

**Business Resilience Survey 2021**

# 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 respondents 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 we continued with several extra questions exploring the impact of COVID-19 on social care service provision, covering the following themes:

- 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

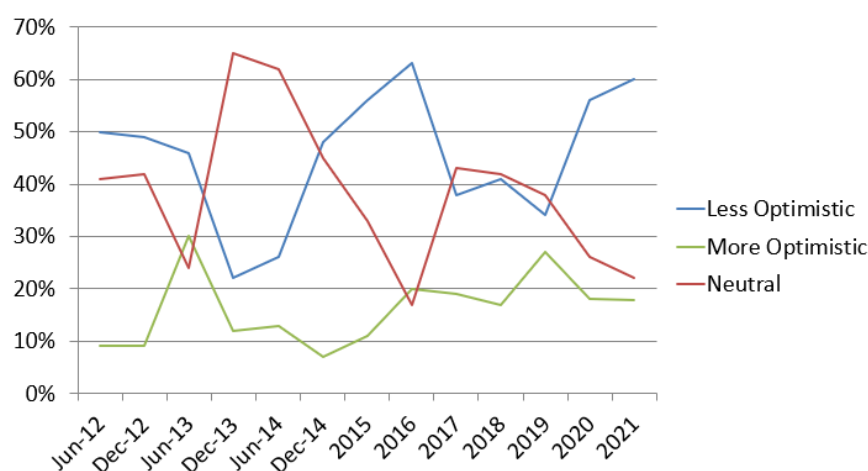
The survey is sent to all CCPS members, as well as to the Criminal Justice Voluntary Sector Forum and Housing Support Enabling Unit stakeholders, including Scottish Federation of Housing Association members providing care and support. In 2021, 43 organisations completed all or part of the survey, of which 42 were CCPS members. This represents half of the CCPS membership. The response rate increased this year, possibly a reflection of levels of concern about ongoing challenges facing the sector. Respondents represent organisations across the full spectrum of types of social care and from the largest to some of the smaller of the national and regional care and support providers. At least 74% of respondents deliver an element of housing related support. 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 continue to trend downward, with close to the largest number of

### Levels of Optimism



respondents (60%) since the beginning of the survey reporting less optimism about the general business situation in the sector.

The principle reasons for the lack of optimism are spread across three main themes:

1. workforce challenges, including recruitment and retention and the erosion of differentials caused by the £10.02 and further wage uplifts for the adult care sector;
2. uncertainty over the National Care Service proposals; and
3. current high levels of inflation.

The following comments expand on these themes:

*‘There is a lot of mixed messaging: on one side, Feeley’s review brings optimism and statutory bodies appear keen to acknowledge the crucial role of the sector during the pandemic (and are trying to help with recruitment, etc.), whereas on the other hand there is still an obvious lack of trust between statutory partners and 3rd sector providers, wage uplifts are less than refuse collectors (a sexist difference?), and the overall environment continues to have a negative press (despite Feeley’s wishes). Feeley brought hope and optimism but I can’t help but feel that the NCS will end up mired in statutory wrangling rather than in making a positive impact in people’s lives. Overall, it feels as if warm words are abundant but material improvements seem distant.’*

*'Recruitment challenges are at crisis levels, making delivery even more difficult. Lack of proper funding: the 28 day exception for sustainability; COSLA lack of regard for the sector on the 5% increase being paid quickly and applied to whole hourly rate, and their stance on blocking this is soul destroying.'*

For the second year we asked about how Covid-19 has affected this outlook. The response, as with last year, was mixed. Several pointed out the difficulty of managing with the uncertainty of changing Covid restrictions and guidance, the impact of staff exhaustion leading to loss of valued workers, the cost of technology to facilitate continued support, and challenges to alternative income generation.

