

## SCVO response to EHRCJ Committee

# Pre-budget scrutiny 2022-23

September 2021

### About us

The Scottish Council for Voluntary Organisations (SCVO) is the national membership organisation for the voluntary sector. We champion the sector, provide services, and debate big issues. Along with our community of 2,600+ members, we believe that charities, social enterprises, and voluntary groups make Scotland a better place.

### About the Scottish voluntary sector

Scotland's voluntary organisations are focused on delivering vital services and empowering some of Scotland's most marginalised communities. The sector has a role in all aspects of Scottish society, from tourism and housing to the justice and social care systems.

The sector is an essential part of Scotland's economy, encompassing an estimated 40,000+ organisations, from grassroots community groups and village hall committees to over 6,000 social enterprises, and approximately 25,000 registered national charities.

### About our submission

The Scottish Council for Voluntary Organisations (SCVO) welcomes the opportunity to respond to the Equalities, Human Rights and Civil Justice (EHRCJ)

Committee's call for views as part of the pre-budget scrutiny process. Our submission draws on evidence from:

- SCVO support services (funding, employability, digital, Covid support hub).
  - Parliamentary records and SCVO meetings with the Scottish Government.
  - SCVO policy submissions and engagement with the sector throughout 2020-21.
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## Our response

As the national membership organisation for the voluntary sector, our priority is to see a Scottish Budget that recognises the invaluable role that the voluntary sector plays in Scotland's economy, both in short to medium term recovery and in the longer-term economic transformation that Scotland needs.

### Section 1: Resource generation

#### 1. Given the main sources of government revenue should the government further increase revenue available to it, and if so how?

Scotland's voluntary organisations are an integral part of the Scottish economy, and deliver enormous social benefit, often working with the most marginalized communities. The work of the sector touches on all parts of Scottish society, from tourism and housing to the justice and social care systems. The sector is comprised of an estimated 40,000+ organisations, from grassroots community groups and village hall committees to over 6,000 social enterprises, and approximately 25,000 registered national charities.

With an annual turnover eclipsing £6bn, and over 100,000 paid staff connecting with more than 1.2m volunteers, the role of the Scottish voluntary sector as a significant social and economic actor must be supported in this budget. SCVO does not take a position on the levels of revenue raised. However, we understand acutely the current pressures on financial resources and what is of primary concern to our organisation, and the wider voluntary sector, is that the best use

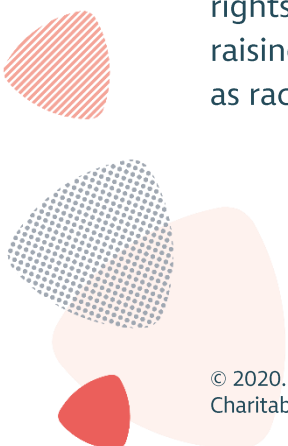
is made of the revenue available. Alongside many of our members, we have long argued for a greater shift to preventative spend. Ten years ago the Christie Commission outlined cogently the case for early intervention, prevention, and working with communities and individuals to design and deliver better public services. Where funding has allowed, the voluntary sector has accelerated this agenda, but as much recent discussion has highlighted, much more needs to be done to realise the vision of the Christie Commission.

We know this person-centred approach not only better connects people to the services they are receiving, as well as generating employment, but crucially delivers better outcomes for individuals and communities which in turn makes medium to longer term savings to the public purse. In a recent [report](#) from the Children's Hospices Across Scotland (CHAS), for example, the York Health Economics Consortium calculated that for every £1 of public money received, CHAS generated a remarkable £6.24 of value. By reducing the demand on health and social care services and other public services, the Scottish voluntary sector delivers an incredible return on investment which must be recognised in future budgets if Scotland is to get more value from its public finances.

That said, through its person-centred approach, the Scottish voluntary sector delivers far beyond an impressive monetary return on investment. Unfortunately, the sector has found its contribution to the economy beyond money is not always recognized. Procurement is a prime example of this where a process focused on driving down costs, favouring outputs over outcomes, has often inhibited the voluntary sector from partnership building and realising its true potential. Simply seeing the sector as a cost-effective way to fill gaps rather than by its transformational potential does little to support systematic change.

