workforceunit
voluntary sector social services workforce unit

Employment Conditions in the Scottish Social Care Voluntary Sector: Impact of Public Funding Constraints in the Context of Economic Recession

A Report for the Voluntary Sector Social Services Workforce Unit.

Dr Ian Cunningham
Department of Human Resource Management
University of Strathclyde

University of Strathclyde Business School

CCPS COALITION OF CARE AND SUPPORT PROVIDERS IN SCOTLAND

Contents

The Voluntary Sector Social Services Workforce Unit supports and promotes the development of the sector's workforce in Scotland through a range of information products, an enquiry service, events, research, networks and by influencing the national workforce agenda. The Unit is hosted by the Coalition of Care and Support Providers in Scotland (CCPS), in collaboration with the Scottish Social Services Council (SSSC). It is funded by the Scottish Government until 31st March 2011.

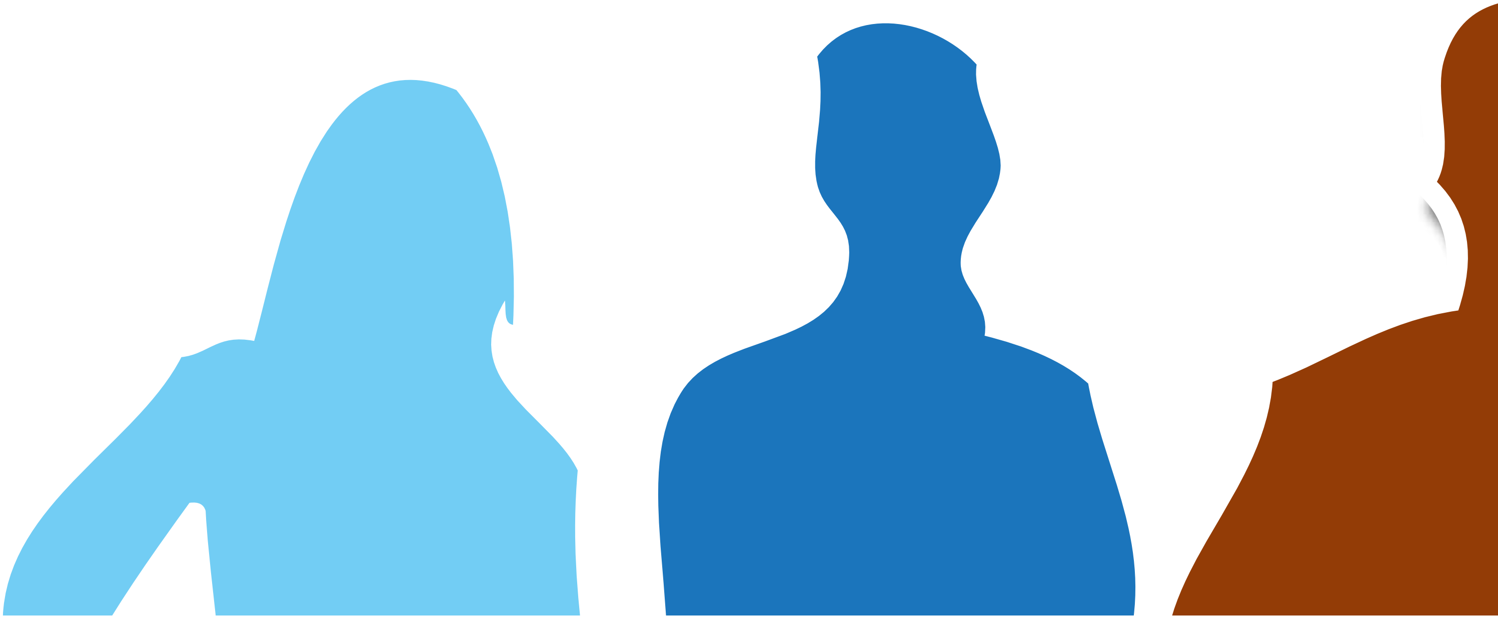
The Author

Dr Ian Cunningham is a Reader in the Department of Human Resource Management at the University of Strathclyde. His research interests include employment relations in voluntary organisations, including international comparative research.

Acknowledgements

We would like to thank the Voluntary Sector HR Forum for its support in the development of this project, and all the individuals who contributed to the research through the survey and interviews.

This research and final report could not have been completed without the significant contribution to the design and delivery of the research interviews of Caroline Sturgeon (Development & Policy Officer) and Judith Midgley (Director) and the administrative support of Laura Weir (Administrator) from the Voluntary Sector Social Services Workforce Unit.



Executive Summary

This report uses quantitative and qualitative data to assess the impact of public funding constraints on employment conditions in the Scottish social care voluntary sector, in the context of recent economic recession and future public expenditure cuts. The key results are as follows.

- Respondents reported there were no elements of public sector pay and conditions that were currently universally available to voluntary sector employees.
- Over the last three years organisations suffered job losses and widespread pay freezes, with a minority resorting to pay cuts. Other cuts to terms and conditions included pensions, sick leave entitlement and unsocial hours payments. The bulk of these cuts predominantly fell on women.
- Employers resorted to work intensification to cut costs. Line managers were the main recipients of these changes. Some employers were also increasingly employing more support assistants and reducing support workers.
- Further changes to terms and conditions, training, skills mix are anticipated over the next two years, leading to the possible eradication of any link with public sector employment conditions among respondents.
- Organisations cut training budgets and resources committed to reaching SSSC targets for workforce accreditation. Workers were expected to undertake training in their own time. Significant changes were introduced to supervision and performance management.
- Management – employee relations remained positive but there were significant concerns relating to future employee morale.
- The creation of two or three tier workforces in the sector threatens future problems with recruitment, retention and labour mobility.
- Organisations continue to receive favourable Care Commission reports, but there were emerging concerns over future service quality as respondents struggled to sustain innovation, service user engagement and persuade workers to engage in additional unpaid work.
- Where organisations have received unfavourable Care Commission reports, there appears to be a link to cuts in training budgets and skills shortages. Further concerns arise over service quality as a majority of respondents (fifty-six percent) are anticipating cuts to training budgets in the next two years.
- Thirty-six percent of organisations had seen a decrease in their annual turnover in the last three years. Over half of respondents had reported no cost of living increases in their contracts (sixty-eight percent) or their grants (ninety-eight percent) in the last financial year.
- Some organisations were moving away from close partnership relations with funders. Organisations reported increases in competition, decreased security in certain income streams, the loss of services during retenders, a greater emphasis on cost over quality in deciding contracts and the loss of close personal contacts within local authorities.
- Efforts to sustain or grow organisational income have met with mixed results so far and need further support in the current climate.

Introduction

This report examines the following research questions:

- What has been the impact of public funding constraints on the purchaser-provider relationship between local authorities and the voluntary sector, and the subsequent impact on the income of the latter?
- How has economic recession impacted on workforce issues, including pay and conditions, HR policies and staff training and supervision?
- What are the anticipated changes to terms and conditions and staff training in the forthcoming public expenditure cuts?
- What impact are these changes having on recruitment, retention and relations with the workforce and/or their representatives and service quality?

The report is divided into five sections.

Section 1 provides background context to purchaser – provider relations over the last 10 – 15 years and the impact on employment terms and conditions for voluntary organisations.

Section 2 outlines the methodology of the study.

Section 3 presents findings.

Section 4 outlines conclusions and discussion, and

Section 5 recommendations and further areas of research.

