Business Resilience Survey 2017

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, workforce issues and partnership and collaboration practice. 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 Criminal Justice Voluntary Sector Forum and Housing Support Enabling Unit (HSEU) stakeholders. This year, 48 organisations completed all or part of the survey, of which 41 are CCPS members. This represents 50% of the CCPS membership, is a marginally improved response compared with previous years, and includes a 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 and focus groups as part of the analysis. This further input is included in the report below.

Key messages

- Sustainability of services is a significant issue for the majority of respondents;
- Decisions to withdraw from tenders and contracts is a growing trend: 60% have withdrawn from or decided not to participate in procurement exercises in the past year; 30% withdrew from one or more contracts; with another 10% actively considering withdrawal;
- Policies like the Scottish Living Wage (SLW) and integration of health and social care have not yet begun to have a positive effect on sustainability, and in some cases are having the opposite effect;
- Respondents expressed concern about gaps in service provision; especially people with more complex needs failing to access services.

Optimism

Levels of optimism remain low in the sector, with 38% of respondents saying they were less optimistic than last year, and less than 20% expressing more optimism. The main reason for being less optimistic has changed little over the past 6 years of this survey, with local authority cuts cited by 27% of respondents. Interestingly, the next most common reason was the introduction of the Scottish Living Wage (SLW). This was principally because of the challenges it has created for organisations in relation to the provision of sleepover support and because of the difficulty of maintaining appropriate differentials between staff roles.

Related to that, the next most referenced issue was staff retention and recruitment. We will expand on this issue later in the report. There were also several comments about increased regulation and registration requirements for the workforce. Finally, respondents noted

"the increasing demand/expectations from both service users and commissioners".

On the positive side, several respondents welcomed the SLW as an indication that the government recognised the increasing importance of social care and its workforce. In the words of one organisation:

"the financial challenges facing social care have a much higher profile, are more widely understood and have also risen up the political agenda".

There was also mention of digital transformation offering a great opportunity for the care and support sector:

"On the positive - tremendous opportunities through digital transformation".

CCPS's digital technology and social care event in September demonstrated the extent to which members have embraced this area and the level of creativity and positive outcomes for service users resulting from their efforts. There was a call from the sector for better sharing of ideas and better coordination with the work of local authorities and the Scottish Government. CCPS will be supporting this and encouraging provider engagement in initiatives at both levels.

Sustainability

For the past three years the survey has asked respondents to tell us what proportion of their services are funded at sustainable levels. The trend over the first two years was that respondents divided fairly evenly into three groups - approximately one third said that less than 50% of their services were sustainable; one third said between 50-75% were sustainable; and one third reported between 75-100% sustainability. This year there is a shift in relation to adult care and support providers, with more than half saying that 75-100% of services are funded at sustainable levels. Based on comments received and our focus group sessions, there are two main reasons for this shift. The first is the impact of the SLW policy, and the second is the cumulative impact of service withdrawal and more rigorous attention to the sustainability of tenders and existing contract terms, which is leading to a withdrawal from the market.

Payments from Health & Social Care Partnerships to providers as a result of the Scottish Government's SLW policy represents the first uplift for many years. Indeed, for many providers it has helped to make daytime rates sustainable. However, it remains a huge challenge for those providing sleepovers. The majority of respondents expressed concern about the future of the policy, and how fully it will be funded across the 32 different local authority areas in the future.

By contrast, many providers noted that levels of sustainability are as much about the fact that providers are withdrawing from delivering deficit running services and have been much more cautious about what they chose to tender for.

There is also a concern about more complex services and individual care packages becoming more difficult to negotiate sustainable terms and a trend towards organisations keeping the simpler work and

refusing or withdrawing from the more complex, higher risk cases. A number of respondents voiced concerns about the potential for a growing gap in service provision for people with multiple and complex needs.

