

SCVO briefing to the Scottish Parliament

Debate: COVID-19 Next Steps (Communities)

June 2020

About SCVO

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.

Scotland's voluntary sector

2. The Scottish voluntary sector encompasses an estimated 40,000+ organisations, from grassroots community groups and village hall committees to more than 6,000 social enterprises, nearly 25,000 registered national charities, and over 100 credit unions. Scotland's voluntary organisations are focused on delivering vital services and empowering some of Scotland's most marginalised communities.
3. They also have a big role to play in protecting Scotland's environment as well as campaigning and advocating for change. Together, they employ over 100,000 paid staff, work with over 1.4 million volunteers, and have a combined annual turnover that reached £6.06b in 2018. This includes a range of mixed-income sources such as contracts, grants, and fundraising.

Impact of coronavirus on the voluntary sector

4. 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 that the rights of Scottish citizens are upheld in our democracy. This has continued throughout the pandemic, and the Scottish Government's initial support of the sector was a welcome recognition that without the voluntary sector, public authorities would not have been able to overcome the initial crisis with the support and advocacy necessary for the economic, physical, and mental health of the nation.
5. The Scottish Parliament's [recent inquiry](#) into the voluntary sector similarly concluded that 'the ability of the sector to provide support to the most vulnerable in our society in uncertain economic times is crucial.' But, for many of Scotland's charities and community groups, the outlook for 2020 was already 'unsettled' well before the pandemic hit. Respondents to our 2019 Sector Forecast Survey echoed known challenges of increasing demand against a backdrop of shrinking public sector budgets. 34% thought their

organisation's financial situation would deteriorate, 75% believed the sector's economic situation would worsen, and 82% were worried about funding cuts. Recent [SCVO research](#) from May 2020 now highlights a predicted 30% drop in income this year for voluntary organisations and half of charities reporting they may run out of cash within six months. It highlights how the ability of the sector to provide crucial support to the most vulnerable in our society is under more pressure than ever.

6. In these early stages of the pandemic, voluntary organisations have repurposed their offerings and increased the level of support they provide with pace and flexibility. They have done so often without or with only limited additional resources, but many face the threat of closure in the months and years ahead. The consequences of the pandemic for the sector are severe. Several organisations have already had to reduce services because of the financial impact of the pandemic. While emergency Scottish Government funding streams have provided vital support, many organisations had already ceased operations.
7. The reduction of income from fundraising, trading, service delivery and increased costs will have long-term consequences. The sector 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, with increasing referrals for our services and support. Scotland's voluntary sector adapts well in a crisis, but perhaps too well at times. The values that underpin our spirit and determination to go above and beyond 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.
8. Voluntary organisations relying on their reserves and have not been eligible for immediate crisis funding may find their resilience diminished at a time when their own reserves and existing government and independent funds dry out. In very many instances, voluntary organisations were already heavily subsidising underfunded critical services for vulnerable people, including older people's care services, which are at the frontline of the impact of the pandemic. It is not just the provision of vital services at risk. The pandemic highlights how important a confident and sustainable voluntary sector is to Scotland 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.
9. 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. However, 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.

Short- to medium-term response priorities

10. **Immediate financial support:** SCVO welcomes the positive relationship with the Scottish Government on funding and through our efforts to establish and operate the [Coronavirus Third Sector Information Hub](#). The provision of the Wellbeing Fund, the Third Sector Resilience Fund and the Supporting Communities Fund have been appreciated by the sector in this period of crisis.
11. **Additional funding needed:** Additional types of funding and support are still required and SCVO would like to work with the Scottish Government and the wider sector to

better understand these needs, and to think creatively about how needs of such a diverse sector might be met.

12. **Organisations not involved in crisis response:** Many organisations are not providing a frontline response, but their expertise and services will be vital as we move out of lockdown and cannot be forgotten. While the Third Sector Resilience Fund did address immediate, pressing need for many organisations, it is important to consider what else will be required as the full impact hits, as happened during the 2008 financial crash.
13. **Continued resilience:** There is widespread concern in the 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 fund-raising activities.
14. **Increased demand:** 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. We know that those who are already disadvantaged are being impacted the most, and that that will increase demand on voluntary sector support. Unemployment, poverty, and debt will require more capacity, and services will need to be delivered in new or different ways.

