

SCVO response to the

# House of Lords Select Committee on Public Service – lessons from coronavirus

July 2020

## About SCVO and our submission

1. 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 2,000+ members, we believe that charities, social enterprises, and voluntary groups make Scotland a better place.
2. SCVO welcomes the opportunity to provide written and oral evidence on lessons from coronavirus to the House of Lords Select Committee on Public Service. Our submission covers:
  - A. [An overview of Scotland's voluntary sector](#)
  - B. [The role of Scotland's voluntary sector in the pandemic](#)
  - C. [Immediate support for Scotland's voluntary sector and its beneficiaries](#)
  - D. [Impact of the pandemic on Scotland's voluntary sector](#)
  - E. [Lessons for recovery and the voluntary sector's role](#)

## Part A: An overview of Scotland's voluntary sector

3. The Scottish voluntary sector encompasses an estimated 40,000+ organisations, from grassroots community groups and village hall committees to over 6,000 social enterprises, approximately 25,000 registered national charities and over 100 credit unions. The sector has a combined annual turnover that reached £6.06b in 2018.

4. 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.
5. Scotland's voluntary organisations play a crucial role in protecting our environment as well as campaigning and advocating for social change, not only in Scotland but as part of cross-border charities that operate in England and Wales. 1,104 charities in Scotland are cross-border and registered with both the Charity Commission and Office of the Scottish Charity Regulator (OSCR).
6. Together, the Scottish voluntary sector employs over 100,000 paid staff. Nearly three quarters (72%) of Scottish voluntary organisations have no staff and rely on volunteers. Social care and health organisations employ over half of all paid staff in Scotland's voluntary sector.
7. The Scottish Household Survey reveals that 28% of adults in Scotland volunteer. That works out as approximately 1.26 million volunteers, equivalent to the population of Estonia. Volunteering rates are highest in rural areas such as the Highlands and Islands. These numbers include over 250,000 trustees of voluntary organisations in Scotland.
8. Four out of five (78%) of the 25,000 Scottish registered charities are local, and likewise around four out of five are small - 75% of Scottish charities have incomes under £100,000. Large charities with incomes over £1 million make up only 3.7% of Scottish registered charities.
9. Only a third of the Scottish voluntary sector's income comes from voluntary sources such as donations and grants, with the rest earned income from sales, trading, fees, contracts, and rents. 42% of the sector's income comes from the public sector, with more than half (59%) of this earned in the form of contracts. Grants make up the other 41% of public sector income.

## Part B: The role of Scotland's voluntary sector in the pandemic

10. Scotland's voluntary sector is wide-reaching and covers every area of society. Our organisations work tirelessly to ensure that human rights are protected, that the environment is front and centre in policy decision-making, and to uphold the rights of Scottish citizens in our democracy.
11. These actions have continued and, in many cases, expanded throughout the pandemic. The First Minister has recognised the voluntary sector's enormous contribution during the coronavirus outbreak, and many of our organisations are still

responding to the crisis and will do for some considerable time. Recovery seems far away for those contributing to the immediate crisis response.

12. The Scottish Government's initial support of the sector, a £350m cash injection, was a welcome recognition that without the voluntary sector, public authorities would not have been able to meet the needs of people and communities during the initial crisis with the support and advocacy necessary for the economic, physical, and mental health of the nation.
13. Voluntary sector service providers have responded at pace to deliver vital support during the pandemic. The flexibility, innovation and quality of response has been impressive, and it is also crucial that the value of the sector continues to be understood and appreciated by governments and parliaments once the immediate health crisis is over.
14. Many voluntary organisations have flexed and adapted to support the people they work alongside in new ways, often without additional resources to do so, this must be understood by the UK and Scottish governments and parliaments as an extraordinary contribution to our national crisis response. Staff, volunteers, and organisations have gone above and beyond to support people and communities in the most challenging conditions, but this is not sustainable and further long-term support for the sector is needed.
15. The sector's role in providing services and support in the early months of the coronavirus pandemic has been crucial in easing the burden on statutory services and providing person-centred support. As our understanding of the impacts of the pandemic increase, it is also apparent that demand for the sector's services and supports is going to increase, for example in relation to mental health and employability.
16. Over a third of Scottish charities have reported an increase in demand for their services right now, particularly for health and social care services. They anticipate a post-lockdown surge in demand for services including health, mental health, sport, communities, children and families and youth services. At the same time, Scottish charities predict a 30% drop in income and 70% believe there will be cuts to services and budgets after the pandemic. We are already seeing some organisations folding.
17. The response to the pandemic by the voluntary sector, statutory partners, regulators, and funders has shown what can be achieved through positive partnerships, in many cases without unnecessary bureaucracy. Although these experiences will not have been felt by all, we can and must build on this when creating a new operating environment for voluntary organisations in Scotland and indeed across the UK.
18. We must recognise the strength of the community-based and volunteering response to coronavirus and the importance of nurturing and developing capacity for the future. We need to make every effort to future-proof newfound social action in

