

## SCVO briefing to Scottish Parliament

# Stage One Debate on the Scottish Budget 2020-21

February 2020

### Our position

For many of Scotland's charities and community groups delivering essential services, the outlook for 2020 remains 'unsettled'. Respondents to our 2019 Sector Forecast Survey are concerned about the overall financial picture – for the voluntary sector, the public sector and Scottish economy as a whole. Minimising this uncertainty for the voluntary sector must be a priority for future Scottish budgets.

SCVO welcome the approach of those Cabinet Secretaries who have guaranteed quarter one funding to voluntary sector organisations until there is more clarity about 2020/21 budgets. We would like to see similar commitments made consistently across government portfolios and formal processes adopted to prevent similar issues occurring around future Scottish budgets.

We know from experience that any fall in funding for local authorities will have a knock-on effect for the voluntary sector that it simply cannot continue to navigate. COSLA's announcement that local authorities will need to take £95 million out of front-line services raises concerns for us. Voluntary sector organisations are likely to become part of any cuts passed on as they are at the sharp edge of financial pressures faced by local authorities.

SCVO strongly supports the recommendations in the Equality and Human Rights Committee's report, which provided a call for a revamp of voluntary sector funding. We call on the Scottish Government to address the full package of recommendations with urgency, in particular the recommendation to review how government, local government and public bodies fund the voluntary sector ahead of the 2021/22 Scottish budget.

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## Briefing in detail

The Scottish budget for 2020/21 has been set at a time of significant uncertainty, not just for the voluntary sector but for people and communities across Scotland; from the delays to budgets as a result of Brexit and concerns with what might take the place of critical EU sources of funding, to the decade of cuts in public spending that have pushed organisations and people to tipping point.

For many charities and community groups, the outlook for 2020 remains ‘unsettled’. The sector continues to face challenges of increasing demand against a backdrop of limited funding. Shrinking public sector budgets and the direct and knock-on effect of local authority cuts on voluntary organisations and the communities they work in is hitting people and communities hard.

Respondents to our 2019 Sector Forecast Survey are concerned about the overall financial picture – for the voluntary sector, the public sector and Scottish economy as a whole. 34% think their own organisation’s financial situation will deteriorate. 75% believe that the economic situation for the sector will worsen, and 82% are worried about the challenges created by funding cuts. 81% of respondents expect demand to increase, up from 72% in 2017.

We already know that many essential services delivered by voluntary organisations are still primarily funded on an annual basis, meaning that services struggle on a yearly cliff edge; worst still, such services can disappear leaving gaps in essential local service provision. Such struggles were amplified last year through a short period of uncertainty over the Scottish budget process caused by Brexit, with many organisations not receiving confirmation of funding until well into the financial year.

SCVO has, therefore, been particularly concerned with delays to the 2020/21 budget cycle. Since the announcement by the Scottish Government that the budget process would be delayed due to delays at a UK level, reducing the uncertainty has been one of SCVO’s top priorities. The Scottish Government, local authorities and public bodies fund many essential services provided by the voluntary sector, and the delays and uncertainty have caused challenges for voluntary organisations.

SCVO welcomes the approach taken by the Cabinet Secretary for Communities and Local Government, who agreed to issue grants worth £3.38 million to a range of voluntary sector organisations for quarter one of the next financial year to mitigate the risks of the budget delay. However, these organisations – such as SCVO and Third Sector Interfaces – represent a vital but only a small proportion of the voluntary sector likely to be affected by the delay.

We have seen other parts of government offering short-term extensions of funding, for example, the Cabinet Secretary for Health and Sport confirmed they would roll on 2019-20 funding for the first three months of 2020-21 for voluntary organisations. However, we are also well aware of organisations that have had no updates on funding for the next financial year. The approach to confirm the

financing of voluntary organisations for the first quarter of 2020-21 has not been taken consistently across government portfolios.

SCVO would ask all parts of the Scottish Government to make a similar commitment to that of Ms Campbell and Ms Freeman to guarantee quarter one funding until there is more clarity about 2020/21 budgets. SCVO would also ask for the Scottish Government to consider a more formalised approach that can provide assurance and consistency were delays occurring again in future budget cycles.

The general feeling of uncertainty around the Scottish budget is also heightened by the yearly debate and lack of clarity surrounding the allocation of funding for local authorities, with the most significant proportion of all voluntary sector funding allocated by local authorities. This uncertainty also includes specific funding proposals and whether extra money put into areas, such as community justice, will be for the statutory bodies only or whether we can expect some of this funding to be available to the voluntary sector?

In terms of the outlook for local authorities, COSLA state that they will need to take £95 million out of front-line services for communities. Voluntary sector organisations are likely to become part of any cuts passed on as they are at the sharp edge of financial pressures faced by local authorities. Many organisations already struggle to cater for growing demand while maintaining the quality expected; a point raised by several organisations providing evidence to the Equality and Human Rights Committee's inquiry on voluntary sector funding.

SCVO strongly supports the recommendations in the Equality and Human Rights Committee's report, which called for a revamp of voluntary sector funding – this recognition from cross-party MSPs that something needs to change is very welcome. The SCVO Policy Forum's Manifesto for the Future, launched last week, highlights the constant presence of voluntary organisations across every area of society. Funders, particularly government and local government, must take a more collaborative and sustainable approach if we genuinely want a socially just Scotland with empowered communities in which our sector operates.

The Committee heard from a wide range of voluntary bodies, including SCVO, emphasising cross-sector support for change at a local and national level, and the report findings chime with feedback we have heard for too long about the need for a more common-sense approach to funding, that looks past traditional procurement-based models and process-driven grant funding. While we recognise this would be an unrealistic ask to fulfil these recommendations for this financial year, we ask that the Scottish Government works with SCVO and other key bodies, including intermediaries, to deliver on the committee's advice ahead of the 2021/22 Scottish budget. This includes the full package of recommendations, ranging from ensuring the National Performance Framework (NPF) is of more operational value to the budget and public bodies, to facilitating greater participation of the voluntary sector in Scotland's budget process.

Funders, public sector bodies and voluntary organisations need to come together to create programmes of work that make a difference for the communities they serve. SCVO is committed to improving the funding environment across Scotland and is keen to contribute to the future work of the Scottish Government on this topic. We call on the Scottish Government to address with urgency the committee's recommendation to review how government, local government and public bodies fund the voluntary sector. We also support the proposal for a working group to examine the longer-term funding models available to statutory funders and for its conclusions to be made available before the end of this parliamentary session.

We are pleased that the Scottish budget recognises the importance of national intermediary bodies within the sector. Intermediaries play a key role in supporting and representing their members across fields such as youth work and health. They also reach thousands of member organisations, and indirectly support many thousand more organisations and individuals across Scotland. Voluntary sector intermediaries have very limited sources of core funding, without which they cannot continue to exist with other funds not always an option for intermediaries. These bodies should be key participants across work that supports the response to the Equality and Human Rights Committee's report on valuing the voluntary sector.

## About us

The Scottish Council for Voluntary Organisations (SCVO) is the national body representing the voluntary sector. Supporting 45000 third sector organisations, 2000 members, 100,000+ staff, £1m volunteers. View the latest sector stats

SCVO's policy works to ensure that the needs and concerns of the voluntary sector in Scotland are represented in the Scottish, United Kingdom and European Parliaments.

By acting as an authoritative and trusted voice for the sector, SCVO's policy and research output is delivered through a strong evidence base and an engaged membership.

Further details about SCVO's policy and research can be found at <https://scvo.org.uk/policy-research>

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