SECTION 1: CONTEXT

There is an emerging body of knowledge regarding pay trends in the voluntary sector in the context of insecure funding by state funders. Prior to the development of the quasi-market for care, pay scales were in many cases aligned to local authority terms and conditions. Studies focusing on the pre-1997 Conservative era of contracting revealed, however, that terms and conditions of employment within voluntary organisations came under pressure from government calls for 'efficiency savings', and 'value for money'.

This pressure continued in the New Labour era, where for voluntary sector organisations, outsourcing and the accompanying calls for efficiencies, value for money and cost cutting has gradually diminished opportunities to mimic public sector terms and conditions. These cost pressures emerged through a contracting culture among public sector commissioners based on cost, leading to job insecurity, increasing work intensity, and pressure on terms and conditions of employment, most notably with regard to pay so that voluntary organisations are increasingly unable to match public sector salary scales[1]. Policies such as Best Value reinforced these cost pressures while also not sufficiently embedding greater security of income for the sector by awarding longer term contracts on a consistent basis. In addition to this there was persistent failure to award full-cost recovery in contracts, as well as constant demands for more or the same services for less funding. The employment consequences for many voluntary sector employers in Scotland were that they found it difficult to sustain terms and conditions of employment that mirror those of the public sector. In contrast, prior to the imposition by COSLA of a pay freeze for 2011-13, public sector/local government salaries steadily increased including in some of the years of financial crisis and recession, e.g. 3% in 2008, 2.5% in 2009.[2] .

Moreover, it is of concern that studies reveal that where the degradation of employment conditions are most significant the dangers to employee morale and service quality become most pronounced. Under such conditions, workers have a diminished willingness to engage in organisational citizenship behaviour and even quit their employment. Rises in employee turnover have been responsible for problems in meeting service quality demands, thus jeopardising the mission of voluntary organisations[3].

Not all voluntary organisations operated within the same environment, however, as studies also reflect complexity and mutuality in contractual relationships between purchasers and providers[4]. Voluntary organisations are not always passive recipients of purchaser and market pressures but at times can actively shape the terms of the contracts they conclude with service commissioners because they have a lower level of dependency on public sector funds, or they have developed a multi-customer base, they occupy a favourable market position stemming from the types of services they provide, and/or have an ability to draw on alternative sources of funding. The consequences for employment conditions in the voluntary sector up until the last years of the New Labour era have been that some organisations were able to retain the link with public sector pay, or at least not embark on a 'race to the bottom' in pay and conditions.[5]

Sustaining terms and conditions in an era of recession and public sector austerity

The current era of recession and public expenditure cuts further threaten terms and conditions of employment, employee morale, organisational missions and service quality of voluntary sector organisations. Economic austerity is likely to serve to increase the pressure on commissioners to 'obtain more for less' when contracting for services. Other pressures include the removal of ring-fencing from such funding streams as Supporting People, the Mental Health Specific Grant and the Changing Children's Services fund which means that these sources of funding will be more vulnerable to shifts in the priorities of individual local authorities.

In addition, evidence indicates that following the implementation of the Public Contracts Regulations 2006 and Public Contracts (Scotland) Regulations 2006, introduced to transpose the Public Contracts Directive 2004/18/EC, there has been an increase in re-tendering of contracts delivered by voluntary organisations. An increase in re-tendering clearly carries the risk of contracts moving from one provider to another, along with the potential loss of previously well-established inter-personal relationships between providers and commissioners, and increased opportunities for service commissioners to obtain competitively generated reductions in contract prices[6].

The future for the sector and its employees looks more uncertain and precarious as the UK continues a period of coalition government between the Conservative and Liberal Democrat parties. Part of their programme includes the development of the 'Big Society' advocating greater participation and voice to civil society, enhancing opportunities for volunteering and transferring power to local communities: principles that arguably favour further growth of voluntary organisations in the provision of public services[7]. This policy, however, is in parallel with a commitment by the coalition government to accelerate cuts in public expenditure to reduce the fiscal deficit. In June 2010, the coalition announced £1.2bn cuts in local government grants. Reports from the sector indicate that pressure for cuts from funders quickly emerged as a consequence of this reduction in central government support[8].

In Scotland, the 2010 spending review by the UK coalition government cut current expenditure in the devolved administrations by around 7% from 2011 and capital expenditure by forty percent, leading to the need to make £3.3bn in savings over the next three years (almost 10% of current spending)[9]. The impact on the social care voluntary sector is, as yet, not fully known, but some local authorities have already imposed cuts on providers in the sector of between 4 and 20%, e.g. Inverclyde, Edinburgh, Scottish Borders, Fife and Glasgow. A further concern is that these cuts take no account of the significant reductions in operating costs already made by third sector providers in recent years, in respect both of efficiency savings and of difficult decisions about staff pay, terms and conditions.[10].

In this climate, there is likely to be enhanced threats to job security as local authorities re-tender and re-prioritise their provision of services to protect their own workforce from cuts. For those that remain employed in the sector, there is a risk of a steady diminution in their terms and conditions. These threats, in turn, undermine the missions of voluntary sector organisations as well as workforce morale. Overall, policy-makers in their haste to make cuts through reducing employment costs may be sacrificing the very attributes that attracted them to the voluntary sector as a provider of public services.

In the light of these fears the report now turns to outline the results from the survey and qualitative data generated to answer a series of questions regarding the impact of the current economic recession on employment conditions in the Scottish voluntary sector.

SECTION 2: METHOD AND PROFILE OF RESPONDENTS

The research was undertaken in two phases. *Phase 1* involved conducting a survey of Scottish voluntary organisations involved in providing social services to a range of vulnerable groups. Seventy one organisations participated in the survey from a possible 400, leading to a response rate of eighteen percent. Nevertheless, these organisations employed approximately 21,500 staff. The voluntary social care sector as a whole employs approximately 56,320 staff. This means that these seventy-one organisations cover approximately thirty-eight percent of the voluntary sector social services workforce.[11]

Respondents to the survey questionnaires came from a mixture of HR roles and front-line managers. Overall thirty-seven percent stated that they recognised a union for the purposes of collective bargaining. These unionised organisations were predominantly located in organisations of over 200 employees, i.e. seventy-one percent. Organisations came from a range of providers in the fields of learning disabilities, elderly care, mental health, substance abuse, children and young people and physical disabilities, including sensory impairments. In addition, many dealt with more than one of these vulnerable groups, and with people with multiple diagnoses. Of those survey participants able to provide precise figures of workforce numbers, the study contained a range of small-medium and large respondents, with thirty-seven percent of respondents reporting having a workforce of less than fifty employees, thirty-one percent can be described as medium sized, i.e. workforces of over fifty, up to two hundred and fifty , and thirty-three percent of organisations with workforces over two-hundred and fifty.

Phase 2 was qualitative and involved face-to-face interviews with twelve of these respondents. The twelve were chosen on the basis of being representative of the profile of surveyed organisations in terms of activity and size. The aim of these interviews was to gain additional insights into the changes to terms and conditions of employment in the current era of public sector austerity. In addition, the study was able to draw on interviews (seven in total) conducted with several organisations between 2001 to 2009 by the Principal Researcher, which have been part of earlier projects exploring changes to terms and conditions: the aim here is to present further depth to understanding changes in employment conditions in the sector.

