



## **“Death by a Thousand Cuts”**

The real cost of funding cuts to voluntary sector services in Scotland & the need for a fairer funding framework

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## **"Death by a Thousand Cuts"**

### **The real cost of funding cuts to voluntary sector services in Scotland & the need for a fairer funding framework**

#### **1. Introduction**

Unite the union bargains on behalf of over 40,000 employees across Scotland's voluntary sector. Our members work in a wide variety of not for profit organisations, from small community groups with a handful of employees, to major national charities and community care providers employing thousands of workers throughout Scotland.

Day in, day out, across Scotland, our members in the not for profit sector deliver highly skilled, high quality, services to support and assist some of the most vulnerable members of our society. Whether it is supporting older people, or adults with learning disabilities, to live in their own homes, counselling victims of drug and alcohol addiction, or assisting people experiencing a serious mental health issue.

Most of these employees work for organisations which are contracted by Health Boards and Local Authorities to provide these services to the public. But unfortunately the rates of pay that these workers receive falls far short of the rates that workers directly employed by the public sector get to deliver similar services. Unite is committed to challenging the pay inequalities that exist for this growing group of employees in the not for profit sector.

We are also growing deeply concerned at the way the pay and conditions of employment for workers in this sector are increasingly being eroded by cuts in the funding of these services. Pushed for cash, the public sector has recently become more and more aggressive in the way that it contracts these important services, forcing voluntary sector employers to compete in a race to the bottom on costs, on quality, and inevitably on pay & conditions for front line workers.

Unite is clear that this climate of cuts within the sector has become unsustainable. We believe that the pay and conditions for workers in the sector has reached crisis point and that it is seriously affecting the delivery of key services to the most vulnerable members of our society. Something must be done to halt the erosion of these services - before it is too late.

This report is our way of giving a strong voice to our members in the sector. We want to expose the reality at the sharp end for both workers and service users and the real human cost of these cuts, which are seriously impacting on their lives.

Our campaign for fairer funding in the sector is aimed at forcing the Scottish Government, Health Boards and Local Authorities to take responsibility for the pay and conditions of employment of the workers that they contract to deliver these services. They need to understand that quality costs; that expecting low paid workers to subsidise services is not an option; and that parity of pay with directly employed public service workers should be implemented across the board, for all employees contracted to deliver key public services.

## **2. Consultation on the real cost behind the cuts**

Our consultation on funding cuts was carried out over the first 3 months of 2009 and involved us in sending out surveys to thousands of our members across the sector in Scotland asking them to tell us about their views and experiences. We received 319 responses covering 58 different employers across 18 of Scotland's local authority areas. These employers varied in size and type with the smallest employing only 6 staff and the largest employing over 2500. Overall the organisations represented in our responses are responsible for employing over 10,000 workers. A broad and significant chunk of Scotland's 130,000 strong voluntary sector.

### **3. Headline results:**

- 97% of our respondents stated that their employer is contracted to deliver a public service
- 88% of our respondents felt that their employer was under increased financial pressure this year compared to previous years
- 80% of respondents had witnessed negative effects on service users as a result of funding cuts or re-tendering
- 73% of respondents had experienced negative effects on their working conditions and /or their pay and benefits as a result of funding cuts or re-tendering

### **4. What our members actually said:**

We asked our members to share their experiences and views with us and we were overwhelmed by the responses and examples that we were sent. We have set out below a range of direct quotes from our members, covering their views on the affects of the re-tendering of services, their experiences of cuts to their pay and conditions, and the impact on service users.

This is by no means the full range of responses we received, as there was a high level of repetition, however we have tried to include as representative a range of our member's views as possible and they form the main body of this report. We want our member's voices to be heard by the decision makers of Scotland because we believe these voices send a very powerful message from the front line about the need for urgent change to the current system.

In these quotes, our members raise very serious concerns about what is happening to the services in which they work, and in some instances, about their own terms and conditions. In presenting their views in this report, it is not Unite's intention to level criticism at individual employers within the voluntary sector. We recognise that organisations have to respond to the significant cost pressures being imposed on them by funding shortfalls and service re-tendering exercises. Given that this

report is part of a campaign that aims for a fairer funding system for all voluntary organisations, rather than a critique of specific employers, we have elected not to identify the names of any individuals or the organisations that employ them.