communities across Scotland to reduce the impact of future public health crises and limit the harm from subsequent economic crises.

19. Voluntary organisations, and the work they do, have *never been more needed*. We need them to:

- continue to respond to the health crisis created by the pandemic, and the impact of lockdown on a range of groups and individuals (e.g. mental health support, social isolation, social care, food security, support for people with specific conditions)
- help Scotland, and indeed the rest of the UK, to respond to the economic crisis created by the pandemic (e.g. employability, support to access benefits, mental health support, homelessness, and food security)
- contribute to national discussions on recovery and renewal (e.g. environmental sustainability, human rights, and wellbeing)
- be a central part of the wellbeing economy we want to build, empowering our most marginalised communities, and providing much-needed spaces for people to attend to their wellbeing (e.g. sport, arts, heritage, outdoor spaces).

## Part C: Immediate support for Scotland's voluntary sector and its beneficiaries

### Information and guidance during the pandemic

20. SCVO established the [Coronavirus Third Sector Information Hub](#) and regularly updates this with official information for charities, community groups, social enterprises and voluntary organisations. The hub includes a vast array of information, including on funding, volunteering, employment, governance, and digital service delivery. There has been huge demand for this information with a 1,500% increase in visits to SCVO's support content during the crisis.
21. The information hub continues to serve as a single point of access to find national guidance and funding and practical information to help organisations respond to the crisis. The Scottish Government and independent funders have supported the hub with regular updates of information for the site. Third Sector Interfaces (similar to CVSs in England and Wales) across the 32 local authority areas have also established local information hubs.
22. Crucially, SCVO's information hub acts as a single front door to many funds, including those that make up the Scottish Government's initial £350 million package to support the Scottish voluntary sector's response to the pandemic. While we continue to make improvements and learn from users of the site, the hub has served a vital role in simplifying the funding and information landscape in this time of crisis and has been strengthened through collegiate working with the Scottish Government and independent funders.

## Government funding

23. From the start of the pandemic, Scotland's voluntary sector called for urgent support at a time of unprecedented uncertainty. On 19th March 2020, a [£350m package](#) of support for the Scottish voluntary sector was announced by the Scottish Government's Cabinet Secretary for Communities and Local Government. This package pre-dated specific commitments made by the UK Government.
24. SCVO welcomed the announcement of support which highlighted the Scottish Government's understanding of the vital role that charities and community groups can and will play in dealing with the impact of coronavirus. These funds have gone a long way to helping voluntary organisations through the immediate pressures of the early stages of the pandemic enabling them to respond to the emergency needs being experienced by people.
25. The Scottish Government split emergency funds of £350 million between direct funds to specific organisations and three large proactive and reactive funds: The Third Sector Resilience Fund (TSRF), the Wellbeing Fund, and the Supporting Communities Fund. Voluntary organisations, along with other bodies in Scotland, also had access to a £70 million food fund to support those most in need and unable to access food as a result of the pandemic.
26. The [Third Sector Resilience Fund \(TSRF\)](#) was a £20m+ emergency fund for charities, community groups, social enterprises and voluntary organisations working in Scotland. The fund supports organisations that already deliver services and products but find themselves in financial difficulties directly as a result of the coronavirus pandemic.
27. Firstport, Social Investment Scotland and Corra Foundation work together to deliver the Third Sector Resilience Fund, and it offers charities, voluntary organisations, and social enterprises grants of £5,000-£100,000. Also, there is up to a further £5m available in fully flexible, interest-free loans starting at £50,000. Organisations supported by the fund vary in size, sector, and geography, such as the 1<sup>st</sup> Thurso Boys Brigade (£828.00 grant award) in Caithness, to Horsecross Arts in Perth (£99,999.00 grant award) and Foxlake CIC in East Lothian (£80,000 loan).
28. The [Wellbeing Fund](#) made £52 million of funds available to voluntary organisations working in Scotland. The fund was split between small pro-active awards of £2k each being made to 1,713 organisations within ten days of announcement and £33 million open for more substantial awards to applicants through two open calls between April and June 2020. The fund's purpose was to support projects targeting the immediate needs of vulnerable people in the context of coronavirus and to be delivered over an immediate three-month period. These emergency wellbeing funds supported a range of actions including co-ordination of food and grocery support, alleviating mental health and wellbeing issues, changes to enable remote working, and a shift to online service delivery.