On the more optimistic side, many respondents expressed pride in the resilience and commitment of staff, digital innovation achievements with longer term positive impact on supported people, and an encouraging recognition at national government level of the role and importance of care and support. Here is a selection of comments to illustrate:

*'Each coronavirus wave brings fresh challenge and the need to go into contingency planning mode. Recovery is set back each time as is our ability to consistently plan for the future.'*

*'The last few months where we have been hit hard with Covid cases/long covid of staff/wellbeing absences and recruitment challenges due to the impact of the Pandemic has made me less optimistic, in contrast to the 'we are all in this together' of last year.'*

*'Covid has had a negative impact on staff motivation; staff exhaustion has led to career change decisions, both frontline and at leadership level as well.'*

*'I think seeing how (...) and other 3rd sector providers have performed in the last 18 months actually makes me more positive. I feel so proud of us all - each and every worker has strived to be the best version of themselves, in order to benefit their community'*

*'(Covid)... is definitely still with us and will influence policy for years to come. We have learnt to deal well with it and have stayed very close to customers, and we've been able to greatly increase use of our digital services. Some days we think the role of care workers has been valued more appropriately but not consistently so - lots more to be done on this front!'*

*'We have learned new skills and developed more organisational resilience because of COVID 19. We have developed a deeper understanding of capabilities and what is possible to achieve.'*

## Income Trends

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 climbed slightly in 2021 compared to the previous year (from 43% in 2020 to 48% in 2021).

It is important to unpick the income data, as increases in income do not necessarily correspond with an increase in sustainability, despite the ongoing financial support from the Scottish Government through the second year of the pandemic. A different combination of the numbers shows that nearly three quarters of respondents (74%) reported decreased, static, or only slight increases in income. In the latter case (21% reported 1-5% increases) nearly all noted that the increase did not fully cover additional costs incurred in response to the pandemic, in particular the cost of dealing with the recruitment and retention crisis, and growing inflation pressure.

The impact of reduced or static income included services running at a deficit and being propped up by reserves, reduction in services and quality, greater difficulty in planning development or innovation of new services, limited capacity to increase service provision in response to stark increases in demand, and a negative impact on staff morale.

*'It is a complicated funding position, with some gains from lockdown support but other costs going up and a carry forward holiday bill, also insurance costs have gone up, travel costs are rebounding, etc.'* (income increased)

*'We have waiting lists but can't recruit. We will not achieve our targets in this year's budget and will likely end the year in a considerable deficit, due to increased costs and extra covid costs, and difficulties with 'payment on plan', which means we are down on our income (non-delivery challenges/absence costs and 90% payment level, etc).'*' (income decreased)

*'Staying the same means growth and development has not happened; our waiting list for services is huge...'* (income static)

## Costs

We continue to monitor the impact of Covid-19 on costs, and as with last year, nearly 70% of respondents reported increased costs as a result of the pandemic, with more than 25% reporting increases above 6%. A minority (22%) reported that costs remained the same because of a balancing out of savings from reduced travel costs, office closure and reduced service delivery, against increased costs relating to IT, home working and reliance on agency staff, for example. PPE, increased staff costs, home working and digital are the main pandemic related cost areas:

*'Staff costs have increased without fully balancing income. PPE and infectious control costs have more than doubled, especially in residential services. Fuel costs on the rise.'*

*'Increase to staff cost due to SLW and PPE costs are still very high. Recruitment and retention now requires significantly more investment than before. We have had to increase pay, introduce a welcome payment and an employee referral scheme payment to be able to maintain services.'*

*'More digital costs, higher sickness costs post lockdown (staff are tired and doing too many hours above normal - struggling to cope with demand for shifts; and we are seeing higher turnover of staff going to the likes of Local Authority services.'*

*'Most of our resources are our staff (we only have one office to cover the work of the organisation across 9 local authorities. There was less expenditure on staff mileage for example as more people worked from home but this resource was rechannelled into other areas of expenditure including an extensive digital programme and other resources for the people we work for.'*

## Scottish Living Wage

Each year we ask organisations whether the cost of implementing and uplifting the Scottish Living Wage (SLW) in social care is fully covered by Local Authorities (in accordance with the policy commitment made by Ministers.) This year, 65% of respondents reported that the SLW was completely covered in all Local Authority areas. This is an improvement over past years, possibly supported by the national agreement on implementation.