#### **5. Our member's views on contracts & tendering:**

"The whole situation of re-tendering is awful. We feel under continual threat from job losses. We also worry about the possibility of tenants losing the support structure they have been used to if re-tendering occurs and we lose the contract." *Carer in West Dunbartonshire*

"I feel the process of tendering is very traumatic and unfair to all involved. It causes great levels of stress to both staff and service users. It is not people led, yet we are asked to deliver people led services. The most vulnerable are without a voice and not considered in such a process. If something works - why change it!" *Home support service worker in Highland Council area*

"As from April my well respected organisation will be losing more than half of the services it provides due to the council's re-tendering exercise. I will be transferred to an organisation that pays far less than my current employer and I'm sure that this will badly affect my pay and conditions long-term. But I'm one of the lucky ones. My colleagues who are not transferring are worried that they won't have a job after April because the running costs for what's left of our organisation are apparently not sustainable." *Outreach and tenancy support worker in Edinburgh*

"I do not understand why the council is allowed to take work away from us and give it to private organisations. This is public money and should not be paid out to profit shareholders. Their cheap labour approach only provides a minimal and poor service putting vulnerable people at higher risk. It takes years for us to develop good skills in this type of work, but problems of retention mean that they frequently use low skilled agency workers." *Home carer for adults with learning disabilities in South Lanarkshire*

"Our council is re-tendering our contract in August and I have already been advised to make cuts to our budget if we want to be successful. I am the manager and know my team will need to do a lot more for the same money. I already frequently work over my paid hours to keep the place going even though I am supposed to be part time. But what can I do - I know if we want a good price for the next tender we will need to cut something somewhere." *Social care support manager in Edinburgh*

"Our experience of re-tendering is that these so called best value exercises have not taken into account the expressed wishes of the service user and the value placed on longstanding relationships with carers and providers." *Adults with learning disabilities care provider - South Lanarkshire*

"Staff in our area were kept waiting for months to know if the service would be funded for another year. The council asked us to reduce our costs and so we all had to take on responsibilities above our grade in order to enable the employer to meet the council's demands. But this still wasn't good enough for them and they threatened to re-tender our service anyway. In the end they backed down and gave us funding for one more year but the indications are that they will re-tender next year. The lack of communication has been terrible and both staff and service users have been left feeling extremely anxious about whether the service would remain." *Project worker for mental health charity in West Dunbartonshire*

"Our visiting and intensive support services went out to tender and my organisation were forced by the council to bid at a far lower hourly rate in order to win the contract. All staff were asked to increase their working week from 36 - 39 hours with no extra pay in order to make the organisation able to compete for the work financially. The saddest aspect however was the lack of consultation and high levels of uncertainty for clients. This culminated in high levels of anxiety and a really negative impact on their quality of life." *Homeless support worker in Edinburgh*

"Both staff and service users know full well that this re-tendering is simply a cost cutting exercise. Where in all of this does the feelings and needs of the service users come in? It seems they aren't even considered. Quality of care and the happiness of the individual should be what's truly important." *Support worker for adults with learning disabilities in Dumfries & Galloway*

We have had no cost of living increase for 2 years, our hours have been cut, our sleepover rates reduced, and our training budget slashed, but even with all these reductions we still didn't win the tender from the council. It makes you wonder what the conditions at the new provider are like. *Residential care worker in Edinburgh*

"When we were transferred to our new service provider, the council promised us that our employment conditions would not change. But my colleagues and I have lost our final salary pension scheme." *Support worker for adults with learning disabilities - South Lanarkshire*

"I've seen re-tendering in most areas of my organisation with us being forced to reduce numbers of supervisory posts in order to be able to come in at a lower cost. In other cases councils have unilaterally changed their contract with us to reduce funding causing major delivery issues." *Employee of major community care provider working across Glasgow Falkirk, Dundee, Edinburgh, & East Lothian Council areas*

"As soon as we transferred over to our new employer they informed us that we would no longer have meals and snacks provided, even though we are expected to stay with our service users at all times, and this was always custom and practice with the old provider. We are now having to take legal action to try to enforce our TUPE rights with our new employer, which is a very stressful experience." *Home care provider in South Lanarkshire*

## 6. Our members views about impact on service users:

"I've been here for 10 years and can see that service users are no longer getting the quality of support that we used to provide them with due to the budget cuts." *Support worker in elder care project Falkirk*

"Core funding from the Council has been frozen at a time when uptake of advice and support has increased by 30%" *Citizen's Advice employee from Orkney*

"The people I care for are getting fed up with the constant stream of temporary and agency workers passing through their lives. We need to support people in the most intimate of ways and that works best when you can build up a relationship of trust with the service user." *Support worker for the elderly in Glasgow*

"Our local authority are introducing a care service charging policy, which will have a significant effect on service users, and in my view will put many at a real disadvantage." *Support worker for adults with learning disabilities. Argyle and Bute*

"Over recent years I've seen day services as well as individual support services being reviewed and reduced on an ongoing basis. As somebody who works alongside them every day, I find the effects of this on the service users quite disturbing." *Day care centre support worker in Glasgow*

"We used to work with 120 children and young people every week delivering community language classes that were unavailable in mainstream schools. Since the council cut our funding we can only work with 19 children and young people." *Employee from community support initiative in Dundee*

"I see more and more cases of new tenants not receiving the full support packages that they have been assessed for. One of our service users was assessed as needing several more hours of support by social work, than

the package he has been given. This leaves him very vulnerable."