29. The Fund was delivered through an innovative model which involved national funders, Corra Foundation, Inspiring Scotland, STV Appeal and SCVO working alongside Third Sector Interfaces from across Scotland's 32 local authority areas. The method combined local expertise, assessment expertise and national efficiency to support more than 2,000 organisations working in every community in Scotland.
30. Wellbeing grants included £2,000 for Fetlar Community Association to deliver emergency supplies including food and prescriptions. Grants of £20,890 for the Glasgow based Amina, Muslim Women's Resource Centre, and of £17,500 for the Why Not? Trust for Care Experienced Young People in Dumfries and Galloway were awarded to support both moving services online to help keep the people they work alongside safe, well, and informed. A £16,340 grant for Blood Bikes Scotland was awarded to increase their services transporting samples to testing labs to delivering medication from hospitals to those who had tested positive but were at home.
31. The Scottish Government's [Supporting Communities Fund](#) had an initial £20m investment. This fund provided funding to community anchor organisations, such as charities, voluntary organisations, community-controlled housing associations and social enterprises to help support hyper-local responses to the pandemic. These community anchor organisations were already playing a key active role in providing services within their community and through this funding are supported to expand their existing networks and connections.
32. The Scottish Government initiated and funded '[Connecting Scotland](#)', investing £5m in digital inclusion. The programme is co-ordinated by SCVO and is providing devices, connectivity, and support to develop digital skills and confidence for 9,000 people. It is being delivered through local authorities and voluntary sector organisations working together, targeting those who are: digitally excluded; on a low income; and at risk of isolation due to coronavirus because they are in the extremely high vulnerability group ('shielding') or the higher risk of severe illness group.
33. While many of the Scottish Government's voluntary sector funding commitments came ahead of those from the UK Government, a proportion of these funds will come from Barnett consequentials. Charities and voluntary organisations have hugely benefited from the UK Government's Statutory Sick Pay rebate scheme, and the Coronavirus Job Retention Scheme. However, the need to furlough employees has impacted on the vital role the sector plays in providing frontline community services.
34. 1 in 4 charities with paid employees have furloughed staff and 15-30% of sector staff have been furloughed – this works out as between 16,000 and 32,000 people. This does not include publicly, or independently, funded posts that are not eligible for furlough. Subject to eligibility criteria, employers will also benefit from claiming the Job Retention Bonus for furloughed employees in February 2021.

35. Voluntary sector finances have always been precarious, and we now face even deeper and more complex financial issues, and there is no silver bullet that will deliver sustainability. The initial support packages from the Scottish and UK Governments have been welcome and necessary. However, the financial pressures, demand, capacity, and finding different ways of going about every aspect of our work requires further urgent support and solutions.
36. Many voluntary organisations face real and grave threats to their future. For some, demand has fallen off a cliff as doors to community centres, and outdoor tourist and leisure facilities have closed. For others, crucial funding to support the continued crisis response – such as local community food networks – has dried up and funding that has been promised is yet to reach many organisations at the sharp end of delivery. Many voluntary organisations were ineligible for resilience funding due to the levels of their reserves when the crisis hit, despite having to cease all of their operations.
37. It is clear that further support is needed in a different format from the current funding. Future funding needs to be blended to cover organisational viability and increased delivery and cover the medium- (to the end of the calendar year) and longer-term futures (beyond December and into the new financial year). These conversations are currently taking place between the voluntary sector, the Scottish Government, and other funders.