## **2. How might particular groups be affected differently by efforts to raise revenues?**

SCVO supports a human rights-based approach to resource generation, ensuring rights are at the centre of revenue raising decision making. As such revenue raising must not discriminate against any group of people based on grounds such as race, ethnicity, gender, health, income, or sexual orientation.



There are multiple voluntary sector organisations with key expertise in these areas, including CEMVO Scotland, Inclusion Scotland, Engender, and the Scottish Independent Advocacy Alliance. They are very well placed to provide evidence, monitor, and scrutinise revenue raising decisions in relation to their impact on different groups.

**3. What kinds of analysis are necessary to ensure that resources are raised (and allocated) in such a way that supports the progressive realisation of rights?**

SCVO supports the progressive realization of rights and believes human rights should be placed at the heart of financial decision making. This includes ensuring that revenue raised and allocated protects the human rights of all and that allocation is directed towards reducing inequalities in rights fulfilment. There are multiple voluntary sector organisations with key expertise in these areas, as outlined in response to the previous question, who are very well placed to contribute to this analysis.

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## **Section 2: Resource allocation**

**1. In terms of resource allocation what areas do you think are: sufficiently resourced, and/or under resourced and where resources need to be redirected to?**

As outlined previously, our priority is to see a Scottish Budget which identifies the incredible contribution which the voluntary sector makes to the Scottish economy, and enables the sector to realise its full potential. Central to this is the realisation of sustainable funding for the sector.

The Scottish voluntary sector plays an essential role in ensuring the protection, respect and fulfilment of human rights for our communities across Scotland. Many voluntary organisations also crucially identify where rights are not being realised and challenge insufficient action and practice. To enable this to continue, and be further solidified, SCVO believes the Scottish budget must invest in and

recognise the voluntary sector as a significant employer, partner, and vital social and economic actor in Scotland's recovery from the pandemic.

The diversity of the sector is extraordinary, with organisations contributing to all aspects of Scottish society. Voluntary organisations are an essential part of Scotland's economy, encompassing an estimated 40,000+ organisations, from grassroots community groups and village hall committees to over 6,000 social enterprises, and approximately 25,000 registered national charities. The variety in size, scope and area of expertise means that a one size fits all approach is not possible to address the continued funding challenges experienced by voluntary organisations.

In order for the voluntary sector to continue to thrive, Scottish Government action on sustainable funding is required. Over recent years commitments made to addressing funding concerns have gone unrealised. In 2019, the then Equality and Human Rights Committee recognised in its [pre-budget report](#) the complex and precarious nature of voluntary sector funding. Its report set out a string of recommendations including calling on the Scottish Government to work with other statutory funders to improve partnership working, examine longer-term funding models, enhance inclusivity of application processes, strengthen the sector's role in decision making and to conduct a review of voluntary sector funding.

The Scottish Government [response](#) included a commitment to working towards three year funding but overall we found the response disappointing due to its lack of detail. On the back of this we urged the EHR Committee in 2020 to revisit these recommendations, and welcomed their [reiteration](#) for more progress. However, we are still awaiting significant movement on this, not least around multi-year funding and timely payments.

With its innovative practice and commitment to partnership working during the pandemic, the voluntary sector has received considerable praise and commitments to support recently from the Scottish Government at numerous key events and in various reports. Multi-year sector funding featured across the spectrum of 2021 political party manifestos and support for the sector was echoed by all representatives who took part in our pre-election hustings in April this year. It is time to see warm words turn into decisive action for the sector.

There are several areas where progress needs to be made. A key change for the sector would be a shift to multi-year spending plans and ensuring good practice

on multi-year funding currently in place is replicated across Government. We welcomed the inclusion of this in the 2021 Programme for Government and look forward to working with the Government towards its realisation. However, this has been stated before and the sector very much desires action, not words, on multiple year funding. Its implementation would help reduce instability for organisations, as well as free up the capacity required to chase funding on a frequent basis.

