

SCVO response to the Scottish Government

Economic Transformation Strategy

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 2,600+ members, we believe that charities, social enterprises, and community groups make Scotland a better place.

About the Scottish voluntary sector

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

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

About our submission

SCVO welcomes the opportunity to respond to the call for views on the National Strategy to drive Scotland's economic transformation. Our submission is split into two parts: a **collective endeavour** and **unleashing transformative potential**.

Our submission draws on evidence from:

- SCVO support services (funding, employability, digital, Covid support hub).
- Parliamentary records and SCVO meetings with the Scottish Government.
- SCVO policy submissions and engagement with the sector throughout 2020-21.
- Discussions at a stakeholder event hosted by the Scottish Government.

We are happy to provide more information on any aspect of this submission.

Summary

This summary shares our high-level asks of the Scottish Government and the new economic strategy to ensure that Scotland's economic transformation is truly a collective endeavour that unleashes the voluntary sector's transformative potential.

Part A: Closing the gap in this collective endeavour

There is currently a gap between rhetoric and experience in relation to Scotland's economic policy as a collective endeavour. To close that gap, the Scottish Government needs to:

- Reconsider the make-up of the advisory council, establish thematic groups, and set out how it will improve on the minimal consultation effort to address the risk of overlooking the untapped economic potential of Scotland's voluntary sector for the next decade.
- Bolster its engagement to include voluntary organisations and communities across Scotland and promote a truly participatory approach to shaping Scotland's economic blueprint, both in design and delivery.
- Choose more transparent and inclusive involvement of social and environmental actors excluded from the council's current activities, yet who are vital in a whole-system approach.

Part B: Unleashing the voluntary sector's transformative potential

If the Scottish Government is to unleash the transformative potential of Scotland's voluntary sector, the economic strategy needs to:

- Recognise and invest in the voluntary sector as a significant employer, partner, vital economic actor, and an agent for change in Scotland's recovery from the pandemic, alongside the public and private sectors.
- Recognise the potential of and invest in the economic, social, and environmental solutions the voluntary sector offers, including taking forward the Social Renewal Advisory Board's [calls to action](#).
- Create the foundations for a transformed economy by focusing on multiple models of long-term investment in the capacity of Scotland's voluntary sector to support its recovery, development and sustainability post-pandemic and post-Brexit.
- Expand and build upon the voluntary sector's existing contribution across **all** parts of the economy – including employability, digital inclusion, and volunteering –

by strengthening the profile of, and public investment in, the sector's transformative potential.

Our response

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

Part A: Closing the gap in this collective endeavour

The Scottish Government needs to reconsider the make-up of the advisory council, establish thematic groups, and set out how it plans to improve on the minimal consultation effort, to address the risk of overlooking the untapped economic potential of Scotland's voluntary sector for the next decade.

The Scottish Government needs to bolster its engagement to include voluntary organisations and communities across Scotland and promote a truly participatory approach to shaping Scotland's economic blueprint, both in design and delivery.

The Scottish Government needs to choose more transparent and inclusive involvement of social and environmental actors excluded from the advisory council's current activities yet who are vital in a whole-system approach where we are all in this together.

Scotland's 10-year economic strategy must set out a long-term blueprint for how the Scottish Government will transform Scotland's economy to secure the wellbeing of all while also meeting environmental needs. To achieve this, the advisory council must equip itself with the views of all parts of society.

The limited consultation exercise over the summer months, combined with the expectation that the Scottish Government will publish the strategy this autumn, suggest that the transformative blueprint for Scotland's economy will fall short of this condition.

Policy responses to transform Scotland's economy will only work if all economic actors – particularly those that are often unrecognised but by no means less

important – have an equitable role in shaping, delivering, monitoring, and evaluating transformative policy directions.

Regrettably, the consultation approach is not inclusive or far-reaching. It fails to recognise the need for participative dialogue with voluntary organisations and communities across Scotland, many of whom make vital economic contributions and have practical solutions to offer. These organisations and communities need time and space to contribute to such an important agenda. They also need tailored communications and engagement that supports their involvement, with accessible guidance and formats available to ensure policymakers hear their voices. An inclusive economic strategy requires inclusive, human-rights led engagement.

The likelihood is that many responses will be from large organisations, sector bodies – such as SCVO – or coalitions coming together to get something into the Advisory Council on time. They are key stakeholders, but it does not reflect inclusive engagement that should underpin this strategy. The Scottish Government should rectify this urgently by collectively building an inclusive programme of engagement tailored to reach voluntary and community organisations, small and large.