***Supported accommodation worker in West Dunbartonshire***

"Funding cuts by the council have led to us having to close four residential projects, as well as drastically reducing our community and day centre services. The affects on service users has been devastating with some now being refused a service altogether." ***Employee from homeless support project in Aberdeen***

"I feel like its becoming impossible to plan to support people and see it through to the end because staffing levels have become so inadequate. I also worry that service users are missing out on basic leisure activities because of our low staffing levels." ***Support worker for adults with learning disability service in Glasgow***

"I think my employer is doing their best under hard financial circumstances. I enjoy working for them. However it seems that they are being asked to leave tenants in more vulnerable situations due to decreased funding. Workers like me are also feeling more pressurised because of this." ***Team Leader in West Dunbartonshire***

"Our social inclusion budgets have been slashed over the past two years. This means service users have to pay for all their carer's costs on social outings or holidays, which has excluded many of them from undertaking such activities." ***Supported accommodation care worker in South Lanarkshire***

"The local council are looking to reduce our costs by 20%. This will mean a drastic cut in the services we provide. Why do the vulnerable adults who depend on our services have to be the ones who will suffer all the time?" ***Temporary accommodation support worker in Edinburgh***

## **7. Our members experiences of Closures & job losses:**

"Low pay and a constant feeling of job insecurity does not give people the incentive to do their best in their job, which is sole destroying. Good, caring people who chose to work in this sector are being forced to look elsewhere for employment." *Outreach community worker in Aberdeen*

"Due to council cuts in my area there have been quite a few redundancies. This makes the atmosphere tense and insecure and those of us who are left also have to deal with a doubling up of our workload." *Older persons advocacy worker in North Lanarkshire*

"We have been told to reduce our funding costs by 20% by the council so we are all facing staff redundancies in the near future. Given that we are already running at minimum staff levels, there is no way that we can sustain the service we are expected to provide to our clients. There is a real danger that we may have to close due to lack of funding as there is nothing left to trim!" *Supported accommodation worker in Edinburgh*

"This year has been our worst yet with over half of all staff being made redundant due to the closure of services. We have not received any pay increase in the last four years. We were also issued with new contracts, which resulted in residential workers losing pay as a result of changes to their sleep over payments. Training and professional development is non existent." *Employee from homeless support charity in Aberdeen*

"The council cut our funding and this resulted in twelve people being made redundant. I have received no cost of living increase for last year and now do what used to be 3 people's job's." *Employee of community support initiative in Dundee*

"My organisation lost the tender for a lot of its services this year. Now the whole organisation is under threat. We have had to look at making large cuts to our costs. People who leave aren't being replaced and we know our jobs are under threat. As a result, moral is very low. Most of us are worried about the future. It feels like death by a thousand cuts" *Worker in temporary accommodation hostel in Edinburgh*

## **8. Our member's experiences of pay & conditions cuts:**

"I have not had a pay rise for 3 years. 2 years ago I got a pay cut of 2%, then last year my pay was again cut - this time by 10%. As a result of this many good staff have left. Those of us who remain have increasingly had to seek second jobs with agencies on relief rates." *Employee from homeless support charity in Aberdeen*

"I often feel overstretched and isolated with a lack of supervision . My hours are rostered over a 4 week period and I have no control over their length. This is affecting my personal life. The demands of the rota at my work and pressure to be flexible are causing me sickness and stress." *Support worker for care provider in Glasgow*

"Our employer reduced the car mileage rates last year even though fuel costs were rising. We need our cars to deliver the service effectively because many of our service users are in outlying areas. I feel like I am personally subsidising the service we provide." *Homecare support worker in Argyle and Bute*

"Since our funding is no longer ring fenced our employer says they do not know if funding will be made available by the council. This has resulted in us receiving no cost of living increases either last year or this year. As a result staff moral is very low and there is a general feeling of Government not caring about the voluntary community care sector. We feel undervalued and a very poor second to NHS or local authority workers!" *Employee from supported housing unit in Aberdeen*

