

## **Scottish Parliament Social Justice and Social Security Committee**

### **Pre-Budget Scrutiny 2024-25 Additional views from Social Enterprise Scotland members, August 2024**

#### **Longer-Term Funding Impact: What are the benefits of providing longer-term funding arrangements of three years or more for third sector organisations?**

This is vital and would be a game changer for recipients of funding. Short term funding builds in risk, with staff instability and high staff turnover, a disproportionate ratio of time spent in gear up, planning and reporting vs delivery. Longer term funding allows planning, diversification of funding over time, risk management and staff retention (staff with longer contracts are not only more committed but can be invested in with training and support). Longer term funding builds in learning and allows trends to develop which results in much better impact and much higher efficiency and cost effectiveness.

#### **Longer-Term Funding Impact: What are the challenges in providing this and how could these be overcome?**

I assume the main challenge is the lack of securing in Scottish Government budgets and high levels of risk aversion – departments keen to keep funding flexible so that it can be removed or reallocated quickly and easily.

Perhaps longer-term funding commitments with break clauses based on a range of factors.

Tying funding to long term strategic commitments of governments across spend periods and across administrations – long term visionary planning makes long term budget setting more possible.

#### **Flexibility and Core Funding Needs: What are the benefits of providing flexible, unrestricted core funding to third sector organisations?**

Core funding creates an element of trust – allowing the recipient to work to a series of outcomes in their own way.

Organisations with strong reserves and secure core costs can be creative and find their own resources for creative projects.

#### **Flexibility and Core Funding Needs: What are the challenges in providing this and how could these be overcome?**

Budget constraints.

Need to relax annualised and spend period-based budgets.

#### **Sustainable Funding and Inflation Adjustments: How might including inflation-based uplifts and covering full operating costs influence the overall effectiveness and sustainability of the third**

## **sector?**

The sector has been reporting real time reductions in funding for some time and would welcome inflationary increases.

Consequently, if there are no increases there should be a reduction in targets and outcomes.

**Sustainable Funding and Inflation Adjustments: What are the challenges in providing this and how could these be overcome?**

**Real Living Wage Commitments: What impact do you think the ability for third sector organisation to pay their staff the Real Living Wage has on their services?**

This is a massive issue. If RLW is to be a condition of funding, funding must be increased. We have been instances where not accepting funding would create severe problems but accepting the condition of RLW without any uplift can put enterprise activity into deficit.

**Real Living Wage Commitments: What are the challenges in providing this and how could these be overcome?**

The only challenge is the need to increase funding accordingly and this might mean hard decision about funding the sustainability of good organisations who need more grant vs funding new ideas and innovation.

**Efficiency in Funding Processes: How could the process for third sector organisations making funding applications, reporting, and receiving payments be more efficient and consistent?**

This is a Trust element. There must be robust processes to protect public funding but this should not be onerous

**Efficiency in Funding Processes: What are the challenges in providing this and how could these be overcome?**