Alongside this, greater flexibility, timely payments and addressing core funding challenges would be of significant benefit to the sector. Many voluntary organisations operate on a complex patchwork of statutory funding, fundraised income, earned income and grant income. As such, there is no silver bullet to funding issues facing the sector and the Scottish Government, local government, independent funders and the sector itself all have a key role to play in ensuring the financial sustainability of the sector. During the pandemic, a light was shone on the financial vulnerability of the sector, as trading for many organisations had to cease, public fundraising was halted, and in some cases demand for services and supports increased significantly.

As a result greater flexibility was brought into funding arrangements, enabling voluntary organisations to thrive. Due to the success of this enhanced flexibility, we are calling for these arrangements to be applied to non-covid related funds and funding decision making should be standardised to ensure timely payments to voluntary organisations in time for the new financial year. The voluntary sector has a proven track record of delivering high-quality person-centred services with an impressive return on investment. It needs to be given the power and trust to take this forward.

Alongside this, budget decisions must recognise some of the wider financial pressures facing the sector. Some organisations have not seen inflationary uplifts to their funding arrangements for over ten years. Particularly in this turbulent financial period, it's vital to supporting organisations behind the scenes and ensuring sustainability between project funding through financial support to cover core costs, something often ignored by funders.

On top of this, greater attention is needed around procurement and commissioning. The flexibility brought into some procurement arrangements during the pandemic was very much welcomed and the voluntary sector responded by demonstrating innovative practice. That said, many voluntary

sector organisations continue to feel the strain of competitive tendering processes, which discourages partnership working. Through its focus on driving down costs and outputs over outcomes, procurement processes are often failing to deliver what they are commissioned for and can threaten the very sustainability of organisations. Sufficient resources must be directed to ensure providers have the funding to deliver the best quality service and realise Fair Work principles.

The budget should play a key role in creating the necessary conditions for greater partnership working. The Social Renewal Advisory Board set a target for digital exclusion to end by the next parliamentary term and we believe it is imperative for the Government to build on the success of the Connecting Scotland Programme to support continued and solid infrastructure for digital inclusion.

Recognising the great work of the previous EHR Committee, SCVO requests that the Equality, Human Rights and Civil Justice Committee plays a key role in continuing to monitor the implementation of these pledges to improve the sustainability of voluntary sector funding.

## **2. How might resource allocation address inequalities and the gaps in the realisation of human rights for all?**

As is well documented, inequalities have widened during the pandemic. As the most important policy document of the year, the budget should be directed primarily to the promotion of equality and the realisation of human rights. Several voluntary organisations are acutely placed to help identify and monitor current inequalities and gaps in human rights fulfilment. To do this they must be adequately funded and better involved in budget scrutiny and decision making. For this to happen, a more transparent budget process is required, centred on Open Government principles.

Alongside this, the wider voluntary sector plays an invaluable social and economic role in challenging inequalities and furthering the realisation of human rights. Voluntary organisations deliver across the spectrum, providing vital services and empowering some of Scotland's most marginalised communities. The sector contributes significantly to the protection, respect and fulfilment of human rights for communities across Scotland.



As outlined above in more detail, in order to ensure this vital work continues, sustainable funding is required. The flexible funding arrangements available during the pandemic should be applied to non-covid related funds and annual funding decision making should be standardised to ensure timely payments to voluntary organisations in time for the new financial year. The budget should be a demonstration of progress made regarding the [2019 request](#) made by the then Equalities and Human Rights Committee that the government works with the sector to develop new funding models, drawing on innovative approaches developed with the sector during the pandemic. Important milestones which need to be reached include a shift to multi-year spending plans, better recognition of core and inflationary costs, greater flexibility and a stronger emphasis on collaboration in place of competition.

**3. Overall, how effectively is public finance in Scotland being used to achieve economic, social and cultural rights (as outlined above)? What improvements are required?**

Voluntary organisations in Scotland are at the forefront of ensuring human rights are realised. In many areas, from digital exclusion to employability, voluntary organisations are utilising public finances for the advancement of rights and the reduction in inequalities.