SECTION 3: FINDINGS

Trends in income and the climate of purchaser–provider relations

Constrained and insecure income streams

In the light of the earlier overview of the difficult financial context for voluntary organisations in the purchaser–provider relationship over the last 10–15 years, respondents from the survey reported how relations with funders have continued to be challenging since the beginning of the financial crisis in 2008. Over a third of organisations (thirty-six percent) reported a decrease in their turnover over this period. More recently, over two-thirds (sixty-eight percent) reported how in the last recorded financial year, in contrast to increases received in internal local authority services, none of the local authorities with which they had contracts had provided a cost of living increase. Sixty-three per cent of respondents reported they received grant income from local authorities, and of these, ninety-eight per cent had not received a cost of living increase. There was also continued evidence that some funding streams were not economical, as fifty per cent of respondents reported a diminishing organisational ability to secure full-cost recovery in the last three years. Another disturbing aspect of this climate was that seventy-three percent of respondents reported that they had to increasingly use organisational reserves to support services. This use of reserves was directly linked to changes in turnover, with eighty-eight percent of those indicating a decrease in turnover resorting to the use of reserves. It further raises concerns about the sustainability of many services if voluntary sector providers have to continue to draw on their limited reserves to keep them going. Indeed, interviews revealed that the decision to use reserves usually involved significant deliberations at senior board and management level, and that such decisions were fundamentally short-term while additional funding sources were sought.

Moving away from close partnership relations with funders

Evidence from the survey and interviews revealed a drift away from close partnership relationships between respondents and some of their funders. That is, relations were becoming short-term, competitive, focusing on cost, with little evidence of close, interdependent relationships. For example, a significant proportion of survey respondents reported increased competition from the private (forty-nine percent) and voluntary (sixty-two percent) sectors over the last three years. It was not surprising, therefore, that seventy-eight per cent of respondents reported they had experienced a decrease in the security of certain income streams in this period. A third of respondents also reported that there had been a decreased emphasis among some funders in providing contracts of three years or more. Competitive re-tendering contributed to this environment of insecurity. Of those that had experienced re-tendering, fifty-nine per cent had lost some of their services, compared to thirty-seven per cent that had retained them all.

Survey results also revealed how over the last three years, seventy-six percent of respondents experienced an increasing emphasis on cost over quality in determining the allocation of resources by funders. The greater emphasis on cost was further reinforced by the fact that eighty-four percent of these respondents reported more involvement of local authority procurement teams and finance/accountancy functions in decisions relating to tenders. Relatedly, interviews revealed how a key factor in undermining voluntary organisations' efforts to cope in this environment was the increased turnover of staff in local authorities, where voluntary redundancies, redeployments and retirements meant the loss of key contacts/partners within authorities.

Decisions on funding allocation were also perceived to be increasingly dictated, rather than negotiated through principles of partnership and mutuality. Such disempowerment was in many cases based on significant resource dependency on state finances.

> *We're more or less dictated to or told or advised that this is what they are looking for so as to make the relevant savings…If you don't then they will go elsewhere. You feel disempowered. There is no arguing or even debating with them, it tends to be one way… You are basically not wanting to bite the hands that feeds you, you don't want to rock the boat for fear that you will then lose a contract (Senior manager, small mental health provider).*

Efforts to retain services and grow

Organisations were not passive in the above climate. Respondents sought further income by appointing specialists, with thirty-nine percent recruiting Business Development Managers (BDM), while forty-seven percent had established internal management teams to respond to re-tenders and tenders. Moreover, twenty-three percent of organisations reported that they had both a BDM and a 'tender team'.

Survey results revealed the impact of these measures was unclear. Specifically, of those that had established a tender team, ninety-six percent reported how they described their organisation's competitive position as either 'Very Good', 'Fairly Good' or 'Average', with the greatest number (just under half) reporting 'Average'. This compares to ninety-one percent of respondents without tender teams reporting their competitiveness as either 'Very Good', 'Fairly Good' or 'Average', with the highest proportion (just under half) reporting 'Fairly Good'. In a similar vein, of those employing BDMs, ninety-five percent described their current competitive position as 'Very Good', 'Fairly Good' and 'Average'. This compares with ninety-three percent of those without BDMs reporting the same.

Public sector pay and conditions

To begin analysis of employment in the above climate, respondents were asked whether their organisation based their pay and conditions on SJC or other public sector guidelines. Table 1 indicates how there were no elements of public sector conditions that were universally available to staff among respondents. Just under a third of organisations still retained the link with public sector pay for their frontline support staff and line managers, while even fewer did so for relief and casual staff (twenty-one percent), Directors of Services (twenty-one percent), and Chief Executives (twenty percent). The link with public sector pensions was also limited to a minority of respondents (fifteen percent).

Few organisations provided unsocial hours payments according to public sector scales with less than a fifth providing sleepover rates that mirror the public sector, and less than ten percent offering public sector scales for overtime or enhancements for waking nights, and only thirteen percent for enhancements for working public holidays. Only fifteen percent of respondents reported offering sick pay entitlement that mirrored public sector conditions to new staff, compared to twenty-one percent for existing staff.

Table 1: Link with public sector pay and conditions %	
Mileage rates	42
Pay for frontline support staff	31
Frontline manager's pay	29
Holidays for existing staff	25
Holidays for new staff	21
Directors of Services' pay	21
Relief or casuals staff pay	21
Sick pay entitlement for existing staff	21
Chief Executive's pay	20
Car allowances	19
Sleepover rates	18
Staff supervision arrangements	16
Pension arrangements	15
Sick pay entitlement for new staff	15
Enhancements for working public holidays	13
Overtime rates	9
Subsistence allowances	8
Enhancement for waking nights	7

Changes to employment conditions during economic recession

Job insecurity

Job insecurity for workers had increased within respondent organisations over the last three years. Forty-four percent of organisations reported redundancies in frontline support staff. Line managers appeared to be more vulnerable to job losses, however, with fifty-five percent reporting redundancies in these roles over this period. Organisations also reported that some employees operated under the threat of redundancy, with forty percent of respondents reporting they had issued precautionary redundancies to some staff. Backroom support functions such as marketing, finance and administration had also been vulnerable to job losses with sixty-two percent of respondents reporting reductions in the number of staff employed in these areas. Indeed, a quarter of respondents reported a reduction in the number of HR staff employed.

Changes to terms and conditions of employment

Respondents were asked to outline changes to terms and conditions of employment over the last three years. Table 2 reveals that forty-seven percent of respondents reported they had restructured their pay to move away from the public sector comparison over this period. Many voluntary sector social care providers had already done this prior to this period[12]. In contrast to the aforementioned increases in public sector pay, seventy-nine percent of respondents at some point during the last three years were unable to award salary increases that covered the cost of living, and fifty-seven percent had implemented a pay freeze. Interviews revealed pay freezes could be targeted on increments, but allow a cost of living increase, or visa-versa, while other respondents had to freeze both sources of increase.

Indeed, interviews revealed that several organisations had frozen pay for the entire previous three years prior to this study. For some interview respondents, however, freezing pay was insufficient to solve their financial problems and had resorted to pay cuts (four respondents). These cuts were implemented through removing increments at the top of existing salary scales for front line staff, reducing pay predominantly for top earners at support worker grade. Several respondents were also inserting a qualifications bar for progression in these newly configured pay grades. There were also significant changes to pensions, with forty percent of organisations reporting closing final salary schemes to new staff and twenty-eight percent closing final salary pension schemes to all staff. Interviews revealed how successive changes to pension provision were leading to multiple tiers of entitlement among the same workforce.

