

Business Resilience Survey 2020

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 and 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

This year to acknowledge the impact of COVID-19 on social care service provision, we have added a number of extra questions, covering the following areas:

- Impact of COVID on costs
- Whether tendering and procurement continued during the pandemic
- Closure of services and furloughing of staff
- Use of technology to change delivery of services

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. In 2020 39 organisations completed all or part of the survey, of which 35 were CCPS members. This represents a little less than half of the CCPS membership. The response rate was lower than in previous years, perhaps reflecting the consultation fatigue that many providers have reported during the pandemic. 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.

Optimism

Levels of optimism in the sector had seen an increase in 2019 for the first time in four years, but unsurprisingly this has not carried over into 2020, with 56% of respondents saying they were less optimistic than last year, a jump of 22%. This is the second highest percentage since 2012, with only 2016

higher.

The principle reason for the lack of optimism was the continued concerns over the tightening of local authority budgets, the potentially negative impact of Brexit on the labour market and the economy.

“The pre-Covid issues such as recruitment and retention in social care, funding the annual SLW increase, LA contracting practices, sustainability of social care and the lack of priority social care held in strategic planning have continued over the past number of months so the issues remain the same.”

“We continue to see commissioning agencies seeking to reduce price and to pass risk to providers, despite the hype about us as partners in integration.”

This year we asked an additional question about how Covid-19 has impacted outlook. The response was mixed. Some noted the additional pressure of working under stricter clinical requirements, some noted that the pandemic exacerbated existing pressures. However, several respondents also noted that social care's importance was being recognised as a result of Covid-19.

“A major contributory factor - both directly influencing our activities and wider impact on public finances.”

“Covid-19 and the scrutiny on the care homes which are being judged against clinical standards, and the impact this has on the morale of care staff. Nationalised care service discussions are unsettling when we are working hard to fight this pandemic.”

“Concerned that Covid financial recovery will have negative impact on public spends which will affect purchased services and the quality of support people receive today.”

“Potentially this should be a time of great optimism given how much the profile of the sector has been raised but if we fail to harness this appropriately there is a danger of falling back into previous negative default positions in terms of commissioning.”

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. The percentage of respondents reporting that their income had increased went down in 2020 (from 58% in 2019 to 43% in 2020), despite the additional funding made available by the Scottish Government to cover the costs incurred in responding to the pandemic. This is perhaps not altogether surprising, given the significant difficulties experienced by providers in accessing this funding. Many of the comments said this reduction in income was linked to a reduction in services – and perhaps other income that came from services that needed to close (such as charity shops) – as well as a reduction in fundraising income.

“Less spot purchase income during lock-down and suspension of a face-to-face fundraising campaign.”

“Paid as planned has worked well for most of our services other than respite care/spot purchase. However, I fear the second half of the year will be much tougher.”

Costs

This year we asked a specific question about the impact of Covid-19 on costs. Unsurprisingly enough, 70% of respondents reported that costs had increased as a result of the pandemic. Almost 20% of respondents said that there had been an increase of more than 10% in their costs.

PPE was the most common reason for these increased costs. Other commonly cited factors were increased IT costs (due to home working), cover for sickness absence, and cleaning costs. For accommodation services, such as Sheltered Housing, increased vacancy rates also has an effect on costs and income. Most of these increased costs will continue for some time beyond the pandemic. Many respondents also reported that these costs had not been fully covered by any of the COVID recovery funds. Some organisations did say that they were saving some money on buildings and travel expenses, though they were definitely in the minority.

"[Increase in] one off costs such as IT infrastructure, but still spending on other areas increasing - e.g. purchase of large vehicle to assist with transportation allowing for 2 m distance etc."

"Delay in bringing new people in and starting their support due to Covid risks. Lots of extra money had to be spent on Digital, PPE and extra staff wellbeing support etc. and not getting any of this money back."