That said, as identified previously, the lack of sustainable funding for the sector continues to hamper these efforts. Action on multi-year funding, timely payments, greater flexibility and innovative funding models, stronger partnership working and enhanced inclusivity of funding, is needed if we are to move away from the complex and precarious situation identified by the Equality and Human Rights Committee in [2019](#). This includes a shift away from competitive tendering to more collaborative approaches.

Alongside this, SCVO believes there needs to be a greater appreciation of the key role the voluntary sector plays in Scotland's social and economic life. SCVO and colleagues across the voluntary sector were frustrated by the sector's omission from the Cabinet Secretary's budget statement in 2021-22. While the Cabinet Secretary recognised many other parts of society who contributing during the pandemic, the sector was overlooked. The sector was also omitted from the recent Council for Economic Transformation.



SCVO find this disappointing given the significant return on investment which the sector delivers. As well as this, as mentioned above, voluntary organisations are often at the forefront in delivering person-centred services, based on early intervention and prevention which not only deliver successful outcomes for individuals and communities but also make significant savings to the public purse. On top of that, the sector has a multi-billion pound annual turnover, with over 100,000 employed staff, working with over a million volunteers.

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### Section 3: Budget process

#### 1. How easy is it for people to engage with the budget process?

A pivotal role which the Scottish voluntary sector plays is ensuring the active participation of individuals and communities in local and national decision making. This is a fundamental element of a human rights-based approach. The Social Renewal Advisory Board (SRAB) has echoed the calls long made by voluntary organisations for the need to involve those with lived experience of inequality in decision making. It is unclear how effectively the budget process is doing this. As outlined in SRAB, with funding the voluntary sector is key placed to ensure people with lived experience can participate. This should be established from the very beginning of the budget process, to ensure genuine participation, transparency and accessibility with all key documents and stages.

#### 2. Do you feel that you, your organisation, and the evidence you gather, can genuinely influence government decisions on the budget?

Over the past few years, alongside many voluntary sector colleagues, SCVO has outlined a detailed case for sustainable funding arrangements for the sector, alongside parity of esteem and greater partnership working. In this endeavor, we received considerable support from the previous Equality and Human Rights Committee (EHR Committee), who recognised the invaluable contribution which the sector makes to Scotland's social and economic life.

In 2019, the EHR Committee recognised in its report, '[Valuing the Third Sector](#)' many of the key funding challenges facing the sector. It called on the Scottish Government to work with key partners to address many of these areas including partnership working, longer-term funding models, inclusivity of application processes, the sector's role in decision making and sector funding.

SCVO had hoped to see this as a key milestone but, as highlighted above, found the Scottish Government [response](#) underwhelming due to its lack of detailed commitment. We then engaged further the EHR Committee in 2020, resulting in [a call](#) from the committee for greater action. Despite the firm support of the committee in this, insignificant advances have been made, not least around multi-year funding and timely payments.

The sector continues to receive considerable praise from across the political spectrum, not least for its invaluable work during the pandemic. Multi-year funding was included all of the 2021 party manifestos, and, not for the first time, has featured in this year's Programme for Government.

While we have found a great deal of support for the sector through our influencing work, and this has led to many on paper commitments, warm words are not enough. In order to continue to deliver its outstanding services, the voluntary sector needs decisive action on funding, as detailed above.

### **3. How can the links between policy commitments, allocations and achievements of rights be made more transparent?**

Greater accountability of how spending decisions are contributing to national and local outcomes would be a welcome step forward. SCVO previously supported Wellbeing and Sustainable Development Bill and welcomes its proposal to bring more rigor to the implementation of the National Outcomes and spending.

Alongside this, more accountability of how the voluntary sector is involved and invested in across all policy areas. Scottish Parliament can play a key role in challenging the sector's absence across the areas within remits of the committees. Policies are there in many cases but there can be a disconnect with practice.

## Contact

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