There was evidence of changes to the management of absence, with seventy-seven percent reporting an increased use of return to work interviews for those returning from sickness. Over a third of organisations (thirty-four percent) also reduced the length of sick leave entitlement for staff. This in turn was accompanied by a fifth of organisations introducing waiting days for sick pay. Some respondents combined these reforms, with fifty-nine percent of those introducing waiting days also cutting leave entitlement. There was debate, however, over the long-term benefit of these changes. A proportion of interview respondents felt waiting days could be counter-productive, i.e., through delivering only short-term benefits; encouraging employees to take longer spells of sickness; penalising genuinely sick workers with otherwise good sickness records; and leading to incidences of employees working with vulnerable people while ill. Others had broader concerns with such changes:

> *Something like cutting sick pay is just a very sore thing for folk and one or two folk who have done that said that of all the cuts that they'd implemented, that's the sorest of the lot. You need to think about the side effects of it, the side effects are just as important as the money you might save. In terms of sick pay you might save the money that you need to save right now, but the long-term effects, I just don't know, you might outweigh that (HR respondent, learning disability provider).*

A minority of respondents in the survey had also reduced opportunities for workers to gain additional income through unsocial hours payments with around a fifth changing enhancements for working public holidays and night shifts. Here, organisations de-recognised public holidays by transferring them to annual leave and paying double time or time and a half for four public holidays, rather than eleven. To soften the blow some provided a one off payment to workers to compensate for losses incurred. Just over a fifth of survey respondents were reducing the number of sleep overs and approximately a quarter were reducing the number of waking night shifts. The introduction of new assistive technology such as movement sensors and alarms on residences was aiding employers in reducing sleep overs.

Table 2: Changes to terms and conditions of employment in the last three years %

Failure to award full cost of living increase	79
Implementation of pay freezes	57
Restructuring of pay to move away from public sector comparison	47
Closure of final salary pensions scheme to new starts	40
Reduced sick leave entitlement	34
Increases in maternity and paternity benefits	32
Closure of final salary pensions to all employees	28
Reduced number of waking night shifts	26
Reduced or removed enhancements for working public holidays	22
Reduced use of sleepovers	22
Reductions in car allowances	21
Reduced or removed enhancements for waking nights	18
Reduction in number of recognised public holidays	17
Reduced sleepover payments	16
Decreases in maternity and paternity benefits	13

These cuts to terms and conditions can be attributed to the purchaser-provider relationship of recent years. For example, in Table 2 where respondents have reported cuts to terms and conditions, with the exception of the 'closure of final salary pension schemes', over half or more of respondents also reported that they had received no cost of living award on their contracts or grants in the last recorded financial year.

A key factor in understanding the impact of these changes is also through examining the gender profile of the workforce among these organisations. Estimates of the proportion of female workers in the sector usually report an aggregate figure of two-thirds female to one third male, but scrutiny of individual responses reveals much higher representation of women in a significant proportion of organisations. For example, the survey revealed how, thirty-five percent of respondents had proportions of female staff ranging from two-thirds up to 100%. Therefore, the bulk of these cuts to terms and conditions in many cases have fallen on predominantly low paid women workers. Moreover, as will be shown many of these changes came as a package of cuts, i.e. pay freezes, with cuts in allowances and other terms and conditions.

A particular area of concern with regard to the introduction of these cuts was the creation of a two-tier workforce (sometimes three tiers for pensions), with interviews revealing how many of these changes were targeted on new entrants as part of organisational strategies to retain existing staff.

One of the things we have tried to do is maintain and reward loyalty and service. So that if there are reductions to be made in any of the benefits or terms and conditions that we offer, we always look first at what impact has that got on a new starts…we want to protect some of the other rewards that actually keep experienced staff in the workforce (HR manager, learning disabilities).

Work intensification

Another area of savings came through work intensification. Thirty-two percent of respondents reported an increased reliance on staff undertaking additional hours to ensure service quality was maintained over the last three years. Interviews also revealed how three respondents had resorted to introducing an increase to the working week from 37 to 39 hours, without any commensurate salary rise.

There was also evidence of increasing pressure on the line management role. The study already shows an increased use of return to work interviews for sickness, which predominantly falls within the scope of line management responsibility. In addition, seventy-eight percent of respondents reported they had required these managers to take on responsibility for overseeing greater numbers of staff. Of these, sixty-two percent had made redundancies in this function over the same period. Sixty-three percent of respondents also indicated that they had increasingly required their line managers to undertake tasks normally the responsibility of HR. Interviews confirmed this trend, with one respondent commenting on the long-term damage this intensification of work would have not only on managers, but their subordinates:

Because of funding if you have a vacancy and someone leaves, particularly a manager, what you're going to do is tag them onto existing managers' posts. The managers are saying yes because they are thinking well its job security. But there is no extra funding to pay that salary, its exploitation of staff who will say yes. More worrying for me is you are stopping or cutting down a level of promotion. So you're denying people long-term development opportunities. I think that will tell in terms of a skilled experienced workforce in about five years time. You won't have new experienced staff coming through, what you will have will be a tier of burnt out managers ready to leave (Senior Manager, large organisation, physical disability).

Altering the skills mix

An often controversial approach to making savings to employment costs in the voluntary sector is through altering the ratio of support assistants to support workers. Forty-one percent of respondents reported an increase in the recruitment of support assistants over the last three years, while forty-seven percent reported a decrease in the numbers of support workers. There was a strong correlation between these two moves, as seventy-eight percent of those reporting increasing the number of support assistants in their projects were also decreasing the numbers of support workers.

There was debate regarding the value of these changes to skills mixes relating to whether support assistants take on the role of support workers, but at a cheaper rate. Others, however, had concerns that touched on issues of service quality.

I think quality is a precarious thing and the more you recruit lower grade staff and do away with your senior staff … the danger for the front line service is that quality will slip. (Senior Manager, small mental health provider).

A third of survey respondents reported increasing the numbers of volunteers over the last three years. Interviews did reveal a greater reliance on volunteers for befriending tasks, where the paid employee no longer had the time to undertake social activities or build links in the community because of budget cuts. One respondent described the move in the following terms:

It's because of the current pressures that we're now catching onto how helpful volunteers could be. Obviously not to replace the support worker because that would be inappropriate, but if there are little things in people's lives, like social activities where a volunteer can fill in the gap here and there. That would save on costs and allow the trained support staff to provide the type of support that only they can provide (HR Manager, Housing Association).

Some respondents, however, expressed concerns about these developments. In particular, the fear that some organisations would replace roles already undertaken by paid workers with volunteers.

Supervision and performance management

Forty-five percent of respondents had changed supervision arrangements with staff. Of these the most common change involved reducing the regularity of supervisions to staff, followed by efforts to increase the number of supervisions required of line managers: another example of intensifying their work. Two organisations were also introducing group supervision for the first time. It was apparent from interviews that organisations undertaking these changes did so in response to a reduced willingness among funders to provide resources for the necessary down time away from front-line service delivery. Again, interviews revealed debates regarding the value of these changes. A senior manager from a large learning disability provider outlined how there was plenty of scope to cut time allocated to supervision from one hour meetings to twenty minutes. In contrast, others had concerns regarding sustaining service quality, while another provider revealed problems with a few individuals in newly constituted group supervisions being too dominant.

Performance management was receiving more attention among survey respondents, with eighty-six percent reporting an increased focus on it. Interviews also revealed a link between performance management and absence, with several providers outlining how opportunities for promotion and career progression had recently been linked to absence records. Several organisations had also begun to dismiss employees for the first time on the grounds of capability and absence.

Training and development

Training and development is vulnerable to cuts during recession. To begin on some positive points, however, fifty-one percent of respondents revealed that they had been re-accredited or had achieved for the first time *Investors in People* (IiP) status during the last three years. Moreover, more respondents had increased resources towards statutory training, e.g. for the Scottish Social Services Council (SSSC), over the previous three years (thirty-five percent) than had reduced it (twenty-one percent).