However, a significant minority of respondents, 35% continue to report that this national policy is not being implemented consistently across all local authority areas. The impact affects providers differently depending on their capacity to absorb additional costs, but it is consistently exacerbating the recruitment and retention challenge, including eroding differentials:

*'This has now closed the gap between our Assistants and Coordinators meaning that we will need to flatten and review our structure, ultimately asking more of the lowest paid in the workforce in terms of job role profiles.'*

*'This has led to deficits being created. The shortfall has been met by reserves and charitable funding.'*

## The impact of COVID-19 on services

Because of the ongoing Covid restriction measures through 2021, we retained our questions about the impact of pandemic lockdown measures on services, including how

many had to close and whether services were able to be delivered in alternative ways, including digitally.

A slightly lower proportion of services were affected by 2021's lockdown periods: from 58% down to 50% of respondents had closed some services temporarily during 2021, in response to national guidance and concerns for the safety of supported people. However, due to the critical support needs and essential nature of many services, 50% of respondents reported no closures, and those services that were suspended temporarily represented a small proportion of services delivered (less than 20% for any given provider).

## Digital technology and the pandemic

Respondents continued to adapt to pandemic conditions by using digital to innovate in the delivery of services, with 88% of respondents stating they had further developed their use of digital technology in the past year.

Comments provide evidence of a remarkable level of determination on the part of respondents to embrace digital technology, despite the challenges and lack of financial means otherwise available to other parts of the social care and health systems. There has been a wide range of creative digital solutions that built on earlier adoption of basic video and other communication tools vis a vis supported people, organisational systems transformation, and staff wellbeing support:

*'We introduced online digital platforms to offer some types of support and create virtual meeting rooms; as well as electronic care plans to allow people ease of access and to facilitate better sharing of information.'*

*'Increased use of social media platforms for contact with families, provision of IT and connectivity to families, move to paperless finance systems, use of Teams, all enabled the organisation to function really well during the pandemic  
We developed a greater reliance on digital platforms for training, interviews, induction of staff and staff meetings, and rota systems.'*

*'We had a big push for Digital Inclusion across our whole organisation. Pre-covid we adopted Office 365, which meant almost all organisational functions could be carried out digitally. We developed a new Outcome Focussed Monitoring System using Dynamics 365 and trained all staff and some supported people as digital champions; we equipped and recycled equipment to give supported people as much access digitally as possible and invested heavily in an online digital programme to deliver support, skills, communication and activities to people across our networks.'*

*'As we have a varied range of services, from visiting support to 24/7 services, there is not one answer to this. Primarily, however, we adopted working via meeting platforms - Teams or Zoom - to enable services to keep a more holistic range of supports in place, beyond the tasks that we continued to deliver face to face throughout the pandemic as frontline services. Therefore, for example, a visiting*

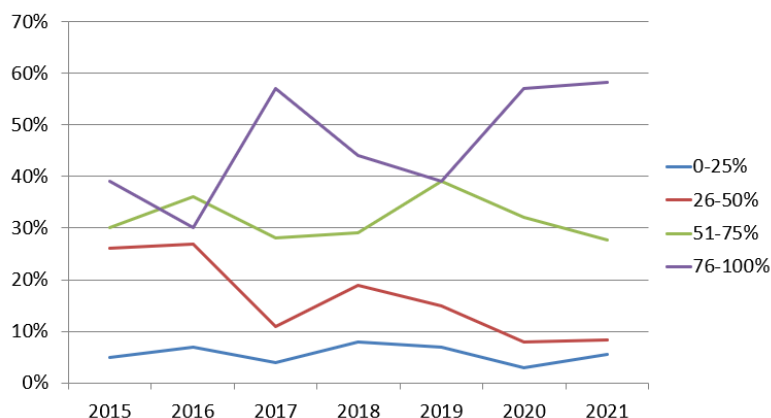
*service in ... quickly began to offer its peer support group virtually, while a 24/7 service in ... developed its use of online fun activities, such as sing-a-longs or cooking together from each person's own home, to offer a wider range of things to do during the difficult days of lockdown. We also developed a short-life online newsletter for staff, as well as tips for working safely and positive case studies of how we were continuing to support people, we also curated suggestions for great online resources to share with people we support, e.g., music sites, virtual museum or city tours, as well as wellbeing opportunities, such as relaxation or mindfulness options.'*