## Part D: Impact on Scotland's voluntary sector

38. While there has been a colossal and inspiring effort and adaptation in voluntary organisations to support people and communities through lockdown, many organisations are likely to face the perfect storm of reduced income and surging demand over the coming months. There is widespread concern in the voluntary sector about financial viability, as those lucky enough to have reserves to draw on during the crisis come to the end of these reserves, and as uncertainty over continued funding is exacerbated by the expected economic downturn and restrictions on traditional fundraising activities.
39. The reduction of income from fundraising, trading, service delivery and increased costs will have long-term consequences. Over half (51%) of charities surveyed by the Office of the Scottish Charity Regulator in May 2020 had lost income from fundraising. Two in five (42%) had lost income from other sources such as trading. One in five (20%) reported a critical threat to their financial viability in the next 12 months.
40. There is a need for funding to meet the expected increased demand on the sector post-lockdown, and to help ensure that the pandemic does not lead to further inequalities within our society. The pandemic has hit those that were already the most disadvantaged the hardest and that will inevitably increase demand on our sector.

Unemployment, poverty, mental health, and debt will require more capacity, and the public and voluntary sectors will need to deliver services in new or different ways.

41. We must remember that the funding situation before the pandemic was far from perfect. The Scottish Parliament's Equalities and Human Rights Committee highlighted long-term issues in their 2019 report as part of its pre-budget scrutiny. The [report](#) and recommendations focused on the uncertainty of short-term funding, and the negative impact on partnership working of a competitive funding/commissioning environment. The Scottish Government has set up several advisory groups to support recovery from the pandemic, including the Advisory Group on Economic Recovery. In its recent [report](#), the group made a recommendation to protect the capacity and financial sustainability of the voluntary sector as we move out of the crisis.
42. The sector in Scotland has diversified its income sources since the financial crash, but mixed-income streams now appear brittle at a time when the sector is never more needed. Scotland's voluntary sector adapts well in a crisis, but perhaps too well at times.
43. The values that underpin our spirit and determination to go above and beyond have shone through during the pandemic. Still, these must not mislead governments into perceiving a sustainable sector that can endure crisis after crisis. It cannot do so while meeting the growing demand our services face. The Association of Chief Officers of Scottish Voluntary Organisations (ACOSVO) has identified cash-flow, reserves and financial planning as critical concerns for voluntary sector leaders at this time.
44. Voluntary organisations relying on their reserves have not been eligible for immediate crisis funding in Scotland and are finding their resilience diminished at a time when their reserves and existing funding sources dry up. In many instances, voluntary organisations were already heavily subsidising underfunded critical services for vulnerable people, including older people's care services and support for people with long-term health conditions, which are at the frontline of the impact of the pandemic. These are long-term issues for the voluntary sector – we need consistent, core investment for the long term and strong, positive relationships with the public sector.
45. It is not just the provision of vital services that is at risk. The pandemic highlights how important a confident and sustainable voluntary sector is to Scotland and the rest of the UK on several fronts, from empowering communities and being an essential voice in shaping Scotland's future, to our role as employers and economic actors vital to driving forward economic recovery, as well as crucial medical research.
46. It is important to remember that it has neither been appropriate nor possible for every voluntary organisation to contribute to the immediate crisis response. Many of these organisations have had to stop operating and have furloughed staff as they have not been able to access crisis funding. Those organisations and community



groups will be needed as we emerge into a period of recovery. We will need youth work, arts and culture, sport, and nature; we will need community cafes, transport schemes, and childcare. We need to make sure those organisations do not become inadvertent casualties of a well-intentioned short-term response.

## Part E: Lessons for recovery and the voluntary sector's role

47. We must build on the increased understanding and appreciation of the voluntary sector's role during the coronavirus pandemic to heighten the sector's scope to influence as well as deliver going forward. The voluntary sector has stepped up to the plate throughout the coronavirus crisis.

### The voluntary sector's role in providing services and support during and following the pandemic

48. It is crucial that the public sector draws upon voluntary organisations' experiences and expertise when considering what a broad range of services might look like as we emerge from the pandemic. The voluntary sector must have a role with public sector partners in designing the services we need for the future, and in safely reintroducing existing services.
49. Voluntary organisations know the people we work with well and understand their needs. We have also learned from the initial response to the pandemic about what works and what could be improved. We know from experience what did and did not work in the previous system; the voluntary sector can help to ensure that the public services of the future meet communities' needs.
50. Across the whole system of public, voluntary, and private sectors in the last few months, we have seen new and innovative ways of working. We have witnessed flexibility and removal of unnecessary bureaucracy. National and local government and the voluntary sector have tried new approaches that did not work as well as things that have. We must capture that learning now so that it is not lost, or a rationale retrofitted later.
51. Despite the devastating impact of coronavirus on our society, there are things which have happened quickly and successfully. We will want to hang onto these in the future. It is crucial that does not get lost in an urge to "return to normal." The voluntary sector also has a key role to play in ensuring that service design processes include the people who engage with their activities.

