases in income are very small (between 1-5%), while 22% of those reported income levels staying about the same and 19% reporting a decrease in income.
Where there were increases, most comments said this was directly related to an increase in funding for the Scottish Living Wage (SLW). Although this policy (to pay all Adult Social Care support workers at least the SLW) has now been in place for 3 years, there are still issues with its implementation.

"Income has generally gone up due to SLW rate rises but in some cases rates have increased and hours have reduced, resulting in income remaining the same. One large contract had a rate/hours reduction imposed."

"Main reason [for the increase in turnover] is the increase in the SLW."

We also ask organisations whether the cost of implementing and uplifting the SLW has been fully covered by the Local Authority (in accordance with the policy commitment made by ministers.) Since 2017, the proportion of organisations reporting that the SLW increase has *not* been covered has increased from 10% to 23%.

Rate increases for SLW, when they are passed on, can often vary by area or by type of service. In some cases, the Local Authority has simply not passed any increase on to the provider due to their own budget constraints.

"In one authority we've received generous uplifts to cover care at home services (appreciating the cost of travel) but in the same authority we've also received 0% uplift for a housing support service because the authority had no allowance in that part of their budget."

"Some councils are good [with] their SLW settlements/offers – other chose not to be so good and look to us to make savings or continue with the game of winning money back and continue with the ideology of cheapness and cheap treatment."

Another common issue is that, even when fully covered, the SLW increase does not reflect wage differentials within organisations and in some cases, does not cover increased on-costs.

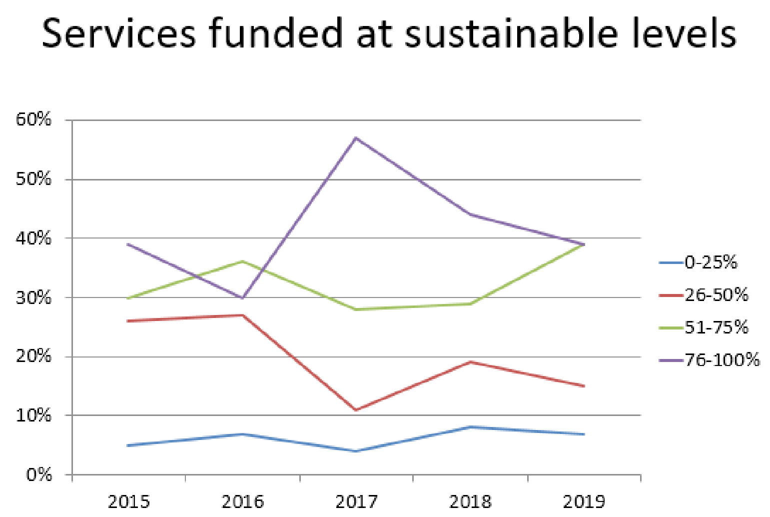
"[The SLW] only covers the basic wage and provides nothing for qualified or long serving staff."

Several respondents reported issues around the late agreement of contracts and late payments. This puts added pressure on organisations, making their finances – and therefore services for individuals – more precarious.

"Difficulty in getting hourly rates agreed/lateness of these/and the shortfall between our price and

what 3 Local Authorities are paying us. Not confident that next year will be any easier and whether the [Scottish Government] will continue to fund extra to LA's for the [SLW]. Also no sense that the Fair Work agenda is matched to any funding."

Sustainability



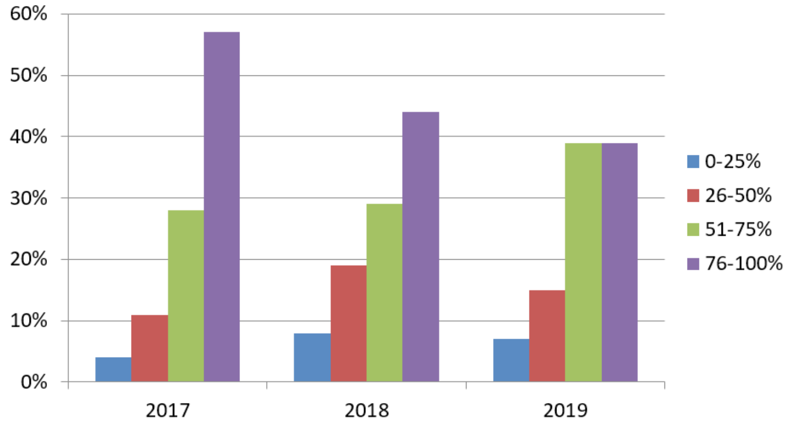
Those organisations reporting that the vast majority of their services (over 75%) are sustainable has dropped steadily for the last three years from 57% in 2017 to 39% this year.

This sense of services being either maintained or getting worse was reinforced by data on service deficits. 23% of our respondents reported service deficits as being up, almost the same as last year (24% in 2018), and 56% reported deficits as being the same as last year.

When asked how unsustainable services were continuing to be financed, 29% of the respondents said that funding came from the reserves. Also of concern was the small number (5%) of organisations who described financing the services using charitable donations. Luckily, this year respondents reported that reserves are either staying the same (39%) or have increased (39%) - though only by a small amount.

