

SCVO proposals for the Scottish Government

Programme for Government 2022/23

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About us

The Scottish Council for Voluntary Organisations (SCVO) is the national membership organisation for the voluntary sector (sometimes referred to as the third sector). We champion the sector, provide services, and debate big issues. Along with our community of 3,000+ members, we believe that charities, social enterprises, and community groups make Scotland a better place. Further details about SCVO can be found at scvo.scot.

Summary of paper

By committing to the actions described in this paper in the 2022/23 Programme for Government, the Scottish Government will make substantial progress on their 2021/22 commitments. These actions also support many other Scottish Government priorities by ensuring the voluntary sector is given the security needed to continue to support communities, provide essential services, and contribute to the National Outcomes. These activities, and the many other social and economic contributions of our sector, are central to Scotland's post-covid recovery and resilience to the cost-of-living crisis.



Summary of proposals

SCVO welcomes the opportunity to put forward proposals for the Scottish Government to consider for its 2022/2023 Programme for Government.

As the national membership organisations for the voluntary sector, SCVO is dedicated to creating a fair and sustainable operating environment for all of Scotland's voluntary organisations. A sustainable voluntary sector is also essential for the Scottish Government to progress towards the National Outcomes and achieve national and local goals.

Our proposals for the 2022/2023 Programme for Government cover three areas:

- 1. Multi-year funding**
- 2. Fair Work**
- 3. Voluntary sector infrastructure**

While each proposal is distinct, there is considerable overlap between the actions within each area. Each action will both support the voluntary sector to become more sustainable and progress the Scottish Government's 2021/2022 Programme for Government commitments.

1. Multi-year funding

To further progress the 2021/22 commitment to a multi-year funding model, the 2022/23 Programme for Government should:

- commit to a longer-term funding model for the voluntary sector across all Scottish Government departments.
- define multi-year funding for voluntary organisations as a three-year minimum commitment.

To develop a fair, sustainable, multi-year funding model, there is a need to:

- work with the sector to develop fair, flexible, and accessible funding
- commit to annual inflationary uplifts for public grant funding
- ensure timely communication and prompt payments
- monitor and report on the Scottish Government funding voluntary organisations receive (as described in proposal 3 on voluntary sector infrastructure).

2. Fair Work

The 2022/23 Programme for Government offers an opportunity to support voluntary organisations in Scotland's journey to become a Fair Work Nation by committing to:

- multi-year funding
- timely communication and prompt payments
- annual inflationary uplifts for public grant funding, recognising the impact of rising inflation on the voluntary sector workforce
- a Living Wage uplift in public grant funding as part of the expansion of the Fair Work First criteria to include the Living Wage
- resources to understand and implement Fair Work.

3. Voluntary Sector Infrastructure

To support the voluntary sector to adapt to current and future societal and economic challenges, the Programme for Government can support intermediaries and the vital voluntary sector infrastructure they build by committing to:

- developing consistent approaches to partnership working and funding relationships between all government departments and intermediaries, working together to understand funding challenges and find workable solutions.
- ensuring greater access to transparent data on the Scottish Government's funding of the voluntary sector to enable intermediaries to work more effectively with government to assess the positive, negative, or neutral impact of potential or agreed spending decisions.

Proposal 1: Multi-year funding

1.a. Introduction

In the 2021/22 Programme for Government, the Scottish Government recognised that the voluntary sector is key to the resilience of communities across Scotland and committed to building on the learning from the pandemic by working with SCVO, COSLA, and the TSI Network to further progress a multi-year funding model.

SCVO welcomed this recognition and commitment, which builds on the cross-party support in the Scottish Parliament for multi-year funding for the sector. Multi-year funding of the sector has been described by the First Minister as the 'common-sense approach', providing security for voluntary organisations, their staff, volunteers, and the communities they work with.

Funding security is essential for a sustainable Scottish voluntary sector which delivers quality outcomes.

1.b. The problem

Short-term funding significantly impacts the effectiveness of the voluntary sector by creating ongoing uncertainty and insecurity on a scale unparalleled by any other sector. Voluntary organisations:

- struggle to plan for the long-term
- face barriers in recruiting, retaining, and developing staff and volunteers
- have trouble offering secure jobs, undermining Fair Work aspirations
- are trapped in a cycle of dedicating time and resources to sourcing funding

Annual funding challenges distract from providing the services people and communities across Scotland rely on. Similarly, the Scottish Government dedicates significant time and resources to annual processing and decision-making when often there is little change year-to-year.