In a recent [MSP briefing](#) SCVO stated that the "voluntary sector must be part of a collective approach at every stage of Scotland's economic and social change, including as part of the new council for economic transformation." Despite this, there is no space for the voluntary sector or community representatives on the advisory council.

We recognise the strong credentials of the advisory council, which has not selected itself. The advisory council will have important views, and our submission aims to be supportive. However, it would be remiss of SCVO not to again raise these commonplace concerns.

The real measure of ambition will be judged by whether the voluntary sector's value to the Scottish economy is recognised, understood, and shines through in the strategy's solutions, deliverables, and investment. Due to the lack of involvement of the sector, which is reflected in the framing and scope of the strategy that will 'set out the steps' to 'support *businesses*' and 'build *businesses and industries* of the future, there is a very real risk that this ambition will not be realised.

Part B: Unleashing the voluntary sector's transformative potential

Scotland's economic strategy needs to invest in and recognise the voluntary sector as a significant employer, partner, vital economic actor, and agent for change in Scotland's recovery from the pandemic, alongside the public and private sectors.

The voluntary sector's huge role in Scotland's economy extends well beyond the 100,000 plus people our sector employs and an annual turnover of over £6 billion. The Scottish voluntary sector works with 1.4 million volunteers and plays a crucial role in ensuring that the Scottish economy enables people and communities to live fulfilled lives.

There are [clear examples](#) of how public investment in the voluntary sector leads to a monetisable return on investment. However, the economic strategy must not take a narrow view of the economy where only GDP matters. Doing so will fail to recognise the economic weight of the sector and its high potential to be part of transformational efforts in shifting to an inclusive, wellbeing economy.

The sector supports people in becoming active in the economy through employability support. Voluntary organisations provide care, digital skills and devices, and research-based charities offer crucial contributions to social, economic, and environmental discussions. Culture is key to recovery, and the voluntary sector runs many theatres, museums, galleries and sports clubs.

Voluntary organisations also provide greener active-travel services better for health and allowing people to access their local amenities. The sector plays a crucial role in monitoring and reporting the impact of changes on different marginalised communities. Scotland's 6,000 social enterprises put profits and surpluses towards social and environmental missions, and they are standard-setters, influencing change in the norms and behaviours in the private sector.

Tackling poverty and inequalities and addressing systemic issues such as climate change and a just transition to a net-zero economy are also intrinsic to the work of charities, community organisations and social enterprises. So too are other significant policy directions such as community empowerment and shifting to an inclusive, wellbeing economy; it is happening at a national, local and community level and must be recognised and harnessed in the economic strategy.

The call for views will not reach all key actors delivering services and practical solutions across these National Outcome areas. The advisory council and policymakers supporting it should question the absence of the voluntary sector in any part of the economic strategy, engage with the relevant bodies, and address any gaps.

Scotland's economic strategy needs to recognise the potential of and invest in the specific economic, social, and environmental solutions the voluntary sector offers, including the Social Renewal Advisory Board's calls to action.

At a [roundtable](#) with various sector leaders on 25 May, the Deputy First Minister outlined the need for a *"broad-based, inclusive approach that leads to decisive and emphatic action."* SCVO agrees and supports calls for practical solutions in what the

Scottish Government often refer to as a 'joint endeavour' to transform Scotland's economy and society post-pandemic.

The sector has a rich history of doing just that, reflected most recently in the report, ["If not now, when?"](#) published by Scotland's Social Renewal Advisory Board in January 2021. It contains 20 'calls to action' covering, amongst other issues, key economic areas such as money and work, advancing equalities, housing, volunteering and the voluntary sector, community-led and place-based renewal, and food security.

The Board's 20 Calls to Action, if implemented in full, have the power to transform Scotland. So too can the extensive list of policy interventions that have been proposed by the voluntary sector and people and communities in recent months and years, including both Scotland's [Citizens' Assembly](#) and [Climate Assembly](#). Giving more power to people and communities necessitates that these reports underpin the economic strategy. The synergies across these reports make them a perfect yardstick by which to judge Scotland's true economic transformation.

Just before the coronavirus crisis hit Scotland, SCVO's Policy Forum published a [Manifesto for the Future](#). It draws on a wealth of knowledge and expertise to set out the foundations required to ensure that Scotland stands ready to face the next decade's challenges and help build a fair and prosperous future for everyone. We encourage the Advisory Council to consider the three key themes raised by the sector in the Manifesto:

Planet: the sector wants Scotland to secure environmental action and take responsibility for the planet and its future generations.