"Cuts in my conditions include lower subsistence allowances, meals no longer being covered, lower mileage rates, consistently below inflation pay rises. In fact it's hard to see where my pay and conditions are not being cut back." *Support worker for adults with learning disabilities in Argyle and Bute*

"There is a two tier system now in operation here, with newer workers on far poorer contracts of employment than those who have been with the organisation for longer. Yet they still like to call themselves an equal

opportunities employer." ***Support worker for adults with learning disabilities in Glasgow***

"We need a fair pay and grading system that can apply right across the not for profit community care sector. Too many people are pressurised into taking on roles that they are not fully qualified for or paid to deliver because of the financial constraints that are imposed on us. Support worker or service co-ordinator - spot the difference!" ***Home Carer in South Lanarkshire***

"Workers food budgets have been slashed by my employer over the past two years, yet in my project employees are expected to sit down and share an evening meal with the service user. This is creating a very difficult situation and causing real friction with management." ***Supported accommodation worker in North Lanarkshire***

"Most of my colleagues and I are on contracts of only 27 hours per week and yet they consistently use me for 35 hours, except for the odd occasion when my hours are suddenly cut back again. I worry constantly that my hours may be cut and that I will not be given enough hours to live on. It makes it very hard for me to budget. I have asked to have my hours extended to reflect my normal work pattern but they say they need flexibility. When I take annual leave I am only paid for 27 hours." ***Support worker for major care provider in Dumfries and Galloway***

"I feel totally stressed out trying to deliver high quality care and support. Sickness levels at my project have risen dramatically and those of us still at work feel stretched and isolated. The rotas here are just flung together without any thought and the attitude is cover the service at all costs. I lack supervision, have no work life balance and my home life is being badly affected." ***Supported accommodation worker in Glasgow***

"Because of the Councils finding cuts my organisation is offering redundancy packages to long-term staff higher up the pay scales to encourage them to leave. We have been given no cost of living rise this year and instead told that we will have to up our working week by 2.5

hours at current pay levels." *Worker for young people's mental health service in Edinburgh*

"The reality is that my take home pay is now less than I earned 10 years ago. As someone who has given 10 years to the organisation and believes in the work that they do, I feel very sad to see the decline in services and the real hardships that some workers are being subjected to. You can see how the moral of the workers affects service users." *Support worker for adults with learning disabilities in Falkirk*

"I had to wait until the last minute in March 2008 to find out if there was any funding available for my post till March 2011 from the Scottish Government. I think it's disgusting that I had to work under this pressure. As a newer member of the team I also get less holidays, no pension, and lower pay than my colleagues doing the same work" *Domestic abuse support worker in Edinburgh*

"My employer prefers to rely on part - time workers and temporary relief staff rather than offering us full time contracts. I think they do this on purpose because they know we will not complain about anything, if we feel it will result in us being offered fewer hours." *Support worker for adults with learning disabilities in Glasgow*

"It seems to me that employers in social care are in the vanguard of the equality lobby, campaigning vociferously for the rights of service users. Fine - but we workers are people too, and we are at the sharp end of service provision. If we are feeling so devalued, where is the motivation to do the job well?" *Professional care provider in North Lanarkshire*

"My employer changed our sick pay scheme to cut back on costs & make them more competitive. You don't get your first day's sick pay anymore no matter how good your attendance record has been and new employees get no sick pay for the first year. Even worse there was talk of this being extended to no sick pay for the first three days. The real joke is that staff sick levels would not be so high if staffing levels were adequate in the first place." *Drug advice worker in Glasgow*

## 9. How can Government tackle the funding crisis?

The STUC, SCVO, Unite, UNISON and Community Care Providers Scotland have joined together on this issue in an unprecedented way. We believe there is a 'clear and present' danger of the contribution of the increasingly professional voluntary sector to the provision of high quality public services being severely diminished by some of the current funding challenges.

Some voluntary organisations are being contracted to perform public services at less than market rate, which is putting at risk the quality of services for the most vulnerable in society.

In particular, we want to avoid situations where voluntary sector frontline workers, often on poorer terms and conditions than public sector workers, are used to effectively subsidise service provision - a two tier workforce. Voluntary organisations, and the staff who work for them, should be recognised as equally valued providers of services. Good quality public services require staff on good quality pay and conditions.