Short-term funding also severely undermines job security - one of the five Scottish Government Fair Work Dimensions - across the voluntary sector workforce of over 100,000 people. As a result of short-term funding voluntary organisations must frequently issue redundancy notices. Delayed decisions from Scottish Government Departments, particularly when funding is annual, compound these issues.

Similarly, a lack of inflationary uplifts creates an unsustainable environment with organisations expected to provide the same support with fewer funds. In SCVO's research,

organisations have reported no increases in local or national government funding for over 10 years. One organisation reported no uplift for 13 years, a 27% cut in real terms.

Despite the commitment in the previous Programme for Government, there has been little demonstrable progress on this issue, and further political confirmation of the importance of all Scottish Government departments exploring multi-year funding is required.

1.c. The solution

For many years, the Scottish Government has recognised the need for multi-year funding in Scotland:

- in an interview with Third Force News, the First Minister stated multi-year funding was the ‘common sense’ approach
- the Cabinet Secretary for Finance and Economy told Parliament that ‘multi-year spending is hugely important’ for the voluntary sector
- the Cabinet Secretary for Communities, Social Security and Equalities recognised multi-year funding as, “empowering organisations to take action and support those in need with more sustainable, joined up strategic planning”.

Similar statements from members of the Scottish Government are widely available and reflect an appreciation for the need for multi-year funding within the highest levels of Government.

The Scottish Government has also committed to longer-term funding for the voluntary sector across government strategies, including the 2021/22 Budget, the Economic Strategy, and the 2021/22 Programme for Government.

The Scottish Government can confirm and further develop these commitments in the 2022/23 Programme for Government by:

- committing to a longer-term funding model for the voluntary sector across *all* Scottish Government departments.
- defining multi-year funding for voluntary organisations as a three-year minimum commitment.

These commitments would complement the ongoing work of the Strengthening Collaboration partnership and set parameters for funding across Scottish Government departments.

To develop a fair and sustainable multi-year funding model, there is a need to:

- work with the sector to agree what fair, flexible, accessible multi-year funding is

- commit to annual inflationary uplifts for public grant funding
- ensure timely communication and prompt payments
- monitor and report on the Scottish Government funding voluntary organisations receive (as described in proposal 3 on voluntary sector infrastructure).

These commitments would lead to better outcomes for organisations, their staff, volunteers, and the communities they work with and reduce the time and resources that Scottish Government departments waste through annual funding processes.

1.d. Achieving the National Outcomes and Strategic Priorities

Voluntary organisations are intrinsically linked to the Scottish Government’s National Outcomes. The Scottish voluntary sector:

- is made up of over 40,000 voluntary organisations
- extends across a range of priority areas
- covers all the 11 National Outcomes
- provides essential support and services to people and communities across the country.

A sustainable voluntary sector is invaluable to the Scottish Government’s aspirations to achieve the National Outcomes. Multi-year funding, timely decision making and payments, and annual uplifts are all central elements of a sustainable sector.

Similarly, the crucial role of the voluntary sector in meeting Scottish Government strategic priorities is well documented, including in the Tackling Child Poverty Delivery Plan and the Covid Recovery Strategy. Creating a sustainable funding environment for the sector will help to ensure that voluntary organisations are able to fully contribute to these National Outcomes. Creating a Fair Work Nation is also a Scottish Government priority. Static, short-term, and delayed funding decisions and payments make it difficult if not impossible for voluntary organisations to meet Fair Work commitments. Supporting the financial sustainability of voluntary organisations will contribute to this important work.

In the Spending Review Framework, the Scottish Government also recognised that, in the current climate of rising inflation and the resulting cost-of-living crisis, demand for public services will be high, and the voluntary sector will continue to play a crucial role.

1.e Evidence that this policy will lead to change

Several recent enquiries and reports have made a case for longer-term funding.

- The Equalities and Human Rights Committee, during 2020-21 pre-Budget scrutiny, recognised the challenges of short-term funding and requested that the Scottish Government work with the sector on developing new funding models.
- The Advisory Group on Economic Recovery stated that the Scottish Government should *‘take action to protect the capacity and financial sustainability of the third sector’*, citing longer-term funding arrangements as a proposed solution.

Previously highlighted commitments from the Scottish Government, and comments from the First Minister and Cabinet Secretary for Finance and Economy, also suggest that Government already accepts that a longer-term funding model for the voluntary sector will lead to tangible, positive, change.

1.f. Who will this policy support?