Humanity: the sector wants Scotland to lead the world in supporting human rights, equality, and wellbeing for all.

Citizenship: the sector wants Scotland to foster a society which enhances citizenship, democracy, and participation.

While this report, amongst others, do not have all the answers, they add to a bank of recommendations that mark watershed moments yet often stall at implementation. To achieve change, resources must be made available to progress solutions, support co-design, and measure progress. The voluntary sector – and people and communities – have said what it needs and what needs to be done – together, we must act.

Scotland's economic strategy needs to create the foundations for a transformed economy by focusing on multiple models of long-term investment in the capacity of Scotland's voluntary sector to support its recovery, development and sustainability post-pandemic and post-Brexit. This will give voluntary organisations the means to translate the economic plan into action.

The Scottish voluntary sector and the services it provides are under pressure. Covid-19 has put enormous strain on sector finances and, for many, increasing demand on services. The sector has played a vital part in supporting the country through the coronavirus pandemic. Going forward, long-term investment is needed so that the sector can work with people and communities to empower them to take part in their local economies.

The report from the jobs sub-group of the [Economy and Skills Strategic Board](#) highlighted the crucial role of the voluntary sector as an employer and as a provider of vital employability support as we move into recovery and renewal. The pandemic has also created a health crisis, and the impact of lockdown has intensified this. The voluntary sector is essential to supporting the mental and physical wellbeing of people, families and communities.

The pandemic has also revealed that the financial situation for many voluntary organisations, big and small, was already precarious. The removal of European Structural funds, other European funds, and the ongoing uncertainty surrounding the UK Shared Prosperity Fund further exacerbate these issues. A secure and sustainable future for the voluntary sector is needed if the sector is to play its part in Scotland's social and economic transformation.

Sources of funding for organisations throughout the sector are complex. Organisations rely on a combination of funding and trading income, grants, contracts, fundraising and reserves. Short-term public sector funding, sometimes for one year or even less, means that organisations can struggle to deliver projects and plan their workforces. There is a need to recognise the challenges caused by the current [competitive procurement environment](#) and the benefits of a more partnership-based approach. This would enhance the delivery of public services, ensure the sustainability of the voluntary sector and realise the Fair Work principles.

The Scottish Parliament's 2020 report, [Valuing the third sector](#), made recommendations on: the involvement of the sector in service design and decommissioning; a thorough examination of partnership working in the context of a competitive funding environment; parity of esteem and the removal of hierarchy; and the elimination of bureaucracy. The [Advisory Group on Economic Recovery](#) recommended that the Scottish Government 'take action to protect the capacity and financial sustainability of the third sector' and cited longer-term funding arrangements and flexible approaches to procurement as priority areas.

The AGER also raised the voluntary sector's interest in investment from the Scottish National Investment Bank (SNIB). It said, 'the Bank will be well placed to use its investment criteria to continue to support businesses and the third sector to pivot towards mission-oriented outcomes.' We raise this because voluntary organisations must have parity in designing and accessing new and existing sources of finance, such as the Scottish National Investment Bank. The economic strategy must consider how the voluntary sector – which includes social enterprises, community interest companies and registered charities – can find the support needed to access

alternative patient finance, through the SNIB and other existing, or potentially new, alternatives.

Despite attempts to engage and shape the development of new investment instruments, such as the SNIB, governments have not recognised the voluntary sector's transformative potential in the economy. And, despite the plethora of reports and recommendations over the past decade, governments have not addressed the big issues that impact the sector's ability to play this transformative role alongside the public and private sectors.

Scotland's economic strategy needs to expand and build upon the voluntary sector's existing contribution across all parts of the economy – including, employability, digital inclusion, and volunteering – by strengthening the profile of, and public investment in, the sector's transformative potential.

Decision-makers must recognise the economic weight of Scotland's voluntary sector and its high potential to be part of transformational efforts to move to a wellbeing economy. The voluntary sector must be part of a collective approach and supported and invested in appropriately to share its expertise and knowledge.

Voluntary organisations contribute to every aspect of Scottish society and have a wealth of insight into the different impacts of the pandemic across communities. SCVO urges the advisory council and policymakers to carefully consider the concerns and proposals raised by voluntary organisations in addition to the proposals presented in the reports we outline above.