Cuts to overall training budgets were common, however. Sixty percent of all organisations revealed that they had reduced their training budget over the last three years, compared to only sixteen percent that had increased it. Disturbingly, of those that had achieved IiP status or had been re-accredited in the last three years, fifty-seven percent had also reduced their training budget. There was also an association with declines in overall turnover, with four-fifths of organisations reporting such a decline, reporting a reduction in their training budget.

A quarter of respondents also indicated that they had reduced resources devoted to ensuring compliance with the SSSC workforce qualification targets. Of those organisations, eighty-eight percent had also reduced their overall training budget. Interviews revealed how other mandatory training was also suffering in this climate, with several respondents reporting how they had moved to biannual manual handling and hygiene training. Other larger organisations, however, were attempting to utilize their expertise in such training by holding joint events with other providers and/or selling places to smaller voluntary organisations struggling to run their own.

Another indication that training was under pressure came from the figure of thirty-six percent of respondents stating that over the last three years they had increasingly expected staff to undertake part of their training in their own time. Of these, sixty-five percent had also cut their training budget. Interviews also showed how this requirement on staff included SSSC training, and was driven by an intensification of service monitoring by funders to ensure every funded hour was devoted to delivery.

> *When I first joined here, it was a matter of you had an expectation that you would be fully funded throughout your SVQ, to sit around and twiddle your thumbs as you tried to put your words down on paper and everyone would fund this and you would be released from your job, and we've had to say to people 'get real', you know we're not getting funded for the release time and people do need to take an element of responsibility themselves for doing this in their own time, you can't expect to have this all handed to you on a plate (HR Manager, Learning disabilities).*

In addition, several interview respondents revealed they now required their staff to contribute financially to their own training.

> *We just couldn't cover that cost. It was a difficult decision but I think it was one that we had to make (HR Manager, Housing Association).*

Finally, this squeeze on training resources was also potentially impacting on the capacity of organisations to deliver services, as fifty percent of those reporting a reduction in their training budget also reported the existence of skill shortages among their staff.

Anticipated changes to employment conditions in the era of public sector funding cuts

The new climate of public expenditure cuts from local authorities was raising significant fears among respondents. Here the data from the interview respondents was most revealing. The majority of interview respondents revealed how recent decisions by local authorities included implementing cuts ranging from 4–20%, with little negotiation.

> *We've been told [by a local authority] that they want the same services and same number of hours for twenty percent less. That leaves us with a deficit, and bear in mind it's not a request, it's a demand because 'you'll do it or we'll take your services away' (HR Manager, multiple service user groups).*

For five of these interview respondents these cuts have threatened organisational survival, with no remaining scope to utilize reserves. One medium-sized organisation (active in implementing many of the aforementioned cuts) reported that they awaited a final decision on their hourly rate from a major funder and that would decide whether its business remained sustainable. A senior manager from a small provider added:

We probably could keep going for two years. After that the business becomes more unviable because you're eating into your reserves.

The majority of these organisations reported that job losses were inevitable in this climate, but were uncertain over their breadth, depth and whether they would be voluntary or compulsory redundancies. Respondents also reported how the current approach to cuts was short-sighted as they could involve closures of vital preventative services in areas such as youth offending.

You tend to say to some local authorities, 'Once you've driven us out of business, what are you going to do? You're gonna be stuck with the private sector and it'll be a whole different ball game for you.' But nobody has the long term view to actually see that (HR Manager, large provider, multiple service users).

Future changes to terms and conditions of employment

The prospects for those surviving redundancy in the sector appeared to be bleak. Survey respondents were asked to reveal whether in order to save costs they planned to make changes to a range of terms and conditions over the next two years. Table 3 shows that worker pensions would continue to suffer, with fifty-seven percent reporting plans to make cost savings in this area. Forty percent of organisations revealed they had plans to change the pay of support staff and thirty-eight percent were planning to make changes to the pay of first line managers. Moreover, such changes were in most cases combined, i.e. of those that were making changes to support staff pay, ninety-five percent were also planning changes to line manager pay.

Interviews also revealed how these changes would translate in many cases to a pay cut. The aforementioned organisation that was anticipating a deficit was resorting to cutting salaries by removing top increments from its salary scale, thus reducing pay for front-line workers by as much as £700 a year.

There's no way other than cutting salaries, because there is no slack in the system, which has already been absorbed for the last couple of years (HR Manager).

Data also suggested that the link with public sector terms and conditions could finally evaporate among these organisations. Of those that stated they currently based pay of their front-line support/care staff and line management grades on public sector scales, ninety-one percent said they intended to make savings on the wage bill among these grades.

Authorised and un-authorised leave from work was also anticipated to continue to be a source of savings over the next two years. A fifth of organisations were anticipating making changes to general holiday entitlement and recognised public holidays. Forty-three percent were planning reductions of sick leave entitlement. A further twenty-eight percent were introducing waiting days for the first time. Moreover, respondents anticipated further cuts to opportunities to earn extra income through working unsocial hours, with almost twenty percent of organisations planning changes to enhancements for waking nights, payments for sleepovers and the numbers of sleepovers.

Table 3: Plans to reduce costs through changing the following terms and conditions in the next two years %

Pension scheme	57
Sick leave entitlement	43
Pay of frontline support staff	40
Pay of first line managers	38
Numbers of sleepovers	36
Introducing waiting days for absence	28
Pay of Chief Executive	23
Car allowances	22
Holiday entitlements	21
Recognised public holidays	20
Enhancements for waking nights	18
Payments for sleepovers	17
Maternity and paternity provision	17

Some of the organisations that were undertaking these changes to pay and conditions had already applied cuts to certain areas in the previous three years, but were having to return to do more. This was the case in areas such as sick leave entitlement, recognised public holidays, enhancements for waking nights, the number of waking nights, payments for sleepovers, and further cuts to pensions.

Altering skills mix

Respondents reported continued plans to alter the skills mixes in their organisations, with fifty-four percent anticipating increasing numbers of support assistants, while the same proportion anticipated a reduction in the proportion of support workers. Moreover, it was clear that there was, again, a connection between these measures, with eighty-nine percent of organisations introducing more support assistant grades also reducing support workers.

Training and development

The prospects for training and development appeared to show further cause for concern. Overall, fifty-six per cent of respondents reported that they anticipated a reduction in their training budget over the next two years compared with only six percent that reported plans for an increase. Of further concern was the finding that of those that anticipated reductions in their training budget, two-thirds had already made cuts in the previous three years, with only two respondents (previously experiencing cuts) anticipating a rise in their training budgets over the next two years. It was also revealing that half of those anticipating budget cuts to training had experienced skill shortages over the last three years, so casting doubt on their ability to overcome them.

It was also disturbing that twenty-seven percent of organisations anticipated a decrease in resources devoted to SSSC training, compared to twenty-two percent that anticipated an increase. With regard to the former, some respondents revealed how a reduction in resources was because they were well on target to reach the requirements of the SSSC and their expenditure had peaked, but others revealed concerns about their general ability to meet their obligations in this regard.

Impact on recruitment and retention

The continued focus on cutting employment conditions, which in many cases involved alterations to the contracts of new starts, does potentially raise long-term problems in relation to recruitment, retention and labour market mobility for the sector. Fifty-three percent of survey respondents reported continuing recruitment problems in some areas over the last three years. Arguably, if and when employment opportunities improve in the sector, changing terms and conditions of new starts to the lowest common denominator/statutory minimum will lead to problems. For example, employers offering only basic statutory employment conditions and pay around the level of minimum wage will only be able to recruit from organisations using the same model. Low pay and conditions would also perhaps dissuade new entrants into the sector, and could prevent experienced staff from moving for fear of losing various accrued employment conditions and rights. The sector would also be vulnerable for competition for labour from the private sector, especially retail outlets that could offer the same or slightly more income, but less intense work.

