About CCPS

CCPS is the Coalition of care and support providers in Scotland. Its membership comprises more than 70 of the most substantial providers of care and support in Scotland’s third sector, supporting approximately 270,000 people and their families, employing around 45,000 staff and managing a combined total income of over £1.2bn, of which an average of 73% per member organisation relates to publicly funded service provision.

CCPS members provide services right across the spectrum of care and support, including services for older people as well as for children and families, adults with physical and learning disabilities and people facing a range of challenges in their lives, including mental health problems, addictions and involvement in the criminal justice system.

Summary

Care and support providers in the voluntary sector value their workforce highly, and are committed to offering appropriate reward packages to staff. For many providers, workforce costs account for up to 85% of the total cost of the support they provide. In recent years, severe downward pressure has been applied by local authorities to the cost of social care services in the voluntary sector, through a combination of competitive tendering and (more recently) the unilateral imposition of cuts. The result is that pay and conditions packages for workers in this sector have not kept pace with those of comparable workers in the public sector, creating in effect a two-tier workforce in social care.

Until relatively recently, very few voluntary sector care providers offered rates of pay that fell below the Living Wage threshold. Pay for some workers in some organisations has however now slipped below that threshold, at least partly because of the failure of local authorities over successive years to apply inflationary uplifts to care budgets in the voluntary sector which would enable employers to keep pace with increases to the Living Wage. Other voluntary organisations have had to take steps to reduce rates of pay to a level below the Living Wage either indirectly, by extending the working week, or directly, by cutting rates of pay, in order to remain ‘in business’ supporting vulnerable and disabled people within available funding limits.

It is our contention that this deterioration in pay and conditions for voluntary sector care and support staff is likely to have consequences for recruitment and retention, workforce development standards and, ultimately, the quality of care and support; and that therefore government support for the Living Wage should not be limited to those workers employed by the public sector but extended to the whole public services workforce. This will require some significant changes to commissioning practice and public procurement regulations.

Voluntary sector care and support, the Living Wage and general employment conditions

A rapid survey of CCPS members conducted in response to the committee’s invitation to give evidence revealed that 18 out of 29 responding providers of adult
community care services now offer starting salaries to care workers that fall below the Living Wage at the lowest point of the salary scale. This reduces to 8 out of 29 at the highest point of the scale (ie. as workers progress up the salary scale through annual increments or other awards, most reach or surpass the Living Wage threshold). Comments offered by providers taking part in the survey are reproduced throughout this paper.

“We have about 20% of our workforce who fall below the £7.20 per hour Scottish Living Wage (SLW). This covers a wide range of staff including domestics, cleaners and catering assistants. We also have care staff who, depending on where they sit on the salary scale, also fall below the £7.20 per hour figure. At the request of the unions we have looked at the implications of introducing the SLW for all staff, but given the funding position, the organisation cannot consider this request at this time.”

One provider working to support frail older people, including older people with dementia, advised that a recent benchmarking exercise among comparable local providers in the private and voluntary sectors showed that the benchmark rate for basic care workers in residential homes (both unqualified, and qualified at SVQ2 level) falls significantly below the Living Wage level (and indeed not far above National Minimum Wage levels). This provider has been paying a rate above the Living Wage for qualified staff, but is now reviewing its position in relation to the benchmark.

“All our staff sat above the £7 per hour mark until April 2010 when we were forced to change the length of the working week from 37 to 39 hours because of a combination of cuts and price pressures brought about by procurement. It was agreed with the trade union that this was a lesser evil than cutting top-line salaries by 5%. This brought staff on the 3 lowest points of our scale below the (then) living wage. Of course, with no inflationary uplifts to funding, and further cuts this year, our salaries have stood still, so an increase in the living wage to £7.20 now puts the bottom 4 points of our scale below it. This is now 40% of our workforce. It is a hard fact that all our staff [CEO, managers, front-line], as a result of the funding cuts forced upon us, are paid in terms of an hourly rate at the same level as in 2005. I see no prospect of this improving.”

A more comprehensive picture of employment conditions in the Scottish social care voluntary sector can be found in research published by CCPS earlier this year. The research, conducted by the University of Strathclyde, found that intense and sustained pressure to cut costs has meant that, in the last three years:

- 79% of voluntary sector care organisations have been unable to award a cost of living rise to staff equivalent to the increases paid to the public sector workforce
- 57% have implemented pay freezes

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- 44% have made redundancies to frontline staff, and 55% have lost line managers
- 60% have made cuts to training budgets
- 73% report that they are increasingly having to raid organisational reserves in order to maintain services
- Only 15% retain any link with public sector pension arrangements.

“We do employ staff at a rate below £7.20. Currently the minimum post probation rate we pay is £7.00 per hour…it is becoming increasingly difficult to maintain the level of support and development, training and other terms of conditions such as holiday entitlement, pension rights and sick leave that ensure that we have a skilled and motivated workforce.”

Comparisons with the public sector

Significantly, one of the key findings from the research is that there are now no remaining elements of public sector pay and conditions universally available to social care staff in the voluntary sector. Local authorities are responsible for managing the ‘mixed economy’ for care services, which includes in-house service provision delivered directly by staff employed by those authorities: however authorities enjoy, in effect, a structural advantage in the labour market as a result of the comparatively generous pay and conditions packages available to their own employees, whilst those of contracted providers are driven ever further downwards.

This disparity is illustrated by the hourly rates paid by local authorities for social care, which are the subject of an ongoing Freedom of Information request made to all councils by CCPS. Early responses to the request reveal that in-house services can cost 100% more than those provided by the voluntary sector: for example, local authority X has capped the contracted rate for care at home for older people and adults at £10.43 per hour, whilst its in-house rate is £21. In authority Y, the figures are £10.67 and £19.82 respectively.