Appreciating the range of expertise across the voluntary sector, SCVO will focus our response on three areas, including two areas where we have provided services to people and communities for many years. These examples highlight how long-term investment into the capacity of the sector can translate the Scottish Government's ambitions into action.

Helping people become digitally included

SCVO has been working on digital inclusion and capacity building for many years. We work with a broad partnership of voluntary organisations, social housing providers, local authorities, and other public sector bodies to develop practices that embed the essential digital skills for life in meaningful and practical ways.

Funded by the Scottish Government, we currently co-ordinate the [Connecting Scotland programme](#) as a direct response to the pandemic. We work with all 32 councils and hundreds of voluntary organisations to bring devices (40,000 in August 2021, rising to at least 46,000 in October 2021), connectivity and skills to the people who need them most. The Connecting Scotland programme has achieved great things, including training over 2,700 Digital Champions.

Connecting Scotland demonstrates public investment sense. Voluntary organisations working hand in hand with local authorities translating national ambitions into local action creates a fairer and more equal Scotland. Over the next year, further work is required to blend the *device first* approach with the existing *skills first* approach to create a solid infrastructure. Over the next two years, we must focus on consolidating activity in both areas and working in partnership to learn and deliver what is needed to ensure digital inclusion.

Supporting people into employment

Supporting people into or back into employment is a significant area of expertise for the voluntary sector. Charities, social enterprises, and infrastructure organisations at a local and national level deliver high-quality support to people facing barriers to employment and provide good quality jobs and skills development.

SCVO is one of the many voluntary sector contributions to this work through the delivery of the [Community Jobs Scotland programme \(CJS\)](#). The success of CJS over the last ten years has been remarkable – offering a unique route into work for over 10,000 young people who faced the most significant barriers to entering the labour market.

Employability is an area where the voluntary sector can play an even greater role in realising Scotland's national ambitions. The economic strategy must recognise and invest in the voluntary sector as a key partner within a comprehensive and inclusive whole system response to employability. The advisory council and policymakers should engage with the [Third Sector Employability Forum \(TSEF\)](#) and its partners.

Volunteering for all

As part of the [Scottish Volunteering Forum](#), it is our view that society and the economy can and must do more to support people and communities to volunteer and recognise the true value of volunteering in Scotland. Volunteering should be accessible to all, regardless of background or perceived barriers. Volunteering needs to become a societal norm with equality of opportunity if we are to increase the number of people realising the benefits of volunteering.

Volunteers have played vital roles throughout the pandemic and this needs to be sustained and built upon in the future. Scotland should make every effort to see that this social capital flourishes beyond the recovery to shift our economy to being wellbeing oriented. We would ask the Advisory Council to consider SCVO's recent submission to the Law Family Commission on the Future of Civil Society for solutions to ensure volunteering is supported to be effective and sustainable. The advisory council and policymakers should engage with the Scottish Volunteering Forum.

Conclusion

The Scottish voluntary sector and the services it provides are under pressure. Covid-19 has put enormous strain on the sector's finances and, for many, increased demand on services. To provide security for staff, volunteers, and the many people and communities the voluntary sector works with, we need the Scottish Government and others to recognise and invest in the voluntary sector as an employer, a partner, and a vital social and economic actor.

In our response, we have highlighted a handful of the many reports that offer clear actions that the Scottish Government could take to create the sustainable voluntary sector essential to economic transformation. Central to a sustainable sector is recognition of our sector's contribution and the availability of resources - to support people and communities, progress solutions, support co-design, and measure progress - are central to the sustainability of the sector.

We believe that to transform Scotland's economy, economic actors across Scotland must be involved in shaping, delivering, monitoring, and evaluating economic policy. The approach to this call for views falls short of our expectations. Similarly, as the Scottish Government will publish the strategy this autumn, there will not be the inclusive, far-reaching, participative dialogue needed to ensure organisations and communities can contribute to this important long-term agenda. Inclusive, human-rights led engagement is, we believe, central to an inclusive economic strategy.

Despite this, there is still the opportunity to review the membership of the Council to ensure that voices from across the voluntary sector - including social enterprises, community groups, and registered charities - are heard. We urge the Scottish Government to consider the make-up of the Advisory Council. Similarly, we also encourage the advisory council and policymakers to carefully consider the concerns and proposals raised by voluntary organisations, recognising their expertise.

We hope that the Advisory Council share our aspirations for a collective approach and support and invest in our sector to ensure we can fully contribute to Scotland's social and economic transformation.

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