> *People will say to us, well on the wages you're offering, the money it's going to cost me to travel to these various places it's not worth me taking this job (HR Manager, multiple service users).*

Impact on the climate of employee relations, employee morale and well-being

Respondents were asked a series of questions relating to the impact of changes to terms and conditions on employee relations and worker morale. Here, there was mixed evidence of disruption and discontent. On a positive note, only seventeen percent of respondents felt that the relationship between employees and management in their organisations had deteriorated over the last three years. The climate of employee relations is, however, also assessed by examining trends in collective and individual forms of disputes and grievance.

In exploring the impact of collective bargaining, despite fifty-eight percent of unionised organisations reporting an increase in union membership in the last three years, there was no evidence of widespread disruption in the sector caused by unions. Of those that recognised a trade union, thirty-five percent had experienced an increase in the number of disputes with their union(s), with interviews revealing pay and conditions to be the key area of disagreement. At the same time, under a fifth of organisations that recognised unions reported that they felt the relationship between management and employees had deteriorated over the last three years, a similar proportion to those not recognising unions.

Interviews also showed how unions worked in partnership with employers in these difficult times. Three respondents reported how unions, after full consultation on pay cuts and changes to other benefits, had helped management sell the rationale to their members on the basis of organisational survival and saving jobs.

> *The pay cut, that went down like a lead balloon… But essentially the message was we're saving jobs and [the union] were very clear that was what it was about (Senior Manager, Learning Disabilities provider).*

Individual forms of discontent at work are measured through trends in absence, employee turnover and grievances. Here there was some difficulty in coming to any clear conclusions. High absence can be a sign of employee discontent. The survey revealed, however, that more organisations reported a decrease in absence over the last three years (thirty-nine percent) compared to those recording an increase (twenty-four percent). Yet respondents attributed falls in absence to stricter attendance management policies to save on costs such as increased return to work interviews, new standards and triggers, more rigorous application of existing sickness policy and linking attendance to performance management standards. In such a climate, it is arguable that a traditional expression of employee discontent is being suppressed.

Levels of employee quitting is also an indication of workforce well-being or discontent. In a period of recession and high unemployment, however, it is also difficult to discern anything from trends in employee turnover. Again, more respondents reported a decrease in turnover (thirty-eight percent) compared to those citing an increase (eighteen percent). Of those reporting a decrease, although respondents reported issues such as securing new contracts, comparatively good terms and conditions of employment and investment in training and development as reasons for retaining staff, the most common reason for decreases were the current economic and labour market conditions preventing people from moving on.

With regard to individual grievances among staff, there were some signs of tension, with thirty percent of organisations reporting an increase in such cases, while only ten percent reported a decrease over the last three years. Interviews also revealed emerging tensions around demands for higher standards of performance from workers in the face of cuts in pay and benefits – the work – effort bargain. A common feedback from interviews is encapsulated in the following quote:

> *The Chief Executives have made a decision due to the financial funding cuts, pension shortfalls and all the rest of it that nobody in the organisation will get an increment in the next two years…I think being told there is a pay freeze for somebody who is on £6.90 an hour is disgraceful. You have had staff saying at supervision why should I have to prove myself knowing that I'm not going to get a pay rise (Senior manager, physical disability).*

Other signs of discontent were possibly related to the direction of organisational missions. Respondents were asked whether various groups within their organisations had expressed concerns over whether their employer remained within its mission. In response, forty-four percent revealed that Board members had expressed such concerns; forty-six percent reported similar concerns among management; and forty-two percent among their frontline staff. These concerns appeared to be linked, with seventy-six percent of those stating that they had experienced some unrest among their management staff also reporting similar concerns among non-management grades.

It was also interesting to note that of those that stated their board members expressed concerns over whether their organisation remained in its mission, seventy-six percent also reported an increasing drift towards a more business like culture. Similarly, eighty-two percent of respondents that reported management concerns over mission also reported the growth of a more business like culture. The figure for those reporting employees expressing concerns over mission and also reporting a drift towards a greater business like-culture was ninety-five percent.

Impact on service quality

The report has raised concerns regarding the impact on service quality from increased reliance on staff working extra hours to sustain services, significant pressure on line management roles, skill shortages, cuts in training budgets, the employment of support assistants and constraints on staff supervision. At the same time, ninety-five percent of organisations reported receiving favourable reports for some of their services from the Care Commission over the last three years, compared to only twenty percent that received unfavourable ones. There remain reasons to be concerned about the future of service quality, however. In exploring the characteristics of those receiving unfavourable reports we can see links with shortfalls in training and skills. Specifically, 100% of those receiving a poor report recorded a reduction in their annual training budget over the last three years and fifty-five percent reported skill shortages among staff. Of further concern was the finding that seventy-eight percent of organisations with poor reports were planning to further cut training budgets in the next two years. Moreover, fifty-two percent of those receiving favourable Care Commission reports were also planning to reduce their training budget over the next two years. If the connection with poor Care Commission reports is linked to squeezing training resources, this finding raises the possibility of more organisations receiving unfavourable reports in the future.

Indeed, several interview respondents revealed that they were anticipating having to make compromises on service quality in the forthcoming round of cuts.

> *We are still a quality provider and that is still being reflected in the fives and sixes we're getting through the Care Commission... But you know I think providers have to look at themselves and say well, we can't afford to be a five and a six any more, we can only be a three or four, we can only provide the kind of good standard of care, we can't afford to be excellent anymore (HR Manager, medium sized organisation, physical disabilities).*

Linked to this was a belief among interview respondents that the current climate of austerity would undermine key attributes of the sector, e.g its capacity to innovate in public service delivery, its ability to establish and engage with service user groups and their families, and the willingness of staff to work additional hours (sometimes on an unpaid basis).

Many of these attributes contribute to the personalisation agenda, and it was noticeable that forty-eight percent of respondents reported that they had experienced an increase in the number of service users funded through Direct Payments or Individualised Budgets. Yet, interview respondents argued that this agenda was in danger of being undermined by some local authorities in the current financial climate:

> *The morality of self-directed support is absolutely spot on. You're in control of your budget. The whole thing that is happening in Council X is not about being in control of your budget, Council X is very clearly seen as saving their budget. Now how do you know if someone is going into a self-directed budget that is going to save money, you can't enter into that with the premise 'here's our budget but it's to save us X percent'. It's immoral (Senior Manager, physical disabilities organisation).*

Illustrative case studies

At this juncture, the report outlines the experience of two case studies. This longitudinal data shows how despite voluntary organisations coming into the latest economic recession from relatively different financial positions, they have all experienced varying levels of vulnerability to cuts in terms and conditions of employment over the last ten years, and that recession and forthcoming public expenditure cuts appear to be significantly exacerbating these pressures, irrespective of previous financial stability or instability. It also shows how workers are not just experiencing one or two of the aforementioned cuts in their employment conditions, but a whole package.

Case 1

Case 1 is a large provider of services for people with learning disabilities. Four sets of interviews were undertaken during 2001 (HR Manager and Operational Manager), 2006 (Chief Executive, HR Manager and operational managers) 2009, (HR Manager) and 2011 (HR Manager and Senior Operational Manager). The first interviews revealed *Case 1* emerging from a period of financial problems into an era of income and employment growth through taking on new funding streams such as Supporting People. The second set of interviews in 2006 revealed emerging difficulties because of the insecurity and reconfigurations of such income streams. In 2009 the HR Manager outlined a continuing challenging environment, with local authorities becoming even more cost conscious, and *Case 1* losing at least one service to competitors and failing in several tenders.