## Sustainability

Last year's data showed an improvement in the number of respondents reporting that over 75% of their services were funded sustainably. This figure has held steady over the past year, at 58% of respondents. The main factors identified as influencing this trend include the national negotiated increases in hourly rates, better working relationships with some Local Authorities, and service redesign or handing back of unsustainable services.

Unfortunately, a significant percentage, i.e., 42%, continue to report sustainability concerns for up to 75% of their services. This despite the range of financial supports provided to the sector over the course of the pandemic. In addition, many of those reporting that services are sustainably funded note that the margins are almost invisible, making services highly vulnerable to the growing recruitment and retention crisis, national insurance and SLW increases, and inflation.

### Services funded at sustainable levels



In terms of the impact of ongoing threats to sustainability, we asked respondents to tell us compared to this time last year whether the number of services operated at a deficit has gone up or down. This year 59% said there had been no change and nearly 25% reported an increased number of services operating in deficit. These figures have only very



marginally improved over last year, and respondents report increased difficulty in some cases to correct the shortfall without resorting to a withdrawal of service.

The following comments paint a picture of organisations managing a complex range of challenges to maintain high quality support, with previously highlighted key factors coming to the fore, (e.g., workforce challenges, historical underfunding and inflation), threatening sustainability in the near and longer term:

*'We are using more agency staff, travel time increased due to no local staff, more management resource required.'*

*'Staff absence costs/cover costs/extra Covid work streams: cleaning; comms; health and safety; not being paid on plan.'*

*'We are investing in pay and financial incentives to recruit and retain staff; on-going cost of a modern integrated IT system; and challenging services which are more expensive and under-funded.'*

*'The main factors influencing this trend (a member who reports 0-25% of services funded at sustainable levels) are: 1) salary increases for frontline staff, and incentives to work here in the hope of attracting and retaining staff amid sector-wide recruitment and retention challenges; 2) the ongoing cost of a much-needed investment in digital transformation; and 3) challenging services which are really expensive to deliver but funded at the same rate as other, less complex, services. We expect this trend to continue unless services are funded at sustainable levels by HSCPs. The impact is that we have had deficits which are reducing both our capital reserves and the ability to earn income on those reserves.'*

*'We expect the number of sustainable services to drop as pressure on sleepovers increases. We have a number of sleepover services that are not funded at the SLW level.'*

*'Most of our services, with the exception of 2 that are in deficit, are breaking even with minimal surplus - if this is how 'sustainable' can be defined. With costs associated with delivery, staffing and rental/asset maintenance increasing year on year, coupled with the growing expectation that costs will be met by the provider rather than the commissioner, we anticipate that we may have to decommission services and hand these back to commissioners where it is becoming increasingly impossible to make services stack up financially.'*