As previously highlighted, the work of the voluntary sector covers the entirety of the Scottish Government’s National Outcomes and, as a result, has a vital role in the Government’s work to improve equality, inclusion, and human rights in Scotland. Multi-year funding and timely funding decisions and payments would enable future planning and the continuity of service delivery. Sustainable voluntary organisations can also deliver better outcomes across all National Outcomes, including those supporting equality, inclusion, and human rights.

Rising inflation and the resulting cost-of-living crisis will have the biggest impact on the most vulnerable in society. Sustainability would enable our sector to continue to provide the essential services people and communities rely on during this crisis. Inflationary uplifts would support both these services and the voluntary sector workforce. Our sector employs more women, part-time workers, and more disabled people than other sectors. Supporting our sector will also support this workforce.

1.g. Measuring impact

Impact should be measured in relation to 1) the number of Scottish Government grants which are delivered on a multi-year basis and 2) the impact of this on voluntary organisations and the services they provide.

At present, there is no central record of funding from Scottish Government to the voluntary sector. As part of this commitment, the Scottish Government should collect and record information on the funding that flows to the voluntary sector. Presentation of this information should also indicate what proportion of this is provided on a multi-year basis.



The Third Sector Tracker (currently funded to December 2022 by partners including Scottish Government) collects information from 600 voluntary organisations on the impact of the external environment on organisations and the services they support. This could be a mechanism for collecting information on the impact of multi-year funding, with support in analysis provided by Strengthening Collaboration partners.

1.h Cost

Growing investment in the capacity and sustainability of voluntary organisations is proven to pull greater funding levels from other sources into vital services and projects at a time when the Scottish Government's budget is tightening. Long-term funding strengthens voluntary organisations' ability to do just that by supporting them to plan for the long-term and build the internal capacity needed to leverage non-public financing from other sources, often realised through added income generation (e.g., from other funders and donors).

As discussed, voluntary organisations and the Scottish Government each year dedicate time, resources, and capacity to making and processing annual funding applications. Multi-year funding would reduce the time and resources committed to funding processes and lead to better outcomes for the communities our sector works with.

Inflationary uplifts are essential to continue providing critical services and support the voluntary sector workforce. Annual inflationary uplifts are not cost-free. However, uplifts are provided for MSP and civil service salaries, for NHS Boards, local government staff, and public sector pay. Similarly, without a Living Wage uplift, the finances of voluntary organisations will be further stretched to meet the Scottish Government's Fair Work First Living Wage criteria. Supporting organisations to pay the Living Wage to their staff when this criterion is implemented will enable them to continue to support their staff and the communities they work with through the cost-of-living crisis.

Proposal 2: Fair work

2.a. Introduction

Over 100,000 paid staff and more than 1 million volunteers work with voluntary organisations to support people and communities across Scotland. SCVO want to ensure Scottish voluntary organisations have the tools and support they need to provide Fair Work for this workforce.

SCVO welcomes the Scottish Government's ambition to become a Fair Work nation by 2025. The 2022/23 Programme for Government offers an opportunity to support voluntary organisations in Scotland's journey to become a Fair Work Nation.

2.b. The problem

The voluntary sector funding environment and low awareness of Scottish Government's Fair Work policy are barriers to the Fair Nation ambitions.

Funding

The voluntary sector funding is dominated by short-term funding, which creates uncertainty for voluntary sector projects and roles and results in:

- short-term contracts
- frequent redundancy notices, particularly at the end of the financial year.

Delayed decision-making from the Scottish Government and other funders exacerbates these issues, creating unnecessary uncertainty that impacts organisations, staff and volunteers, and the communities the sector works with. Staff experience job insecurity while organisations and the communities they work with lose staff and volunteers with skills and experience. Job security-one of the five Fair Work Dimensions- is central to the Scottish Government's Fair Work aspirations.

Similarly, unsustainable funding for the voluntary sector undermines pay security. When voluntary sector contracts and grants are not uplifted for inflation, organisations can be unable to uplift wages. In the current context, rising inflation and the resulting cost-of-living crisis are exacerbating this issue. In this environment, the Scottish Government's plans to extend the Fair Work First criteria to include the Living Wage, while welcome, has the potential to put further financial pressure on voluntary organisations.

Support and Guidance

As explained in depth in our [Fair Work Nation consultation response](#), our pre-consultation engagement found Scottish Government's flagship Fair Work First policy is not well known or understood in the voluntary sector.