"We had significant one-off IT costs to facilitate lots of staff working at home but managed to minimise this by allocating rarely-used devices to some colleagues on the assumption that initial lockdown would be time-limited. When it became apparent that working at home would last longer, it was clear that these devices were not fit-for-purpose and so had to be replaced, leading to a second tranche of increased IT costs. If working at home continues in some form, then clearly there will be significantly more devices in our asset register requiring to be replaced over time and hence increasing longer-term IT costs."

"Occupancy levels an issue particularly in older peoples services. Staff wellbeing activity costs increased, as well as an increase in IT costs."

Scottish Living Wage

Each year we ask organisations whether the cost of implementing and uplifting the Scottish Living Wage in social care is fully covered by Local Authorities (in accordance with the policy commitment made by ministers.) Between 2017 and 2019, we had seen an increase in the proportion of organisations reporting that the SLW increase was not covered from 10% to 23%.

In 2020, this number was zero. 48% of respondents said the cost of implementation and uplift was completely covered, and the remainder saying it has been partially covered. Despite this relatively good news, there were still some issues highlighted in comments:

"Some contractual agreements in place could not pay for the 3.3. percentage increase due to insufficient resources, for example The Public Social Partnership (PSP) and smaller grant-funded contracts meant that under these contracts we did not have enough resources to pay 3.3% workers uplift, however [we] elected to award this to all staff, which potentially makes the contracts not viable."

"We are using money that we didn't budget for/this will impact on our margins and will likely tip us into deficit at year end."

"Agreements were reached (reasonably) promptly in most LA areas... although it did take time for payments and backdated payments to be processed."

"I've only seen one commissioner offer a cost of living increase (of 1%) once in the last ten years. SLW uplifts have overtaken any other rate uplift. The SLW commitment does not account for other cost

increases, therefore most rate uplifts are insufficient in real terms (especially given the additional Covid costs that are somehow not being paid)."

Local Authority Budget Cuts

Similarly, 2020 marked the first time since we began this survey that a large majority (72%) of respondents said that they had not had budget cuts. This, as well as the suspension of competitive tendering by many authorities (as recommended by COSLA and Scottish Government) was warmly welcomed by respondents.

However, some who mentioned cuts said that COVID was a factor in those cuts.

"Most cuts have been presented as 'efficiency savings' but Covid-19 has sometimes been mentioned as a factor."

"Initially we saw reduced packages of support being assessed for referrals but we negotiated this and now there is much more flexibility. We found in reality that it took longer to support young people on the phone and once the local authority realised that, it was fine."

The impact of COVID-19 on services

This year we asked three questions about whether services had to be closed during the lockdown of March-June 2020, what volume of services were closed, and whether services were able to be delivered digitally.

58% of respondents had closed services temporarily during the lockdown period, but the proportion of services closed was rarely more than 25%, suggesting that the majority of services stayed open during lockdown.

Members used the pandemic to innovate in delivery of services, with 77% of respondents stating they had used digital technology to transform services since the start of the pandemic.

Comments indicate that the use of digital technology varied – in some cases it was to enable staff to communicate whilst working from home, in others, new case management systems, and then the use of video technology to enable support.

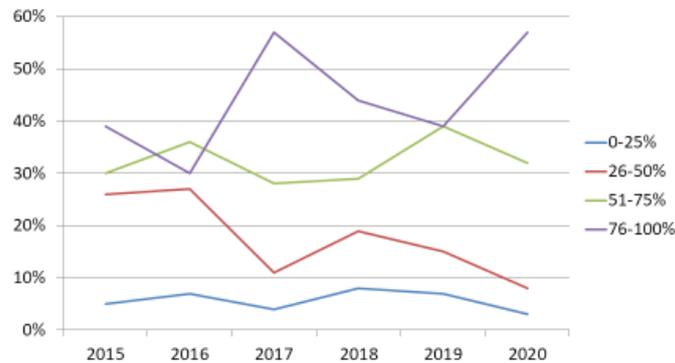
"We encouraged a lot of the people we support to become digitally more confident and use social media and virtual platforms to stay engaged and connected. Some support was provided via Teams and Zoom"

"Virtual visits to residential care homes helped to maintain contact with families. Development of online counselling provision."