Employment conditions reflected the fluctuations in *Case 1's* fortunes across the first three interviews. The difficulties revealed in the first interview in 2001 had resulted in a pay freeze the previous year, and an increase in the working week from 39 to 40 hours. Respondents reported that the intervening period of income growth between 2001 – 2005 saw some improvements with the award of regular cost of living increases on salaries matching those given to local authority workers, the introduction of maternity and paternity leave above the statutory minimum and reducing the working week back down to thirty-eight hours. During this period, however, the organisation, as with many in the sector, had introduced a cheaper pension scheme for new starts. In 2006, there was also reportedly a growing sense of job insecurity and awareness that the organisation would be unable to continue to provide full cost of living pay rises. In these circumstances, there were also reports of recruitment and retention problems among staff.

In response to a further deteriorating financial climate, the interview in 2009 saw *Case 1* moving to what the HR Manager described as a much more 'hard-nosed business focus' by introducing changes to sickness absence for new starts and a reduction in entitlement for existing staff (HR Manager). This was accompanied by further changes to pensions (three tiers of employer contributions ranging between 17% - 4%), and an anticipation that the organisation would have to endure a pay freeze in the forthcoming year.

The most recent interview in 2011 (HR Manager and Operational Manager) revealed a further worsening financial situation with significant implications for terms and conditions. *Case 1* was facing calls from funders to make cuts of around 6 – 7%, and in the last year it had lost two existing services. In response, after consulting with its workforce and union *Case 1* was introducing a dramatic set of changes to terms and conditions including: a re-grading of management roles leading to some compulsory redundancies; the removal of pay scales from the top of the support worker grade, reducing pay for around eighty staff by £2,000 per year; removing opportunities for sleepovers leading to a drop in income of £2,500 per year (some workers experienced both of these falls in income); an increase in the working week from thirty-eight to thirty-nine hours; a commitment to increase the proportion of support assistants; statutory maternity and paternity pay for new employees; cutting back on statutory training events; requiring workers to undertake preparation for SVQs in their own time; and introducing fewer supervisory sessions and team meetings .

These changes were introduced with the eventual support of the union that had successfully campaigned against earlier proposals that were even more draconian. At the same time, respondents did admit to continuing pockets of discontent among the workforce and rising union membership. Respondents, however, believed *Case 1* was turning a corner, and described it as 'tender fit' (Operational Manager), and were optimistic the organisation could retain existing and compete for new services. This optimism was tempered, however, by fears of the impact of the above changes on future recruitment and retention.

> *If people are coming in for such low terms and conditions, we're not going to be able to recruit from other companies unless they too have brought it back down to statutory. We used to recruit from other ones where people already had their core training or maybe had an SVQ, the way we have done it now, we are not going to be able to attract these people (HR Manager).*

Case 2

Case 2 provided services to people with physical disabilities. Respondents participated in three sets of interviews in 2001 (HR Manager, HR Assistant, Finance Director, Senior Operational Manager), 2008/09 (HR Manager and BDM) and 2011 (HR Manager). The first interview revealed a situation of relative stability, with few concerns regarding its funding streams even though many were only a year in duration. The main frustration concerned the regular late conclusion of negotiations with funders over annual uplifts in income and ongoing calls for efficiency savings. In 2008/09, however, *Case 2* faced the beginning of a changing relationship with funders. The organisation remained stable, but there was recognition that it had to become 'tender savvy' (HR Manager) as local authorities became more cost conscious, and the organisation had failed to secure any significant new business in competitive tenders. This led to the recruitment of a Business Development Manager in 2008 with specific responsibility to lead on the tender process and collate the mass of tender information generated in areas where *Case 2* was already doing business or wished to pursue opportunities for growth.

In terms of employment conditions, during the first interview *Case 2* reported stability in employment conditions, although pay increases were usually delayed in line with problems in finalising uplifts from funders. The second interviews revealed the beginning of changes reflecting its shifting environment, with internal discussions in 2008 concerning reforming pay scales to cope with tightening public expenditure, and the possibility of introducing support assistant grades within projects. In each case, these proposals were considered but there was no immediate action other than briefing staff that these changes were required in the future if the organisation was to be competitive.

The third interview (2011) revealed a considerably different environment. The organisation had experienced unsustainable losses in its care activities because of local authority cuts and freezes in income over the previous 18 months/two years. *Case 2* had received increases in income from only two of the thirty local authorities it had services in. It was also receiving notification of cuts of around 5% for the forthcoming year.

This led to consultation with the workforce, including unions regarding changes to terms and conditions. The result was a conditional guarantee to try and avoid compulsory redundancies and pay cuts by finding cost savings elsewhere, including: reducing overhead costs by not replacing staff that left office support functions; the recruitment of support assistants so reducing the entry level salary by £2,000; the announcement of a complete pay freeze; cutting life assurance and permanent health insurance schemes; reducing sick pay entitlement (waiting days); cuts to annual leave and public holidays; reductions in night shift premiums and on call payments; and concentrating only on statutory training. In a rapidly changing situation, during the writing of this report, events overtook the organisation. The twelve main local authorities that *Case 2* currently had contracts with had imposed cuts of over £300,000 on its forthcoming budget, with the possibility of more to follow from other funders. Management were conscious that these losses could not be sustained by continuing to draw on reserves, and were fearful of the long-term survival of the organisation.

As a consequence of this changing situation, *Case 2* was unable to maintain the position regarding redundancies and is now faced with a situation where redundancies and cuts to terms and conditions are necessary to remain viable. The cuts include reductions in pay and movement to a lower support assistant grade for a significant proportion of the organisation's support workers currently at the top of their pay scale. The cut in salary for those affected will be from current levels of between £16, 000 - £18,000 down to £14,500. Unsurprisingly, these measures were leading to increasing tension among a significant proportion of the workforce, with management reporting workers expressing a sense of scepticism and betrayal. In addition, the prospect of industrial action has not been completely ruled out if there was a failure to agree between management and the union.

Again, this organisation had attempted to improve its prospects of gaining more business, by promoting its services more widely to some of its existing funders and adopting a 'can do attitude' (HR Manager). It had gained some new small contracts, and it was hoped this would lead to it winning larger tenders. At the same time, the downward pressure by funders on the organisation's hourly rate has meant that the gaining of any new business cannot be achieved without the aforementioned further changes to terms and conditions of employment.

SECTION 4: CONCLUSIONS

Studies of voluntary sector employment reveal steady deterioration of terms and conditions over the last 10 – 15 years as a direct consequence of the rigours of the purchaser – provider relationship with local authorities. Specifically, the link with public sector pay has been unravelling as pay rises consistently fell behind that of public sector increases prior to the 2008 recession; there has been widespread work intensification; evidence of insecurity of employment; and the emergence of problems in relation to employee morale[13]. This report reveals how the recent economic recession has exacerbated such trends.

Specifically, this report has answered four questions. Question 1 asked - *What has been the impact of public expenditure constraints on the purchaser-provider relationship between local authorities and the voluntary sector, and the subsequent impact on the income of the latter?* It was clear that participating organisations had faced an extremely difficult situation during the recent economic recession, where significant proportions had experienced freezes or cuts in income and a fall in their overall turnover. In many cases relations with funders were increasingly moving away from a partnership model towards a more market-based framework of greater competition, where decisions over funding were predominantly cost-based, and close relations with internal local authority contacts were being eroded.