2.c. The solution

Fair Work has been a Scottish Government priority since 2016. To progress this policy the Scottish Government should recognise that the funding and procurement environment that the voluntary sector operates within impacts the security of voluntary organisations, their workforce, and their volunteers. Current funding and procurement models are not conducive to the Scottish Government's Fair Work aspirations.

The Programme for Government can support job and financial security for the voluntary sector workforce through:

- multi-year funding for the voluntary sector
- timely communication and prompt payments
- a Living Wage uplift in public grant funding as part of the expansion of the Fair Work First criteria to include the Living Wage
- annual inflationary uplifts for public grant funding recognising the impact of rising inflation on the voluntary sector workforce.

These commitments are an opportunity for the Scottish Government to alleviate the financial pressure for organisations, their staff, volunteers, and the communities they work with.

The Programme for Government should also support organisations to understand and adapt to the opportunities Fair Work offers. To become Fair Work employers and contribute to the Scottish Government's ambition of becoming a Fair Work Nation, voluntary organisations need resources to understand and implement Fair Work.

Without support many voluntary organisations will not have the necessary resources to invest in developing Fair Work. Raising awareness of the Fair Work Convention, the Fair Work Dimensions, and Fair Work First is also essential.

2.d. Achieving the National Outcomes and Strategic Priorities

Voluntary organisations are intrinsically linked to the Scottish Government's National Outcomes. The Scottish voluntary sector:

- is made up of over 40,000 voluntary organisations



- extends across a range of priority areas
- covers all the 11 National Outcomes
- provides essential support and services to people and communities across the country.

A commitment to ‘thriving and innovative businesses, with quality jobs and fair work for everyone’ is one of the national outcomes. To achieve this, there is a need to recognise the voluntary sector as a significant employer in Scotland, with over 100,000 paid staff and the support of over 1 million volunteers. Static, short-term, and delayed funding decisions and payments make it difficult, if not impossible, for voluntary organisations to meet Fair Work aspirations.

The sector also plays a key role in encouraging economic participation, a key indicator for measuring the progress of this National Outcome. Volunteering, a route to employment for people across Scottish society, is also supported by the sector

The Fair Work Convention’s, [‘Fair Work in Scotland’](#) report analyses and considers progress against the dimensions of Fair Work. The report, like many others, found that disabled workers, ethnic minorities, women, and young workers often experience poorer work outcomes and are often more heavily concentrated in precarious and low paid work. The voluntary sector employs more women, more part-time workers, and more disabled people than the public and private sectors ([Pay on Display](#)). Supporting our sector to achieve Fair Work will support these workers.

The Fair Work and Business National Outcome also recognises that investing in the skills and creativity of Scotland’s workforce, protecting workers rights, and providing decent working conditions is the right thing to do. These actions can make Scotland’s economy more stable, productive, and efficient. Addressing the unsustainable voluntary sector funding environment benefits, voluntary sector organisations, their workforce, volunteers, the communities they work with, and Scotland’s wider economy.

Multi-year funding, timely decisions and payments, annual uplifts, and a commitment to fund voluntary organisations to pay the Living Wage, are all actions that could be taken within the 2022/23 Programme for Government that would both support a more sustainable sector and make a real difference to the job and financial security of voluntary sector staff.

2.e. Complementing other policy areas

Commitments to support the sector to realise the Fair Work Principles will complement the Scottish Government’s many policy commitments aimed at achieving a fair work nation by 2025.

Over the last few years, the Scottish Government, and all parties across the Scottish Parliament, have increasingly recognised the many negative consequences of short-term funding, including the impact on staff and volunteers. These commitments within the Programme for Government would complement other commitments the Scottish Government have made in this area. In the 2021/2022 Programme for Government, for example, the Scottish Government committed through the Strengthening Collaboration initiative with SCVO and COSLA, to progress further a multi-year funding model.

In the Spending Review Framework, the Scottish Government also recognised that as the cost-of-living crisis bites, there will be higher demand for public services and an increase in the grant funding required to support the essential work of voluntary sector partners. Providing job security and fair pay for the staff who deliver these services will complement this work.

2.f. Evidence that this policy will lead to change

For years, organisations across the voluntary sector, including SCVO, have shared the many negative consequences of short-term funding.

Before the pandemic, [SCVO's Third Sector Forecast \(January 2019\)](#) found:

- 91% of respondents said planning for the future is a challenge
- 91% of respondents said sourcing long-term funding is a challenge
- 88% of respondents said diversifying funding is a challenge
- 82% of respondents were worried about the challenges created by funding cuts
- 67% of respondents thought recruiting and retaining staff would be a challenge
- 67% thought recruiting and retaining volunteers will be a challenge
- 10% expected to see redundancies.