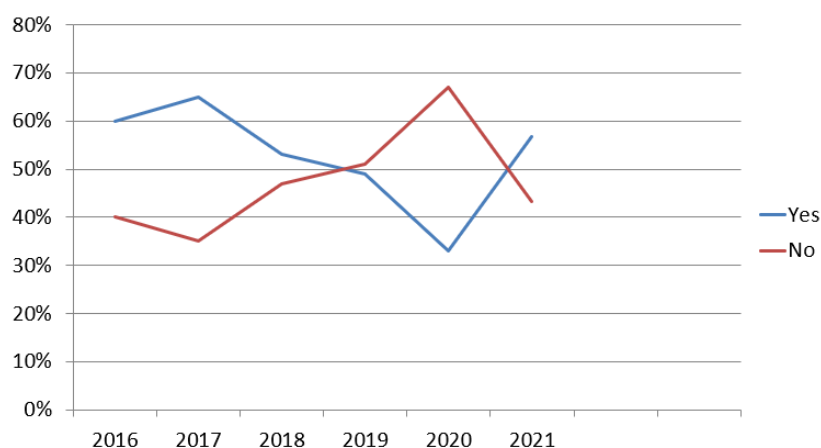
## Procurement during lockdown

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.

More than 55% of respondents report abstaining or withdrawing during the past year. The two main reasons for these decisions were: 1) uneconomical hourly rates or funding levels; and 2) staff shortages.

This year, a greater number of respondents also reported procurement processes going ahead despite Scottish Government guidance to pause, from 20% last year to nearly 33% this year. This increase is mirrored in the statistics about withdrawal and reverses what was a short-lived trend that seemed to indicate a shift in line with the guidance in response to concerns about the impact of tendering and re-tendering during the pandemic.

## Have you abstained or withdrawn from a procurement process?



The following comments were provided in response to questions about why and what kind of services, and illustrate the ongoing underlying systemic challenges that threaten a wide range of social care and support services:

*‘The withdrawal from the tendering process was for housing support services. The level of funding available did not feasibly cover service delivery costs in-line with fair work conditions etc. Commissioners were also denying inflation uplifts over the term of the contract and this presented a deepening deficit position for the organisation.’*

*‘An unsustainable framework rate with TUPE implications that did not make this supported living service a viable tender. We have also declined services where the HSCP has stated the person/service is complex; however, the HSCP will not support a complex rate.’*

*‘Abstained from tenders for various services, including homecare and visiting-style contracts, but also for Community Link Workers (CLW). For the former, we’ve seen rates (that are too low) set by the commissioning authority, or we’ve noted that the indicative budget is insufficient to cover TUPE costs; for the CLW services, we’ve noted that the indicative budget is lower than the budget set by the Scottish Government for such services and hence know that the commissioner is taking some of the budget out to spend on other priorities.’*

*‘Handed back services due to recruitment difficulties – the implication is that the old model of growth to achieve efficiencies is being undermined by recruitment difficulties.’*

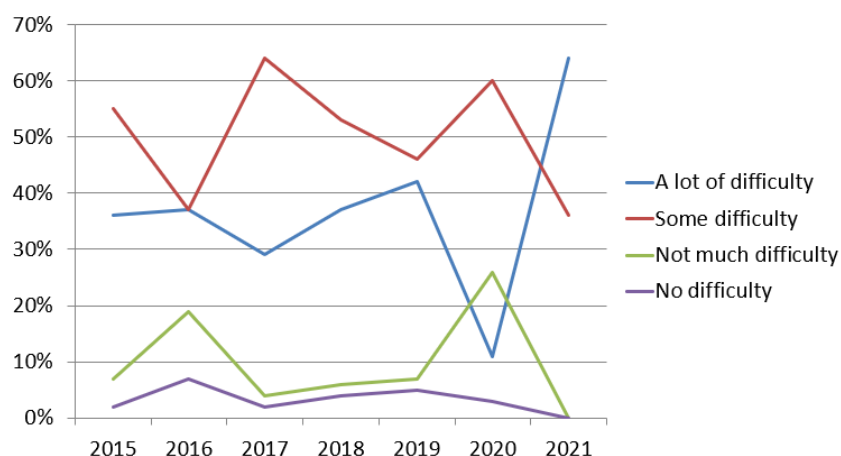
*‘Abstained due to unsustainable service designs, congregate living and an absence of human rights considerations. One can only hope that this trend does not continue.’*

## Workforce – staff numbers and recruitment and retention

This year’s data indicates that last year’s notable increase in staff employment numbers was a brief phenomenon. In fact, we are in new territory this year, with nearly 40% reporting a decrease in numbers employed. This figure is 10% greater than it has ever been since the inclusion of workforce questions in the survey in 2012.