"Care Technology – Android Smart phone given to all staff, Laptops, iPads given to staff working from home. Mobile phone and iPads also given to a number of people we work for. This technology can give people more control over their health, protection and well-being to help them become more independent or feel less lonely to connect them to resources and offer a means to communicate with family, doctors and staff."

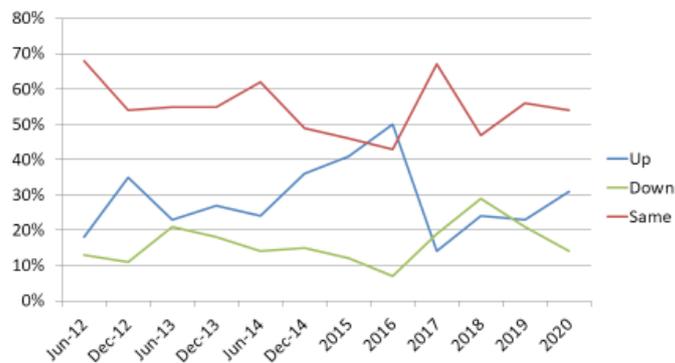
Sustainability

Services funded at sustainable levels



With the significant developments in SLW costs and reduction in cuts to local authority budgets, there has been a welcome increase in respondents reporting that the vast majority of their services (over 75%) are sustainable, marking a significant turnabout on the three year trend from 2017-2019. Comments as to why this has happened vary. Some have acknowledged better rates being offered on services and the SLW uplift, but also reflect internal efforts to address deficits, and in some cases hand back loss-making contracts.

Service Deficits



A further note of caution is the increase in reported service deficits. Respondents reported service deficits increasing from 21% to 31%. In addition, 50% of respondents reported service deficits as about the same as the previous year. One comment sums up this precarious position, noting that:

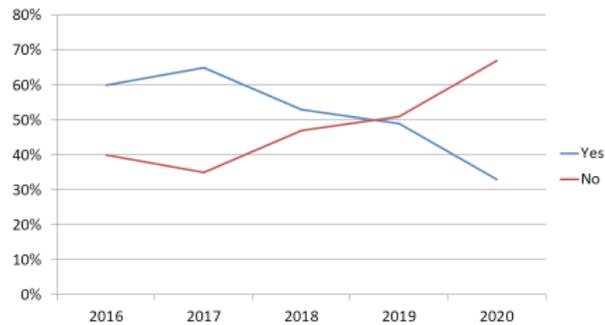
“As things return to ‘normal’ the underlying funding issues will reassert themselves: Unrealistic fixed budgets, unsustainable hourly rates, fixation on ‘time and task’”

Continuing a worrying trend from last year’s survey, 15 out of 37 respondents reported they were funding deficits through reserves or charitable funding. This matched data from respondents on reserves, with 30% reporting that reserves were down in 2020, compared to 20% in 2019.

Procurement during lockdown 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. This year, we also asked whether any procurement processes had been run beyond the start of lockdown.

Have you abstained or withdrawn from a procurement process?



Just nine respondents (23% of the total number) reported procurement continuing into the pandemic. Unsurprisingly there was a corresponding drop in the number of members reporting either abstaining or withdrawing from a procurement process with just 33% for 2020, in comparison to 49% in 2019. This continues a steady decrease in providers having to withdraw from unsustainable contracts since the high point of 2017.