Voluntary organisations with paid staff were also concerned about increasing workloads, static pay, and job insecurity.

Testimonials

“Due to annual funding from Scottish Government, which doesn't cover our core costs, recruitment is often on short-term contracts or is subject to ongoing funding, of which there is no guarantee”.

Voluntary Sector Intermediary



“Like all voluntary organisations, we have very short-term funding, so while our contracts are on paper secure, everyone knows their job is only as secure as the current piece of short-term funding”.

Registered charity

“Funding issues ensure that no one has security of employment. Sustainability for voluntary sector organisations is fundamental to progressing positive change in our communities and in employment security”.

Social Enterprise

“Everything we do is dependent on funding, and amounts are often not confirmed until very late in the financial year”.

Registered charity

“We are a small organisation within an uncertain funding environment. It is just not possible to provide predictable work in the longer term”.

Registered charity

2.g. Who will this policy support?

As previously highlighted, the work of the voluntary sector covers the entirety of the Scottish Government’s National Outcomes and, as a result, has a vital role in the Government’s work to improve equality, inclusion, and human rights in Scotland. Multi-year funding and timely funding decisions and payments would enable future planning and the continuity of service delivery. Sustainable voluntary organisations can also deliver better outcomes across all National Outcomes including those supporting equality, inclusion, and human rights.

Rising inflation and the resulting cost-of-living crisis will have a biggest impact on the most vulnerable in society. Sustainability would enable our sector to continue to provide the essential services people and communities rely on during this crisis. Inflationary uplifts would support these services and voluntary sector workforce. Our sector employs more women, more part-time workers, and more disabled people than the public and private sectors. Supporting our sector will also support this workforce.

2.h. Measuring impact

Impact should be measured through:

- the number of Scottish Government grants which are delivered on a multi-year basis
- the number of Scottish Government grants which are uplifted
- the number of Scottish Government grants which accommodate payment of the Living Wage
- the impact of this on voluntary organisations, their workforce and volunteers, and the services they provide.

As part of this commitment, the Scottish Government should collect and record information on the funding that flows to the voluntary sector, and what proportion of this is provided on a multi-year basis.

The Third Sector Tracker (currently funded to December 2022) collects information from 600 voluntary organisations on the impact of the external environment on organisations and the services they support. This could be a mechanism for collecting information on the impact of multi-year funding and inflationary uplifts.

Living Wage Scotland's Living Wage Accreditation and the Living Wage Foundation's, Low Pay in the Sector, reports can be used to measure increases in the number of voluntary organisations paying the Living Wage.

2.i. Cost

Cost effective outcomes are delivered by many organisations receiving public grant funding. Investing in the voluntary sector, benefits people and communities, our workforce and volunteers, and Scotland's economy and society.

As discussed, voluntary organisations and the Scottish Government each year dedicate time, resources, and capacity to making and processing annual funding applications. Multi-year funding would reduce the time and resources committed to funding processes and lead to better outcomes for the communities our sector works with.

Inflationary uplifts are essential to continue providing critical services and support the voluntary sector workforce. Annual inflationary uplifts are not cost-free. However, uplifts are provided for MSP and civil service, for NHS Boards, local government staff, and public sector pay. Similarly, without a Living Wage uplift, the finances of voluntary organisations will be further stretched to meet the Scottish Government's Fair Work First Living Wage criteria. Supporting organisations to pay the Living Wage to their staff when this criterion is implemented will enable them to continue to support their staff and the communities they work with through the cost-of-living crisis.

Proposal 3: Supporting Voluntary Sector Infrastructure

3.a. Introduction

In Scotland, there are 60 national intermediaries representing organisations working in the same thematic field (e.g., health, education, or housing) and 32 Third Sector Interfaces (TSIs) that support organisations locally. The Scottish Council for Voluntary Organisations is a national intermediary, and we support voluntary organisations across Scotland.

Together, intermediaries provide the foundation from which Scotland's 40,000+ voluntary organisations thrive. The Covid 19 pandemic highlighted the importance of the solid voluntary sector infrastructure provided by intermediaries to Scotland's voluntary sector. Voluntary sector infrastructure, for example, enabled the Scottish Government to work with voluntary sector partners to reach a range of communities, locally and nationally, to disseminate funds and coordinate support.