In addition, providers report more careful analysis of the context in which a contract sits. For example, whereas in the past they may have taken on less sustainable contracts, they are more purposefully avoiding them now if there is insufficient financial provision for travel costs, or where recruitment is especially challenging. Some providers also report being much less flexible in the way they approach contract delivery; in the words of one provider

"we are no longer over-delivering"'

Another provider reported they are much less inclined to make investments for the future because the risks are too high and the experience of being taken advantage of has left them reluctant to develop new areas or services.

The impact of policy changes on sustainability

Most respondents welcomed the intention behind the government's commitment to, and extra funding for, the SLW for all adult social care workers. However, the distribution of the funding and the varying approaches taken across the country did not help to create greater sustainability for services. Further, there is still little evidence that the integration of health and social care, another flagship policy designed to support sustainability, has yet made any measurable contribution to sustainable services within the third sector.

The following comments illustrate the perceived impact of the SLW and other policies on the sustainability of care and support providers:

"SLW charges together with new ancillary costs such as the apprenticeship levy threaten the sustainability of services. The more intense financial environment will reduce the willingness and ability to carry service deficits through periods of deficit and as such will likely see an increase in underfunded services being handed back."

"The main factors are the increasing workforce demands, such as maintaining the SLW and keeping pace with staff turnover and the need for a qualified workforce, none of which is adequately provided for within the current funding constructs, regardless of some additional funds via the SG settlement. Only 1 of the 3 local authorities we contract with have offered additional funds"

"If we had answered this question based on daytime support only, around 75% of our services would be adequately funded. Our provision of overnight support is not funded at a sustainable level in most Local Authority areas and the overall impact of that will depend on the Scottish Government decision on the sleepover rate".
[as we know, since the survey the decision has been to pay £8.45 per hour for sleepovers]

"Around 50% of our social care operations are sustainable for the next year based on agreed funding rates so far. Sustainability of the other 50% of our business is dependent on a number of funders accepting our revised rates which would have previously been signed off through standing orders and rates agreed with our 'host authority'. An increasing number of Health and Social Care Partnerships are now not accepting the rates agreed by the host authority. The process of increased negotiation puts additional pressure on our organisational management support resource and costs. This may not be sustainable".

As noted above, many comments reveal that respondents are considering withdrawing from contracts or have already done so, due to a lack of sustainable terms. These are a sample of comments provided in

response to the sustainability questions, which reference this trend. In the next section of the survey we delved into the matter of procurement and contract withdrawal in greater detail:

"We would expect this trend to continue and will now consider in the coming year the financial viability of services with potential exit from contracts".

"We've given notice in those services that were not sustainable".

"Reducing funding for public services. The income from contracts barely covers the cost of service delivery. The problem is covering central costs".

"We are more robust in our tendering and grant applications and where we can't reconfigure loss making services or get additional funding we are closing services or handing these back".

Withdrawal from procurement process

The percentage of respondents reporting that they have withdrawn or abstained from a procurement process in the past year remains significant, with a slight increase over last year, up to 65% from 60% last year. This is the third year we have asked this question and the trend has remained consistently high across all three years.

The principal reason for withdrawing was inadequate funding or unsustainable hourly rates. Respondents also noted other issues, including 'draconian' or 'toxic' contract terms that placed 100% of the risk on the provider; high travel costs not recognised; recruitment difficulties; and the impact of TUPE, where salary levels are set in tenders with no regard to existing salary rates in the market or with current providers.' Again, a number of comments refer to the growing concern among providers about service users who are losing support or are not getting into the system at all; the level of unmet need and the extent to which that is going unrecognised. One comment captures this well:

"…adult social care budgets are not sufficient for more challenging service users, no support for risk taking, and trying to transfer out of the public sector cases they cannot handle and cannot financially support".

And other comments:

"There have been several tender opportunities in which the total contractual value seemed insufficient to meet the expected costs of operating the service. I wrote to the commissioner explaining why the value was insufficient to even meet the TUPE liability. I received no reply. The tender collapsed shortly after".