The voluntary sector's role in Scotland's recovery

15. The First Minister has recognised the voluntary sector's enormous contribution during the coronavirus outbreak in Scotland, and many of our organisations are still responding to the crisis. Recovery seems far away for those contributing to the immediate crisis response. However, the voluntary sector is ready and willing to be part of what must be a balanced, cross-sector partnership working to secure a fair and sustainable recovery. Scotland's recovery from the pandemic must recognise not only the value and contribution of voluntary organisations to human, social, and natural capitals but also our role as a significant economic actor and employer.
16. This part of our briefing for the debate echoes our [submission](#) to inform the work of the Advisory Group on Economic Recovery. It considers the sector's role in this recovery and the system changes needed to support this. We also consider how Scotland's economic recovery should look overall, including the principles that should underpin it: planet, humanity, and citizenship. A fair and sustainable recovery from coronavirus is one that secures environmental action and ensures Scotland takes responsibility for the planet and its future generations. It ensures Scotland leads the world in supporting human rights, equality, and wellbeing for all. It fosters a society which enhances citizenship, democracy, and participation.

Medium- to long-term recovery priorities

Further supporting detail on each of the points below can be found [here](#).

Scotland's recovery

17. **Principles for recovery:** A fair recovery is one where Scotland's economy works for human rights, equality, and wellbeing of all. It supports environmental action for the planet and its future generations while enhancing citizenship, democracy, and participation for those in Scotland's communities today.

18. **Transitional period:** People, communities, and voluntary organisations need certainty that there will be no cliff-edge to recent interventions. A transitional period is necessary to prevent a rushed recovery that further exacerbates long-standing inequalities. Time is required to form new social partnerships between the government and different sectors.
19. **Lessons of the past:** The fiscal challenges are unmatched, but decision-makers cannot forget the harsh lessons of austerity. The government must collaborate in a balanced way with each of the different sectors – including the voluntary sector – to form a fairer, more inclusive model of recovery that prepares us for economic shocks.

The voluntary sector's role

20. **A crucial voice in Scotland's future:** Decisions made about Scotland's future and matters relating to Scotland's 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 Scotland's wellbeing and net-zero economy.
21. **Delivering vital services:** The extraordinary response of voluntary sector services during the pandemic epitomises the effort our organisations make on a typical day. However, it is not sustainable, and the value of the sector's support must be understood and appreciated by the government once the immediate crisis is over.
22. **Empowering communities:** The pandemic has exacerbated inequalities. The most marginalised communities must be part of a collective approach to shaping future services and support in 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.
23. **Economic actors:** The voluntary sector's contribution to Scotland 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 Scotland's economy truly becomes wellbeing led.

Changing the system

24. The type of recovery from the pandemic that Scotland needs will require changes to the existing structures and relationships. If we are to transform the quality of life for people in Scotland positively, then the voluntary sector must be a significant player in any new system. We have divided our initial priorities for changes to the system into national and sector-specific categories.

National

25. **A framework for recovery:** Scotland's National Performance Framework is sitting ready to be put into action. The pandemic is the biggest test since its foundation, but the use and development of existing frameworks that have been developed in partnerships is essential if we are to deliver an economy that improves the wellbeing of Scotland's people.
26. **A new approach to budgeting:** Future spending rounds will define the type of economic recovery, meaning we must address Scotland's low ranking for fiscal transparency and participation and adopt human rights-based budgeting. Improved mechanisms and inclusive processes that allow sectors and the public to have a meaningful say at all stages of the budget process are required at both a national and local level.

27. **A just transition:** The Scottish Government's commitment to a 'green recovery' must mean that any medium- and long-term policy and budgetary decisions concerning our economic recovery are environmentally stress-tested. The government and parliament should work with environmental voluntary organisations to embed green recovery principles and policies in this way.
28. **No one left behind:** Those furthest from the labour market and hardest hit by the virus must be at the centre of a new employability system. As more specialist and intensive support will be required, the voluntary sector can help develop a person-centred service design approach. This requires much closer partnerships between sectors and explicit recognition of voluntary organisations' capability with communities.

Sector specific

29. **Balanced relationships:** Public bodies and the voluntary sector must work together to build new, balanced, and trusting partnerships that can genuinely change outcomes rather than the transactional and competitive relationships that limit our collective ability to learn and improve how we work with communities.
30. **Rethinking funding:** As recommended by the [Scottish Parliament](#) in November, the Scottish Government should 'set up a working group, involving key stakeholders, 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.'
31. **Rethinking procurement:** There must be a significant shift to person-centred procurement models that put the needs of beneficiaries of services ahead of driving down costs through competition. A relationship-based approach is vital in service delivery, and the managing authority and service provider must be able to work with an individual to establish what is needed to achieve the best outcomes.
32. **Alternative models:** We must be willing to discuss alternative models of support that recognise the expertise, experience, and reach of the voluntary sector. This includes parity in the design and access of new and existing sources of finance – such as the Scottish National Investment Bank – and establishing opportunities for long-term strategic partnerships between the private and voluntary sectors.

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