Question 2 asked - *How has economic recession impacted on workforce issues, including pay and conditions, HR policies and staff training and supervision?* There has been widespread erosion of terms and conditions of employment for workers in the voluntary sector, including pay freezes, the removal of opportunities to receive final salary pensions, reductions in opportunities to earn additional income during unsocial hours, work intensification, changes to skill mix, reduction in opportunities for supervision, and an increased emphasis on attendance and performance management. Groups that have been particularly vulnerable to these changes have been women workers, while line managers appear to have suffered most in terms of job losses, and work intensification. There was also evidence of the emergence of a two-tier workforce (three tiers with regard to pensions).

The case studies add further weight to this survey and interview evidence, by outlining how the recent economic problems facing the sector have been responsible for severe cuts in terms and conditions, but that these recent trends are a continuation of over ten years of pressure on working conditions in the Scottish voluntary sector. It also reveals how workers in the sector are facing whole packages of cuts to their terms and conditions.

Of further great concern was the impact on training and development, with sixty percent recording reductions in their training and development budget over the last three years. This reduction appeared to be impacting on the organisational resources committed to SSSC accreditation, and was forcing organisations to compel their workers to increasingly undertake training in their own time, and in some cases fund their own training. This was despite a proportion of organisations also reporting skill shortages.

Question 3 asked - *What are the anticipated changes to terms and conditions and staff training in the forthcoming public expenditure cuts?* The study found plans for a continuation of these efforts to reduce costs through cutting employment conditions across all the aforementioned areas of employment terms and conditions, including the pay of frontline workers and line managers. It was also clear that many respondents were returning to make cuts in areas of employment conditions that had previously been hit in the last three years. There is also a suggestion that these changes could spell the end of any further link with public sector conditions of employment among organisations in this study. Training budgets were also the target for further decreases, with those that had implemented cuts in the last three years continuing to do so in the forthcoming two years.

Question 4 asked - *What impact are any changes having on recruitment, retention and relations with the workforce and/or their representatives and service quality?* The above changes are not without their costs as the creation of a two or three tier workforce in the voluntary sector threaten future labour mobility and recruitment and retention. Unions were not the source of any significant widespread disruption in the sector, but respondents did indicate rising dissatisfaction among the workforce around the work – effort bargain, and concerns regarding the mission of organisations.

Although respondents continued to receive favourable Care Commission reports, there were emerging concerns regarding the impact of the above findings on service quality. In particular, an acceptance that in this era of austerity current high levels of quality may not be sustainable, leading to the erosion of some of the sector's attributes, i.e. service innovation, service user involvement, and employee willingness to go the extra mile. It is also the case that, there appears to be a direct link between cutting funding for training and receiving poor reports from the Care Commission. This is of concern, given many of the respondents are planning to cut funding for training over the next two years.

Much current outsourcing is based on the notion of better quality outcomes being delivered by alternative providers, including the voluntary sector, yet there is evidence here of voluntary organisations struggling to maintain quality. The mixed success of efforts to sustain or increase income through tender teams and BDMs further exacerbates concerns regarding the sector's ability to grow income to a sufficient level to resource a properly trained and rewarded workforce to ensure quality of service delivery. This has wider implications for continued and accelerated outsourcing to the sector not just in Scotland, but across the UK (e.g. under the Big Society programme).

SECTION 5: RECOMMENDATIONS AND FUTURE RESEARCH

Recommendations

i. Policy-makers, umbrella bodies, employers and trade unions instigate a long-term campaign focusing on the need to reverse the current undervaluation of care work in society.

ii. Policy-makers, umbrella bodies, employers and trade unions campaign to highlight the damaging impact of funding cuts on voluntary sector pay and conditions in the last three years.

iii. Each of the above bodies to campaign to highlight the vulnerability of the voluntary sector and its service users to forthcoming public sector cuts.

iv. Employers to investigate further possible sharing of training activities, whilst lobbying local and national government to properly resource training in the sector.

v. Monitor at an organisational level (and through umbrella groups) the impact of changes to supervisory practice on services.

vi. Employers to pursue further sources of income outside the state sector.

vii. Joint employer - union campaigns along with umbrella bodies to highlight the damage being done to the personalisation agenda by being associated with cost-cutting.

viii. Unions and management to explore possibilities to negotiate deals concerning cuts in pay and conditions that include clauses that guarantee future talks on restoring some cuts when financial conditions improve in the sector.

ix. Continue to highlight and campaign regarding the links between cuts in employment conditions and training budgets and emerging concerns with service quality.

Future areas of research

As a consequence of the above findings from this report, it is recommended that the following future areas of research are pursued:

1. Further longitudinal research into changes to terms and conditions of employment in the voluntary sector as a consequence of public sector cuts, including changes to working hours.

2. Analysis of the extent to which the voluntary sector is able to continue to fund training and development to sustain a skilled workforce.

3. A dedicated study exploring the role and experience of line managers in voluntary organisations and their level of training to meet the demands of their role.

4. An exploration of recruitment and selection to explore the extent to which the current 'race to the bottom' in pay and other conditions will hamper labour mobility.

5. The impact of changes to sickness absence policies on organisational effectiveness.

6. An in-depth exploration of the impact of the current cuts in terms and conditions on employee morale and well-being.

7. Longitudinal analysis of the effectiveness of organisational measures to increase income such as BDMs and tender teams.

8. Further research into impact on service quality of current public expenditure cuts.

References

1. Cunningham, I (2008) *Employment Relations in the Voluntary Sector*, London, Routledge. And Barnard, J, Broach, S and Wakefield, V (2004) *Social Care: the growing crisis*, *Report on Recruitment and Retention Issues in the Voluntary Sector* by the Social Care Employers Consortium, London.
2. Scottish Council for Voluntary Organisations (SCVO) http://www.scvo.org.uk/tag/sjc-salary-scales/; Cunningham, 2008, op.cit.; Unison (2011), *UNISON to meet with Joint Trade Unions to discuss a pay claim to tackle low pay* http://www.unison-scotland.org.uk/localgovt/, February 2011.
3. Cunningham, op.cit
4. Chew, C and Osborne, S.P (2009) "Exploring Strategic Positioning in the UK Charitable Sector: Emerging Evidence from Charitable Organizations that Provide Public Services", *British Journal of Management*, 20, 3, 90-105.
5. Cunningham, op.cit
6. Cunningham, I and Nickson, D (2009) *A Gathering Storm? Procurement, re-tendering and the voluntary sector social care workforce*, Scottish Centre for Employment Research, Glasgow, Scotland.
7. National Council for Voluntary Organizations (NCVO) *The UK Civil Society Almanac 2010*, London.
8. NCVO, op.cit
9. Carrel, S, (2010) 'SNP accused of putting 'party before nation' as Scottish draft budget is unveiled', The Guardian, 17, 10. 10.
10. Community Care providers Scotland (CCPS) (2011) 'Real cuts, right now' *CCPS Update Newsletter*, 15.2.11.
11. Skills for Care & Development (2010). Sector Skills Assessment (Scotland): April 2010, p16
12. Community Care providers Scotland (CCPS) (2001), *2001 CCPS pay and conditions survey*
13. Ford, J, Quiglars, D and Rugg, J (1998) *Creating Jobs: The employment potential of domiciliary care*, Joseph Rowntree Foundation, Community care into practice series, The Policy Press, Bristol; Barnard, J, Broach, S and Wakefield, V (2004) *Social Care: the growing crisis*, Report on Recruitment and Retention Issues in the Voluntary Sector by the Social Care Employers Consortium, London; and Cunningham,(2008) op.cit.

Designed by Peter Nelson Art & Design
Email: peter@peternelsonart.com
Tel: 07703258385