"We are being more discerning about the work that we will take on. This is largely based upon the nature of the relationship we have with the funding authority. If we have a relationship based on partnership ideals and mutual respect we would take a greater risk. If not, we would not respond to the tender.'

"We have made a conscious decision not to tender if rates proposed are not considered to be financially viable or sustainable".

"I do expect this trend to continue with the selection of viable tendering opportunities becoming very challenging".

We wanted to know if this phenomenon is limited to specific types of care and support services or whether it is widespread across the spectrum. Responses appear to indicate that financial sustainability

is an issue across all service types, with care at home services mentioned most frequently, followed by learning disability, community based support and housing support. In that regard, at least two respondents said they have decided to fully withdraw from care at home work. Both organisations have annual income of over £20M.

Withdrawal from contracts

Pursuing this line of questioning a step further, we asked respondents to tell us if they have pulled out of existing contracts in the past year. Compared to last year, there has been a significant increase in the numbers reporting withdrawal, from just fewer than 20% last year to 33% this year. In addition, another 10% said this was something they were actively considering. Of this latter group, two specifically mentioned that this related to the issue of inadequate sleepover funding.

Mirroring the previous answers, the types of services affected are wide ranging and included care at home (the majority), care homes, community based support, children's services, housing support, and adult social care.

We were interested to find out more about the impact of this growing trend. Of those withdrawing from a service, 2 said that the service was no longer being delivered, 3 said it was being delivered by a private sector provider, 2 said that it was being delivered by a different voluntary sector provider, 3 said that it was being delivered in-house by the Local Authority and the remainder did not know.

Overall, respondents said that there has been a negative impact on service users and staff: less choice and control over the support they receive, services replaced by poorer quality services, and the effects of contract changeovers on staff and service user morale:

"I think Local Authorities will need to realise that expecting 'cheap' services results in unsustainability and that can ultimately be more financially expensive for them to take in-house, in addition to the (most important) significant human costs of disruption on those vulnerable people who receive the service".

One respondent went so far as to speculate that the consequences may prove fatal for some service users:

"In some instances, particularly in relation to care homes, service users were dispersed to both private and local authority care home providers. The consequences in many instances were fatal for service users".

Based on the response to this and other questions, withdrawal from services seems to be on the increase and providers are acutely aware of the impact on service users and staff.

Deficits

Each year we ask providers to tell us what has happened over the year in relation to the number of services they are running at a deficit. The trend since 2012 has been increasing, from fewer than 20% in 2012 up to 50% last year reporting an increase on the previous year. This year sees a decrease in this figure.

There appear to be two main reasons for this reversal of the trend. A number of comments indicated that organisations were negotiating more realistic funding settlements with commissioners. However, 25% of respondents indicated that the reason that their deficit services had decreased was because they had withdrawn from unsustainable services.

This is a strong theme running through the survey comments and was echoed in our focus group sessions, where the majority of participants said they are actively withdrawing from delivery of unsustainable services and in general have become more determined not to engage where a contract or tender is not financially viable.

While in some cases this is producing an improved picture in terms of deficit trends, providers note the impact on service provision and specifically the impact on more difficult, complex cases, which are increasingly not getting picked up. As mentioned earlier, in areas where recruitment is difficult, providers are choosing not to get involved in service delivery.

Comments from the focus group also implied that the cumulative impact of almost a decade of static funding is that providers are less able to take risks, innovate or invest in future delivery. Organisations are shying away from innovation in some cases because of an imbalance of risk and their experiences of fronting early stage costs on the back of promises that are subsequently reneged on, typically by statutory partners.

One of the more unexpected reasons for the lower number of services running at a deficit was the high level of staff turnover. Where gaps remain unfilled, it helps make the service budget balance on paper. However, left unchecked this is can also have a negative impact on the quality of service and outcomes for service users.