To support the sector to adapt to current and future societal and economic challenges, including rising inflations and the resulting cost-of-living crisis, infrastructure bodies need:

- recognition of their vital role and the need for consistent approaches to partnership working and funding relationships with the Scottish Government, working together to understand funding challenges and find solutions.
- greater access to transparent data on the Scottish Government's funding of the voluntary sector to work more effectively with the Scottish Government to assess the positive, negative, or neutral impact of potential or agreed spending decisions.

3.b. The problem

The Scottish Government has recognised that intermediaries and the infrastructure they provide, is central to supporting the contribution of the voluntary sector to the social, economic, and environmental wellbeing of communities across Scotland. The sector's response to Covid 19 is just one example of this work and its impact.

Despite this, the 2022/2023 Scottish Budget reduced the Third Sector Budget Line by £800,000, to £25.8 million. This Budget Line funds support across the voluntary sector including: the Volunteering Action Plan; the Social Enterprise Action plan; and the Strengthening Collaboration partnership. The impact of the budget reduction on these initiatives, and more broadly, is unclear.

The Cabinet Secretary for Communities, Social Security and Equalities that has committed that '*adjustments can be managed through efficiencies and other portfolios that support the third sector*' and has offered assurances that the Scottish Government will "*work with the third sector to prevent a negative impact from these cuts*". SCVO welcomes these commitments. However, without the tools to measure the impact of Budget reduction or preventative measures, colleagues across the sector are unable to understand the actions

taken by Scottish Government. The result is a lack of transparency and understanding of how funding flows from the Scottish Government to the voluntary sector.

SCVO and colleagues across the sector also do not have access to information about the specific projects, programmes, and organisations the Third Sector Budget Line funds. Greater funding transparency would support intermediaries and others to:

- understand Scottish Government decisions
- assess the impact of budgetary changes
- understand any Scottish Government action to mitigate risk and the extent to which these actions are successful

It is important to note that this is not simply related to budget reductions. The recent Resource Spending Review reflects a growth in the Budget line of £5m by 2026-27. Unfortunately, the currently available data tells us very little about what this increase means, and we cannot ascertain what benefit and impact it might have and subsequently inform the sector about it.

Ministers and civil servants regularly use SCVO estimates to highlight the scale of Government funding for the voluntary sector - an estimated £500m a year. The use of these figures suggests official figures from the Scottish Government are not available. This is a significant gap in the Scottish Government's understanding of funding flows to the voluntary sector. This evidence gap extends beyond the Third Sector Budget line. Access to information would support SCVO and the wider sector to understand Scottish Government decisions.

SCVO's concerns relating to the cut in the support for voluntary sector infrastructure were based on well-founded evidence that intermediary bodies were already struggling on standstill budgets. SCVO's recent investigation into how the Scottish Government funds voluntary sector infrastructure organisations uncovered a pattern of challenges, including the uncertain annual year-to-year financing cycle (or funding of less than three years), untimely decision making and payment of government grants, static funding levels with no inflationary uplift, and a lack of flexibility in funding arrangements. This combines to impact intermediaries' ability to plan for the long-term, constrains service delivery, harms their ability to work as a true partner with the Scottish Government, and ultimately puts the financial sustainability of these organisations at risk.

3.c. The solution

Within the 2022/2023 Programme for Government, SCVO would welcome:

Recognition of the vital role of infrastructure organisations

The Scottish Government plays a key role in strengthening the resilience of Scotland's voluntary sector through its investment in intermediary organisations and the and vital infrastructure they provide locally and nationally.

Within the Programme for Government SCVO would welcome commitments to work with SCVO, wider intermediaries and others to:

- develop a consistent approach to partnership working and funding relationships with intermediaries across government portfolios
- understand funding challenges and solutions faced by intermediaries, including timely decisions and payments, communications, and the annual cycle of funding.
- Recognise the role of voluntary sector infrastructure and organisations in achieving the National Outcomes through the vital support to voluntary organisations they provide.

Data transparency for Scottish Government’s voluntary sector funding

Transparent accessible data would highlight the Scottish Government’s significant investment in voluntary organisations while also enhancing the sector’s understanding of spending decisions and the process behind them.

Data transparency would also allow SCVO and colleagues across the voluntary sector, to work more effectively with the Scottish Government to assess the positive, negative, or neutral impact of potential or agreed spending decisions.

To understand spending decisions SCVO encourage Scottish Government to:

- collect information across all government departments to get an accurate picture of how much funding flows to the voluntary sector and from which budget lines
- calculate and publish its total direct funding of voluntary organisations for grants and procured contracts.
- breakdown which Scottish Government budget lines funding flows to the voluntary sector from.