Similarly, in terms of recruitment, for the first time 100% of respondents report difficulty with recruitment. And we have the highest number of respondents (64%) since the beginning of the survey reporting a lot of difficulty with recruitment, with the remaining 36% reporting some difficulty.

### Recruitment



The following comments provide further detail about the types of service, roles, and impact of the recruitment and retention crisis:

*'The impact, mainly driven by recruitment issues as recruitment is not keeping pace with turnover, has been felt in all areas of the organisation and across all roles and types of contract. Closure of a service with a large staff group also had an impact on total headcount.'*

*'Staff have been leaving posts quicker than we can recruit replacements, resulting in a net deficit. The reasons for this are known across the sector'*

*'Mostly frontline staff are leaving the sector due to pressures/pandemic/low pay.'*

*'Support workers, Care Workers, Managers in Care, the whole range of workforce roles and catering roles are affected by the recruitment crisis. Care work is not as well paid as other sectors and is much more demanding. Colleagues also need to register with the SSSC.'*

*'It is a very mixed picture: difficulties everywhere in recruiting support practitioners, but particularly acute in Oban, Lochaber, Stirling and Edinburgh. The environment in ... has worsened recently as the NHS spent winter pressure money recruiting lots of our staff (as a result, we have had to hand back several supports, and so those same workers are now supporting the same people but employed by NHS instead of us!).'*

*'First level managers have been very difficult to recruit – I believe this is due to the hourly rate, levels of responsibility and stresses of the role. More recently support workers have become difficult to recruit; I believe this is due to the demand by all providers, even playing field for providers so it's a candidate market, and also competition from HSCPs who can offer a higher salary and/or better T&C's.'*

## Conclusion

2021's Business Resilience Survey presents a snapshot of the overall level of optimism, as well as a range of specific indicators of sustainability, for CCPS members and other charitable organisations providing care and support across Scotland. Optimism levels unsurprisingly remain historically low due to a complex range of challenges and uncertainty facing the sector. While it is likely that Scottish Government financial support during the pandemic has helped to hold many services above water, sustainability remains an enormous challenge for many, with deficits a continual feature and an increasing sense of vulnerability for those that are technically running sustainably but on very thin margins.

There have been some notable developments, but mainly reversals on what felt like progress made last year. On the plus side, the renewed agreement on implementation of a universal uplift in the SLW continued to provide some security, with a slightly increased majority of respondents reporting that the cost of implementation was completely covered. There is concern that this arrangement will not continue for the coming year, thereby creating an unnecessary layer of uncertainty and complexity to the practical day to day running of essential support to thousands of people across Scotland.

In addition, a gradual increase in procurement and worsening of financial terms has led this past year to more providers stepping away from procurement exercises. In last year's report we expressed the hope that the reduction in tendering would evolve into a major rethink of the way in which care and support services are commissioned and procured. The Independent Review of Adult Social Care (Feeley Review) recommendations reinforced this thinking. Work is now gathering pace on the National Care Service, and CCPS and its members will be advocating strongly for an ethical commissioning model that is collaborative and moves away from traditional competitive tendering practices.

The dramatic increase in recruitment and retention difficulties continues to reverberate across the sector, with few services immune to the impact. There is some recognition of this crisis that has grown exponentially over the past year. This survey data confirms what we already knew and will hopefully provide additional impetus to galvanise the efforts of Scottish Government, COSLA and partners to address what is an unprecedented situation and a fundamental challenge to all our policy ambitions for transforming and improving care and support in Scotland.



# CCPS

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