### The sector's contribution to empowering people and communities

52. The pandemic has exacerbated inequalities. The most marginalised communities must be part of a collective approach to shaping a new economy, and charities, social enterprises, and community groups have a crucial role to play in helping to facilitate this through co-production and collective advocacy.

53. Confidence in voluntary sector services exists because of the work to nurture trusting relationships between the organisations and the people they work with. This allows the sector to gather lived experience to advocate for change, and these relationships also make the sector well-placed to work with those most disengaged and isolated.
54. Whether concerning food distribution, digital inclusion or many other things, the response to the pandemic has been community empowerment in action. We cannot lose that as we transition into recovery. There is a vital role for the sector in ensuring that the national conversation about the economic recovery from the pandemic is accessible to different groups in society.
55. The pandemic has shone a light on the disadvantage faced by the least digitally engaged. Some people cannot access the benefits of being online because of the affordability of kit and connectivity, or the confidence and skills required to be able to use technology effectively. SCVO has worked in partnership with the Scottish Government and independent funders to make sure that more people and communities have become digitally connected during the pandemic and so access vital support. However, further investment is essential to achieve a fair economic recovery.

#### Voluntary organisations as economic actors

56. The voluntary sector's contribution to Scotland and the rest of the UK must not be viewed as being limited to human, social, or natural capitals. The sector is a significant economic actor and employer. Its economic role has been increasing and will expand further if the economy truly becomes wellbeing led.
57. The Scottish voluntary sector's contribution to the economy stretches well beyond the 100,000+ people we employ and the sector's significant yearly turnover, which reached £6.06 billion in 2018. Scottish voluntary organisations work with approximately 1.26 million volunteers, the economic and social impact of which is mostly unmeasured but vital to Scotland's response to the pandemic and broader social and economic success.
58. Voluntary organisations also support people to become economically active through the employability programmes they deliver, helping to reduce unemployment and tackle issues such as the disability employment gap. More specialist employability programmes will be vital in the context of increasing unemployment and a transition to a wellbeing-oriented economy where skillsets will need to adapt. The role our organisations play in caring for people also means that many families can remain economically active at a time when they would otherwise have significant caring responsibilities.
59. If Scotland is successful in this transition, the economic contribution of the sector will become even more significant. The 6,000 social enterprises in Scotland putting profits

and surpluses towards social and environmental missions are another example of the sector's contribution across the economy and its capabilities and capacity to support economic recovery in a way that is inclusive, sustainable, and good for environmental and human wellbeing.

### The role the sector must play in a collective approach to the country's future

60. Decisions made about the country's future and matters relating to the voluntary sector must be designed with us and our beneficiaries in local and national partnerships. Cross-sector collaboration must be balanced, as our skills, knowledge, and experience are crucial in shaping a wellbeing and net-zero economy.
61. We need equity between public, private, and voluntary sectors in discussions around rebuilding the economy. The voluntary sector must be part of a collective approach at every stage, and it should not have to ask to be involved. This approach should adhere to principles of transparency and participation while ensuring the sector retains its ability to challenge partners and hold decision-makers to account – this is compatible with a partnership approach.
62. Environmental and human rights organisations have a critical role in reminding us of our international and domestic responsibilities, such as the UN Sustainable Development Goals (SDGs). Those working with disabled people must be involved to help avoid unintended consequences of new norms and regulations. Research-based charities will have crucial insights to contribute to national discussions. The sector can also play a key role in monitoring and reporting on the impact of changes on different marginalised groups.

## Conclusion

63. The voluntary sector in Scotland has proved its worth and more over the course of the pandemic and that will only grow. We have worked well with public services at a national and local level and seen partnerships develop and mature. But the lack of recognition of our economic contribution and fundamental role in how our society functions remains and must be addressed to ensure Scotland and the wider UK's recovery is successful for everyone.