Small scale efforts could be made relatively quickly by holders of budget lines, and we would encourage the Third Sector Unit to play a role in gathering this information as well as publishing an accurate picture of how their own budget line – the Third Sector Fiscal Resource Budget Line – flows to different programmes, projects, and organisations in the voluntary sector.

The recommendation of the Social Renewal Advisory Board’s Third Sector Circle, that Scottish Government funding of the voluntary sector *‘across all Scottish Government departments and local government to be published on the “360 giving platform”*, a platform where organisations openly publish grants data, should also be progressed.

The Scottish Government published their emergency funding awards on 360 Giving during the pandemic, this should be rolled out across Scottish Government departments.

This work should be linked to the Scottish Government’s Open Government Action Plan commitment to Fiscal Openness and Transparency.

Work is already underway to improve fiscal data and information accessibility and improve engagement and participation, with the involvement of key Scottish Government experts in the Scottish Exchequer covering public spending, procurement, fiscal transparency, and the budget. Enhancing the accessibility of information relating to the Scottish Government's voluntary sector funding fits with the Scottish Government's existing commitment to budget improvement, its Fiscal Transparency Programme – including a Fiscal Portal, and its development of a Procurement Management Information Platform. We believe it is crucial that the Third Sector Unit and Scottish Exchequer work together on these solutions to deliver joined-up practical solutions.

3.d. Achieving the National Outcomes and Strategic Priorities

Recognition of the vital role of infrastructure organisations

The Scottish voluntary sector contributes to every National Outcome, as recognised in numerous reports from the Scottish Parliament. Voluntary sector intermediaries provide a vital link between national and local governments and voluntary organisations across Scotland, supporting government's understanding of the sector and the needs of people and communities. These relationships can shape effective policy and practice, manage, and distribute vital public sector funding, and improve connectedness and collaboration between sector bodies and with the public sector across all areas of the National Performance Framework.

Data transparency for Scottish Government's voluntary sector funding

Better use of the NPF will be encouraged with more visibility of how National Outcomes feed through Scottish budget allocations to the Scottish voluntary sector. Without greater transparency it is difficult to assess the extent to which Scottish Government's spend on the voluntary sector support the national outcomes, and the impact of any changes to this spend. Open data would encourage a 'golden thread' between Scotland's National Outcomes and delivery, in this case by the voluntary sector. Operating transparently is also a key value within the NPF.

Greater transparency in Scottish Government funding flowing to the voluntary sector would also enable SCVO, other infrastructure bodies, and colleagues across the sector, to consider areas where the Scottish Government could improve funding models and work with the government to find solutions. In the current challenging financial context providing the right information at the right time to the right organisations – such as voluntary sector intermediaries – will enable the Scottish Government to collaborate more effectively with the sector on solutions based on expertise, experience, and evidence.

3.e. Complementing other policies

Recognition of the vital role of infrastructure organisations

The Scottish Government, COSLA, the TSI Network and SCVO have committed to a long-term partnership to strengthen collaboration between the voluntary sector and local and national government, including around fair and sustainable funding and procurement. This highlights the Scottish Government's existing commitment to strengthening collaboration. Our solutions relate specifically to the bilateral relationship and funding arrangements between the Scottish Government and all voluntary sector intermediaries. We therefore recommend that this work sits separately.

Data transparency for Scottish Government's voluntary sector funding

In response to the Scottish Exchequer: fiscal transparency discovery report, the Scottish Government has committed to improving the presentation and accessibility of its fiscal information as part of the ongoing commitment on financial transparency in Scotland's third Open Government Action Plan (2021-25). The report recognises that a fuller understanding of how public finances are managed and more productive discussions with citizens and stakeholders will lead to more effective policies and improved outcomes and better targeted resource allocations and improved input to government policies.

3.f. Evidence that this policy will lead to change

Recognition of the vital role of infrastructure organisations

SCVO has gathered key evidence relating to the challenges that voluntary sector intermediaries experience in their funding and partnership arrangements across Scottish Government departments. While some of these do relate to levels of funding – such as inflationary uplifts – solutions such as timely decision making and payments could be worked through with the Scottish Government to improve the overall experience of voluntary sector intermediaries. If codeveloped with the sector, these could have significant benefits for the management and governance of organisations, the ability to plan effectively on an annual basis and, where possible, for the longer term, and to support intermediaries to adapt to Scottish Government policies such as Fair Work.