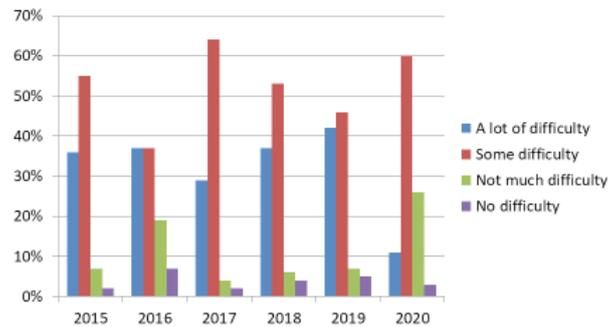
Recruitment

Numbers employed



There was significant jump in respondents reporting an increase in numbers of staff employed in 2020, with 47% of respondents reporting that they had seen an increase in staff.

Recruitment



This is also the first year since the survey began that respondents started to report that they were having less difficulty recruiting staff. The percentage of respondents reporting not much difficulty has gone from 7% to 26% and the percentage of respondents reporting a lot of difficulty has dropped from 42% to 11%.

The comments around this were sometimes varied – some respondents said that their staff turnover had reduced, some said it had increased (especially amongst new staff); some said that the quality of applicants was not very good, while others said that it had improved.

“Turnover has reduced since March. When we have recruited, application levels and quality have been higher than normal, reflecting the economic environment”

“There have been a high level of applicants for support worker posts, so recruitment has not been an issue per se. However many of these recruits were from the hospitality sector and therefore we had a higher turnover of staff who did not find the role suitable and / or had difficulties adapting to it.”

“We did a speedy recruitment programme and were overwhelmed by the response with over 500 applicants across Scotland looking to complement the social care workforce.”

“This comes in two stages. Pre-COVID, some parts of Scotland proved quite problematic to keep staffed, including Edinburgh & Lothians and Oban. During COVID, we’ve stopped advertising in these locations as a result of filling all vacancies; there was even brief chat of us being over-staffed in Oban (which is a miracle!). Recruitment generally has improved over the last 12-18 months, but has been matched by increased turnover. During COVID, we’ve seen a reduction in leavers (particularly in Edinburgh & Lothians and Argyll & Bute).”

“We continue to experience difficulty in attracting good quality applications for frontline social care staff. Mainly in the major cities where there is more competition.”

“Low unemployment - staff can easily move between organisations. Creates instability, additional costs for recruitment and training and can affect quality and resilience, sickness levels etc.”

When we presented CCPS members with the initial findings of the survey, many responded that, while they did have an easier time with recruitment over the Spring and Summer of 2020, they had either already seen this trend reverse or they expected it to.

“Since January 2021 and the current lockdown, it has become noticeably harder to recruit, people understandably are staying in jobs and not moving.”

“Replacing and filling in gaps due to long term absences due to workforce fatigue is very difficult to recruit for just now.”

“Recruitment was a lot easier last summer. Challenges in most of Scotland again now!”

Conclusion

2020's Business Resilience Survey presents a very mixed picture. Sustainability of services has increased, but individual service deficits have increased again this year, restarting a trend that began in 2017 and seemed to have been paused in 2019. Provider optimism is down, understandably enough, in the face of continued pressures and concerns about longer term sustainability once the costs of recovery are applied to budgets.

There have been some notable developments – the agreement on implementation of a universal uplift in the SLW was very successful, with all respondents reporting that the cost of implementation was either partly or completely covered. This is very welcome, and providers are pleased to note that a further universal uplift has been agreed for 2021.

Similarly, the dramatic drop in cuts to service funding by local authorities, and the pause on tendering has helped ease the pressure on providers and given them the space and latitude to innovate in service delivery. This is especially encouraging given that the Independent Review of Adult Social Care has recommended that the next government adopt CCPS's own recommendation to press pause on procurement whilst it takes time to develop the framework for a National Care Service.

Finally, there has been an increase in new staff, with providers finding it easier to recruit. Comments indicate this picture is more complex than the numbers suggest. Nonetheless, this is a very welcome development given the challenges of recruitment in previous years. If the sector is to build on this success, it would be worthwhile to do further research into the apparent ease of recruiting last summer to see if there are lessons to be learned which could benefit future workforce planning.



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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