Increases in reserves notwithstanding, the trend of an increasing number of services still requiring financing from elsewhere within the organisation to continue is a worrying one, especially given that 34% of respondents in total are using either reserves or donations. One good piece of news has been the continuing trend for services receiving inflationary uplifts and a corresponding reduction in services receiving no uplift since 2016:

Services funded at sustainable levels



However, comments in response to this question revealed that most uplifts were due only to the implementation of Scottish Living Wage:

"We have received some uplifts to maintain the SLW but no generic inflationary uplifts to total contract values."

"Most related to NLW/SLW increases"

"76-100% of services received SLW uplifts 0-25% of services received an inflationary uplift in addition to SLW"

"Related to SLW so not real inflationary uplift."

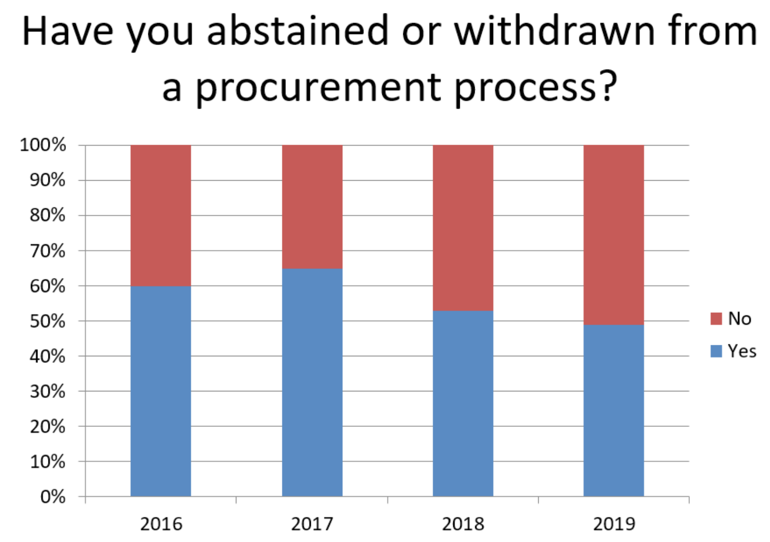
It should be noted that this year saw an increase in organisations reporting 50-75% of their services are now fully funded (from 29% in 2018 to 39% in 2019). This may reflect the continued efforts to hand services back and not engage in bidding for unsustainable contracts.

"Over recent years, most unsustainable work has been reconfigured or handed back … so our position is rather positive."

We will continue to assess for unsustainable services and consider handing these back. Hand back makes us more sustainable. We expect some more of this.

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.

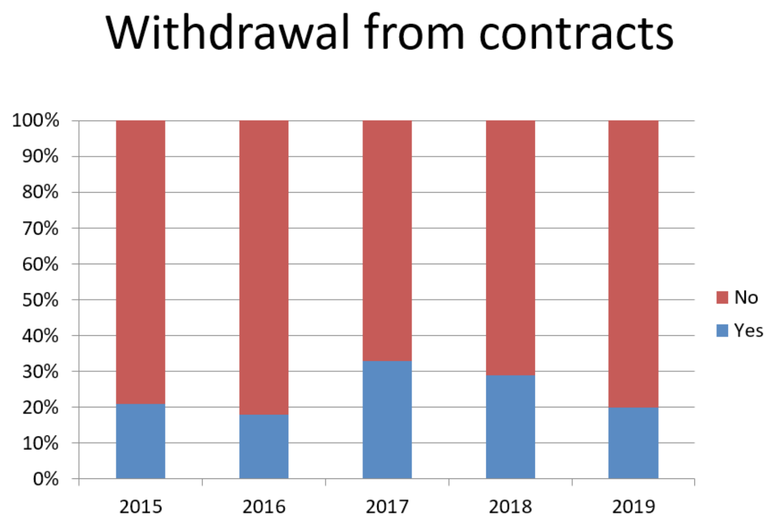


Just under half of respondents indicated that they had chosen to abstain or withdraw from a procurement process in the last 12 months. This represents a slight downward trend from a couple of years ago. Similarly, it seems that fewer members are now withdrawing from contracts compared to the spike in numbers in 2017.

Respondents often highlighted that financial sustainability of services was a primary consideration for them when considering whether to bid for a service.

"We have abstained from a number of contracts due to cost/price. [This is] challenging for the organisation as we are then encountering some of these young people when life has gotten considerably worse for them. I expect this trend to get worse."