Local authority budget cuts

The trend in funding cuts imposed by local authorities shows no sign of changing. Over the past year, nearly 70% of respondents reported budget cuts. This trend has persisted over the lifetime of the survey and has always sat above 60% of respondents.

Comments from respondents highlight some of the more long term negative effects of this extended downward pressure on funding, which are having an impact on sustainability of services and an impact on service users.

There is a general consensus that there has been a shift in the financial and other risks related to service delivery. Many providers believe that they are now carrying all the risk in contractual terms and that this is neither sustainable nor just.

Respondents also noted the difficulties of short term funding arrangements, with many services caught in continual one year funding cycles, which greatly limit investment, innovation, and the organisation's overall commitment to work with statutory partners to develop services over time.

A significant proportion of respondents commented on their efforts to rethink the way services are delivered in order to reduce costs and maintain outcomes. Some of this activity has been led by the provider, and some has been in discussion with or imposed by statutory partners. There is growing evidence that the impact of budget cuts, coupled with organisations reporting that individual support packages are being cut, supports concerns about decreasing availability of services more generally. Providers referred to the example of recent policy announcements intended to improve pay for adult care and support workers by requiring payment of the SLW. The general view is that the decision to apply this to sleepovers will result in a reduction of support for service users and a reduction in wages for care staff because of the absence of additional resource to pay for it. A further frustration for providers is that the current debate about how to resource the SLW has not even begun to address the challenge of differentials between junior and senior staff.

We were interested to know to what extent the national policy drive for more partnership and co-production is reflected in the reality of how funding cuts are being addressed through service redesign. A small number of respondents reported working productively with their local authority partners. In the focus group session, there was general agreement that there are some good examples in small tests of change but in the context of frameworks, there has been very little movement towards a more collaborative approach to solving the funding challenges. Several focus group participants reported a noticeable increase in activities that are labelled 'co-production' and more pre-commissioning activity badged as co-production, but with little genuine partnership working.

Furthermore, there is a level of anxiety among respondents about the sustainability of redesigned services, which often require large amounts of time, energy and resource on the part of the provider, with

little or no return. Providers recognise the good intentions, but local authority funding constraints and perceived risk aversion make progress towards more sustainable models very difficult.

Respondents again raised concerns about the impact of persistent funding cuts on the reach of services into the community.

"However, we know there is unmet need and a growing number of people who are not getting a service. This is the concern".

Participants in one of the focus groups quoted the example of the hundreds of people still in long stay hospitals who are ready for discharge. The harsh reality is that in some instances, the local authority is unable or unwilling to fund this care in the community.

The following comments again reflect the trend towards reduction in service delivery:

"We have been through a process of review of services with the LA which has resulted in some services being reduced and service redesigned".

"Cutting of support packages - being replaced with smaller packages"

There was a smattering of comments referencing more collaborative engagement with statutory partners in the face of cuts but these remain exceptional:

"Increased cost pressures for local authorities has led to proactive partnership working to review service provision and ensure continuity of service and delivery of outcomes".

"We have worked with local authorities to redesign services where possible and actively look to reduce contracts as standard within organisation to ensure people are not over supported. We would expect to see further cuts in the coming year and have adopted a service redesign programme to offset where possible".

Workforce issues

Recruitment

The vast majority of respondents (nearly 95%) reported that they were having some or a lot of difficulty with recruitment. This figure has fluctuated over the past three years but remains a key concern for providers and has increased from 75% last year, despite the introduction of the SLW over the period in question.

Front line support workers continue to be the most difficult group to recruit. The most commonly noted reason is low pay. This contributes to the problem of turn-over, with a number of respondents highlighting the costs of recruiting and training new staff, only to lose them to better paid posts in the statutory and other sectors. Respondents note difficulties in recruiting quality candidates in both front line and management positions, and how highly variable the quality of applicants can be depending on geographical area. Several noted the impact of SSSC registration requirements on the pool of candidates. These comments are typical:

"We compete now with other care providers on reputation rather than starting salary. Management posts are more difficult to recruit for as there is a much smaller pool of available and qualified [candidates]."