Data transparency for Scottish Government's voluntary sector funding

Greater transparency around fiscal systems has significant benefits for all stakeholders, be that the civil servants executing ministerial directions, citizens, scrutiny bodies such as parliament, and organisations and groups in the voluntary and private sectors. Scotland's involvement in the global Open Government Partnership (OGP) recognises the need for governments to strengthen and challenge themselves on transparency, participation, and accountability, especially through enabling civil society. The Scottish Exchequer: fiscal transparency discovery report outlines the benefits of fiscal transparency in Scotland.

3.g. Who will this policy support?

As reported by the most recent comprehensive inquiry into the role of Scotland's voluntary sector by the Scottish Parliament, 'the Scottish Government has stated the third sector has a vital role to play in progressing and realising the Scottish Government's ambitions for people and communities across Scotland. Amongst other third sector priorities, the Scottish Government has committed to maximise the impact of the sector in reducing inequality, working with communities to tackle tough social issues at source.' The inquiry report recognised the 'third sector as a key partner in delivering national equalities and human rights outcomes, and that public bodies need to be held accountable for their spending decisions.'

Three years since the former Equality and Human Rights Committee's report was published, we have seen the extent to which voluntary sector support people and communities throughout the pandemic. Much of that support to disseminate funds and coordinate support locally and nationally was facilitated through sector infrastructure that was already in place. However, as we move on from the pandemic, we must remember that Scotland is experiencing multiple crises, lack of access to food, child poverty and deprivation, and inequalities that stretch across our society. Solid and resilience infrastructure is required to coordinate our collective action in tackling these challenges, and financial data is required to collaborate on how funding can support improvements and deliver outcomes.

3.h. Measuring impact

Recognition of the vital role of infrastructure organisations

Through SCVO's Intermediaries Network, we would gather intelligence that the Scottish Government can use to monitor and measure the impact of this solution on an annual basis.

Data transparency for Scottish Government's voluntary sector funding

The Scottish Exchequer: fiscal transparency discovery report, has highlighted that to progress towards fiscal transparency will require investment over many years. This programme has been committed to, including spend to the voluntary sector within the scope of this fiscal transparency project will remove duplication of efforts and waste. Other actions, such as uploading all funding to the voluntary sector on the 360 Giving platform may encounter a cost in terms of learning and development, though providing thorough guidance to civil servants and seeking external support from the voluntary sector in the design and deliver of this would be beneficial.

3.i. Cost

Recognition of the vital role of infrastructure organisations

The Scottish Government already provides core and non-core funding to voluntary sector intermediaries of all shapes and sizes. Paying greater recognition to the role of voluntary

sector infrastructure would signal the Scottish Government's continued long-term commitment and mutual respect between key partners looking to secure progress towards Scotland's National Outcomes. SCVO has already carried out research and engagement on the challenges that intermediaries experience in their funding arrangements with the Scottish Government. While some of these issues, if addressed, would incur additional costs – such as providing adequate inflationary uplifts – many improvements could be made to processes and systems at minimal cost and that would ultimately create efficiencies for both voluntary organisations and the Scottish Government.

Data transparency for Scottish Government's voluntary sector funding

The Scottish Exchequer: fiscal transparency discovery report, has highlighted that to progress towards fiscal transparency will require investment over many years. This programme has been committed to and therefore including spend to the voluntary sector within the scope of this fiscal transparency project should be included to remove duplication of efforts and waste. Other actions, such as uploading all funding to the voluntary sector on the 360 Giving platform may encounter a cost in terms of learning and development, though providing thorough guidance to civil servants and seeking external support from the voluntary sector in the design and deliver of this would be beneficial.

Conclusion

The Scottish voluntary sector is an employer, a partner, and a vital social and economic actor.

The 2022/2023 Programme for Government is an opportunity to recognise, support, and strengthen Scotland's voluntary sector. The actions outlined in our proposals support many Scottish Government priorities by ensuring the voluntary sector is given the security needed to continue to support communities, provide essential services, and contribute to the National Outcomes.

Together we can create a sustainable sector that supports voluntary organisations to provide Fair Work and quality outcomes for people and communities across Scotland.

Contact

Sheghley Ogilvie
Policy and Public Affairs Officer
Scottish Council for Voluntary Organisations,
Mansfield Traquair Centre, 15 Mansfield Place, Edinburgh EH3 6BB
sheghley.ogilvie@scvo.scot
Tel: 0131 474 8000
scvo.scot