In our joint petition we are calling for the Scottish Parliament to urge the Scottish Government to agree a National Framework for Public Service Contracts between the Scottish Government, purchasers and providers, based on the principles in the 2007 pact agreed between our organisations. (the full pact is included as appendix A to this report)

The National Framework would cover all the key areas of concern raised in our pact, which include:

- A commitment by public sector purchasers to fund wages and conditions of employment for front line workers in third sector providers at the same level as front line workers in the public sector
- Five year contracts for third sector service providers to replace current short term funding arrangements

- Agreement on the appropriate use of competitive tendering to minimise disruption to the users of services, reduce transaction costs and increase the stability of jobs and services
- A government initiative to improve the standard of public sector commissioning to achieve the government's aim of high quality personalised services
- Fresh guidance on the use of 'Best Value' criteria in service commissioning focusing on the added value which third sector providers are able to provide

We hope MSPs will agree that the vital contribution of the voluntary sector must be underpinned by a strong commitment to quality public services, with key measures in place to ensure true best value for high quality personalised services.

## **10. Conclusion:**

It is important to note that the voluntary sector in Scotland is worth just under £4.1bn and employs around 130,000 professional paid staff, more than employment in Financial Services, and the Electricity, Gas & Water Supply industries. We have a vibrant sector, which complements the state, strengthens our social fabric, and should have a bright future. But we are at real risk of losing all that is good about the sector if we don't act now.

## **Appendix A.**

### **FAIR FUNDING FOR VOLUNTARY SECTOR SERVICES**

The Scottish Government has committed itself to improving Scotland's public services by extending the role of the third sector.

The Scottish Trades Union Congress, the Scottish Council for Voluntary Organisations, Community Care Providers Scotland, UNITE and UNISON Scotland believe that the resolution of the issues below would maximise the benefits of such an extension for service users and staff while also meeting important commitments by the Scottish Government and local authorities to improving service quality and social justice.

**commitment by public sector purchasers to fund wages and conditions of employment for front line service workers in third sector providers at the same level as comparable workers in the public sector.**

Despite long standing commitments by Government in London and Edinburgh to fund public services provided by the third sector at full cost that remains the exception. The most damaging consequences of this failure are the difficulty third sector providers have in providing secure jobs for their front line workers and continuity for their service users.

**minimum five year contracts for third sector providers**

Five years is the minimum length for contracts if third sector providers are to provide the stability and quality of services that their vulnerable service users require. Many current contracts fall short even of the current officially recommended three years.

**agreement between public sector purchasers and third sector providers on the appropriate use of competitive tendering**

During the last six months, under the influence of European Union Procurement directives as interpreted by the Public Contracts(Scotland) Regulations 2006, a growing number of purchasers have introduced or announced an intention to introduce routine competitive retendering for service contracts. While purchasers must have a right to retender where there are problems with the delivery of a contract, routine retendering

will destabilise services and provider organisations across the board, cause anxiety among vulnerable service users and their carers, and significantly increase transaction costs.

### **Training of public sector commissioners**

Too much of the public sector's commissioning of services remains

focused on a technically driven procurement process whose outcomes are determined by cost. If the Government's ambitions for high quality personalised services are to be realised public sector commissioners must be familiar with the latest thinking and best practice on commissioning, in particular around the role of users and their advocates in service design and the added value which third sector providers are able to contribute in cooperation with trades unions.

### **Scottish Government Guidance on the Public Contracts (Scotland) Regulations 2006**

As a contribution towards the above outcomes the Government should issue *Guidance on the Public Contracts (Scotland) Regulations 2006* highlighting the discretion available to public sector purchasers in their application of retendering and setting out the range of alternative methods for identifying the best value service option.

### **Best Value Guidance**

The Best Value Guidance should also be refreshed to clarify the importance of balancing cost against effectiveness and quality including the personalisation of services and added value embracing the involvement of the carers and relatives of users and of the wider community including trades unions.

### **National Contract Framework**

The above should be incorporated in a National Framework for Public Service Contracts agreed between the Government, purchasers and providers. The Framework would be a statement of the key principles of

commissioning and funding required to secure and sustain a supply of high quality public services utilising the full potential of the third sector.

The supporters of these proposals would welcome an early opportunity to discuss with the Government and service purchasers the means of delivering these outcomes.

**Appendix B**  
**Local Authorities Covered by our Consultation Responses**

Aberdeen  
Argyle & Bute  
Borders  
Dumfries & Galloway  
Dundee  
East Ayrshire  
East Dunbartonshire  
East Lothian  
Edinburgh  
Falkirk  
Glasgow  
Highland  
Mid Lothian  
North Lanarkshire  
Renfrewshire  
South Lanarkshire  
Stirling  
West Dunbartonshire