"Sometimes it is not a shortage of applicants but a shortage of good or suitable applicants."

This is the first year we asked about the effect of the SLW on recruitment and retention. Perhaps slightly worryingly, most respondents said that it either made no difference (60%) or only a slight positive difference (40%).

For those organisations that were previously living wage employers, the policy took away their competitive edge. However, a few respondents pointed out the positive side to this: that now organisations had to compete on values and reputation:

"(the) playing field across the voluntary sector is level and recruitment is becoming more values based and employer focussed".

"Significant choice of employer within the sector, people choosing not to come into care, difficult job particularly in services which are challenging and these are increasing".

These findings are consistent with the results of the Care Inspectorate's recent report on recruitment and retention in the social care sector, which noted that over 50% of housing support and care at home services reported one or more staff vacancies in the past year and reported problems filling those vacancies. The Care Inspectorate specifically expressed the hope that these statistics would be considered helpful for planners, commissioners and policy-makers.

Partnerships and collaboration

This section of the survey asks about partnership working among voluntary sector providers, and involvement in strategic services planning with Health and Social Care Partnerships (H&SCPs), children's services and criminal justice services.

There has been no significant change in the collaboration trend, with a majority of respondents engaging in some form of partnership working within the sector. The range of collaboration continues to be diverse, from informal information sharing, to specific shared services, consortia for service delivery and alliance contracting.

Despite the establishment of H&SCPs for over a year, and the formal inclusion of provider representation, 42% of providers report no involvement in their strategic planning. For those that are involved, the majority report that the impact is still difficult to measure, while the commitment of time and energy is significant:

"the involvement is at a strategic planning group level and the impact has largely been one of additional time commitment. At present, it seems that these groups do not have significant influence over commissioning decisions".

There has been no noticeable change in involvement with local third sector interfaces (TSIs) (who have a role in supporting third sector engagement in the H&SCPs) over the past year. It remains a mixed picture with about 35% of respondents engaged in some or most of the areas where they work and 35% not engaged at all. There are a few reports of some excellent working relationships with TSIs who have strong organisational structures supporting constructive third sector input to the H&SCP. At the other end of the spectrum, there continue to be issues with the way some TSIs appear to develop their own interests, in direct competition with the sector.

Involvement in children's and criminal justice services planning remains limited. Despite relevant changes in legislation over the past two years aimed at increasing wider participation, this trend shows no sign of shifting yet.

CCPS has, however, hosted the Strengthening Engagement Transition Project since 2015, which has sought to encourage and support third sector participation in the new model for community justice. Activity to date has involved bringing statutory and third sector partners together in local authority areas to discuss their common challenges and opportunities in relation to third sector engagement

in community justice process and has led to creation of a number of formal routes for the third sector to engage at a strategic level. Project work will continue into 2018 with a view to extending the opportunities for engaging the third sector strategically as local community justice arrangements develop and reporting on the first year of the new system begins.

Conclusion

While providers recognise the benefits of many recent policy changes for social care – Scottish Living Wage, Integration of Health and Social Care and Self-Directed Support – these have unfortunately not resulted in the step-change required to ensure that social care services are sustainable in to the future. Issues around Local Authority budget cuts, low hourly rates, recruitment and retention difficulties and a continued reliance on competitive tendering have continued or, in some cases, increased since CCPS started this survey. This trend is especially disruptive for more complex service delivery, meaning that people with multiple and complex needs are finding it harder to access services in their communities. The growing trend for providers to pull out of service delivery where it is financially unsustainable should be carefully monitored to prevent long term impact on the quality and diversity of service provision, and the corresponding outcomes for people who need 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.