Paying the Living Wage within such low contract rates is not, in our view, a realistic proposition: on top of the basic £7.20 pay per hour, organisations must factor in National Insurance, pension provision, training and development, contingencies (including redundancy), supervision and management, regulatory compliance and organisational overheads. Care providers are not able to make these figures add up within such low hourly rates unless the basic rate of pay is below (and in some cases, well below) the Living Wage.

“Over the period 2005-10 when our services were supposedly ‘unaffordable’, the average employee costs within councils rose on average by almost 6% per annum. I regret having to say that unless something is done to address the yawning gap in funding levels, a Living Wage in the public sector, at whatever level, will be no more than another privilege paid for at the expense of others.”
This disparity in care costs is a major cause for concern for CCPS and its members. Our concern in this regard is heightened by the fact that voluntary sector services are frequently of a demonstrably higher quality than those provided in-house by local authorities\textsuperscript{13}, despite the much higher cost of the latter.

In 2008, CCPS submitted a petition\textsuperscript{14} to the Scottish Parliament Public Petitions Committee, in collaboration with the Scottish Council for Voluntary Organisations (SCVO), the STUC, and the Unison and Unite unions, calling for action to reduce this disparity.

We applaud the Scottish Government’s strong support for a Living Wage in the public sector. However we are extremely concerned that the government is not extending this support for a Living Wage to those providing publicly-funded care and support services in the voluntary sector, nor taking any action to enable it.

“Does anyone else wonder why we have a National Minimum Wage and a ‘Living Wage’? Should the one not be the same as the other? Or is ‘Living Wage’ no more than a euphemism for ‘Public Sector NMW’?”

The Living Wage and public procurement

As noted, the increased use of competitive tendering in social care in recent years has driven care costs down to a level where many voluntary organisations have had to review pay and conditions in order to remain in the ‘market’. CCPS is concerned that as commissioners of public services, local authorities do not pay sufficient regard in procurement exercises to the link between the low hourly rates they are prepared to accept from tenderers, and the ability of those tenderers to offer pay and conditions packages to staff that reflect government ambitions for high quality services delivered by a competent, confident, trained and qualified workforce.

“We do pay above the £7.20, but not much by much, and we have not given a consolidated pay rise for three years… the impact of the raised bar of the eligibility criteria is that we are asking very low paid staff to do increasingly complex tasks. We recognise that staff training, development and supervisory support are key to sustaining good and safe practice and we continue to pay for SVQs and CPD (continuous professional development). However if in the next financial year further significant reductions are made by local authorities, we must look at cutting salaries.”

There are two issues here: the first is that, as we understand it, even those authorities that may wish to do so are not permitted under EU public procurement regulations to make any stipulations regarding minimum pay and conditions of staff among prospective tenderers\textsuperscript{15}. This specific issue is now being consulted on by the

\textsuperscript{13} See various reports from the Care Commission (now the Care Inspectorate) at http://ccpscotland.org/news/stories/New-Care-Commission-report-highlights-voluntary-sector-excellence

\textsuperscript{14} Petition PE1231, 2008 http://archive.scottish.parliament.uk/business/petitions/pdfs/PE1231.pdf

\textsuperscript{15} See Scottish Government response to written PQ (S4W-03173): http://www.parlaimaid-alba.org/S4_ChamberDesk/WA20111102.pdf
European Commission, and CCPS has made its views known as part of this consultation.

The second is that, in our experience, the imperative for many commissioning authorities to make savings overrides any consideration of a link between staff pay and conditions and the quality of care they provide. The Care Inspectorate has gathered a wealth of information over several years about standards in individual care services, which could be cross-referenced with the rates paid for those services in order to examine the link between cost and quality. We would urge the committee to recommend that the available data on cost and quality is subjected to precisely such an examination: otherwise it is our fear that commissioning authorities will continue to drive down costs to the point at which the market will determine pay levels, and the impact on quality will only be identified after the event.

“We whilst our hourly rates may appear to be low, we do pay staff for all the time they are at work including travel time between visits and in addition we pay for their expenses travelling. We are aware that whilst some private providers may appear to pay higher salaries, because the hourly rate is higher, they are only paying for when staff are actually at work – down to the nearest minute - and when you average this out over all the travelling time, it can actually be below the minimum wage.”

The Living Wage and Self Directed Support

The committee will be aware that the government is preparing to legislate for Self Directed Support (SDS). SDS means that individuals requiring care and support will have the opportunity to direct their own support if they wish to do so, including receiving a Direct Payment with which to employ a Personal Assistant.

CCPS strongly supports SDS policy. However we have some reservations about the way in which local authorities may implement it. In particular, it is our experience that the rate that authorities will pay to individuals as a Direct Payment is generally lower than the rate they will pay to contracted providers, with further consequences for attainment of the Living Wage.

We may, in effect, shortly be entering the era of the three-tier workforce in Scottish public services: those staff employed directly by local authorities at the top; those employed by contracted providers next; and Personal Assistants at the bottom. Again, enforcement of a Living Wage exclusively in the public sector will exacerbate such inequalities.

In summary, CCPS believes that without (a) strong action from the government and the regulator to challenge poor commissioning, and (b) changes to procurement policy and practice, pay in the social care voluntary sector will continue to fall below the Living Wage threshold, and that this is likely to have consequences for the overall quality of care and support.

CCPS thanks the committee for its invitation to give evidence. We look forward to discussing these issues in more detail at a forthcoming meeting of the committee.
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