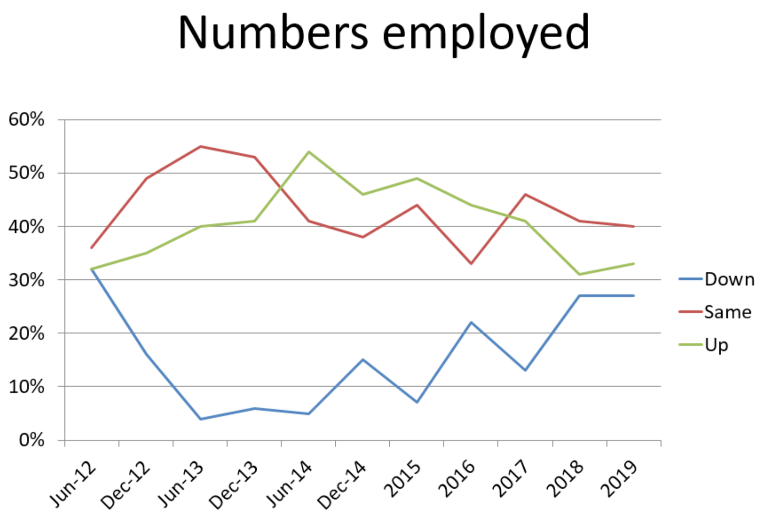
T"he available finance in each [area] was insufficient to deliver a service that [we] could justify. This does appear to be a growing trend"



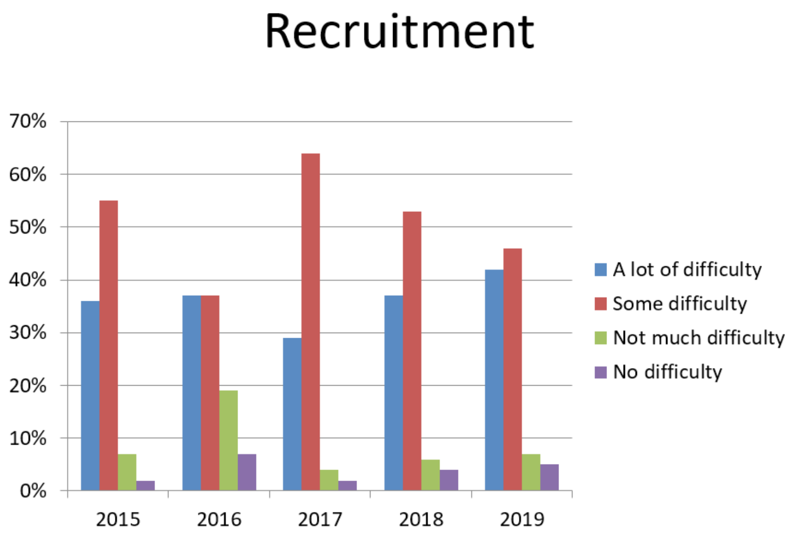
Two separate organisations noted that they were monitoring existing contracts and might still give notice on them. The data on procurement seems to support the overall narrative this year of our members focusing on maintaining their existing services, with concerns about how sustainable things may be in the coming years.

Recruitment

Respondents reported numbers of staff employed similar to last year, with not much movement.



However, 88% of employers are still reporting either 'some' or 'a lot' of difficulty in recruiting suitable staff.



Comments suggested a broad range of factors continuing to create challenges for recruitment:

"Swamped market of similar providers all recruiting from the same pool."

"Turnover of staff remains a challenge along with securing suitably qualified and experienced people particularly outwith the main cities."

"Factors include historically low unemployment and a reduction in salary differentials between us and our competitors."

"[Applicants] not understanding the level of responsibility in role and people applying due to DWP

pressures."

"Brexit has also been a significant factor as we do not see as many candidates from Europe as previously."

All of our respondents acknowledged the importance of fair pay and conditions for their staff. They were broadly supportive of the policy to pay the SLW. But when members were asked whether it has improved recruitment and retention, it would seem that the impact, which was not high to start with, has diminished over time:

Conclusion

This year's Business Resilience Survey paints a picture of a sector managing in the face of increasing pressures. However, for a second year running, an increasing number of services required additional funding to be sustainable. Organisations continue to report using reserves and cross-subsidising to fund service deficits and maintain services. This a worrying pattern to see two – or more - years in a row.

Providers are well aware of the financial difficulties that Local Authorities and Integrated Joint Boards (IJBs) face. However, it is not sustainable to continue to expect social care providers to pick up this cost for unsustainably funded services. Indeed, in previous years we have highlighted the trend for providers to "hand-back" unsustainable services. The recent Accounts Commission report that local authorities and IJBs are facing similar challenges with their own funding suggests that this situation is unlikely to improve without intervention.

Though it has now been three years since implementation, SLW stood out as a theme in this year's survey. Most increases in income were related to SLW in some way, meaning that the increases were small and could not cover other cost pressures. While it is difficult to unpick entirely, it seems that most "inflationary" increases were actually increases relating directly to SLW, meaning that they are not enough to cover any inflationary increases in non-staff costs, nor inflationary pay increases for staff paid above the minimum rate. Part of the driver for the SLW policy was to improve recruitment and retention for social care providers. Unfortunately, it does not seem to be having as much of an impact as hoped and employers are still having great difficulty with both recruitment and retention of qualified staff.

Our members' experiences with supporting SLW indicate that the costs of any further policy implementation will need to be carefully considered. This year, the BRS shows a sector managing in the face of difficult funding environment, as service deficits and other financial pressures continue to grow.

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.

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