

# Scottish Parliament Social Justice and Social Security Committee

## Pre-Budget Scrutiny 2024-25

### Written submission by CVS Falkirk & District's Funding Officers Network, August 2024

#### Introduction

CVS Falkirk & District is the third sector interface for the Falkirk & District area. We provide a platform for third sector organisations in Falkirk to collaborate, have their voice heard, and engage with opportunities to influence public policy at a local and national level.

We facilitate a Funding Officer Network (FON), which is a quarterly space for funding officers or designated individuals with the responsibility for fundraising activity within third sector groups and organisations operating in the Falkirk and District area, to come together to:

- skills and knowledge sharing
- peer support
- mentorship
- training and development
- sector development
- piloting technology

On 14th August 2024, we held our FON, with 22 representatives from a variety of third sector organisations in attendance. Our Partnership Development Manager delivered a presentation overview of the Social Justice and Social Security Committee's Third sector funding principles consultation and facilitated a consultation response with the FON. Seven questions were shared with the groups in advance of the meeting for them to formulate responses on and share these at the meeting.

To find out more about our Funding Officer Network, please visit our website:

<https://www.cvsfalkirk.org.uk/voice-of-the-sector/funding-officers-network/>

The feedback shared by attendees at this meeting has been categorised as key points with direct quotes shared. We have kept our responses as anonymous but have universal consent from attendees to share the feedback with the Social Justice and Social Security Committee. After the consultation closes, attendees will be sent a copy of their feedback for their own record keeping.

To add probative value to our feedback, we would like to highlight the consultation response developed by The Scottish Council for Voluntary Organisations (SCVO), which touches upon shared themes and thoughts as us, but has been able to pull together a wider base of evidence to inform the consultation.

SCVO response: <https://scvo.scot/p/93311/2024/08/13/response-to-social-justice-and-social-security-committee-pre-budget-scrutiny-third-sector-funding-principles>

## **Funding Officers Network – Third Sector Funding Principles Response**

### **1. How would a shift to longer-term funding of three years or more support your organisation?**

Attendee 1 has recently received 3-year funding with the local Health and Social Care Partnership for part of their service after going through a robust consultation exercise. This has allowed their organisation to *“concentrate less time on that yearly funding strategy and focus more on our funding sustainability”* and *“allows us to create a longer-term funding strategy/approach because we are now not constantly looking for new funding streams each year.”* The time spent looking for new funding streams could be more productively spent on service delivery which can only benefit the people that organisation’s support.

Looking for funding each year feels like you are *“constantly on a hamster wheel”* and *“longer term funding provides us with more breathing space to plan”* and provides a *“safety net”* for our organisation.

This attendee shared their organisation’s experiences with receiving funding from the local authority for non-statutory service delivery. They stated that it tends to be local authorities that *“can’t commit beyond one year to providing funding”* and that having longer-term funding in place is *“not only beneficial for the organisation’s service delivery, but also for staff health and wellbeing...in terms of the fact there is a constant risk that the funding stream might stop”* and that our service users – who tend to be more vulnerable people - are impacted as service have to close when funding is stopped. *“Knowing that security was there”* in regard to longer-term funding *“would be hugely beneficial”* to both staff, volunteers, and service users.

For this attendee, their experience with 3-year funding has allowed them to *“build capacity”* within their organisation and build *“longer-term relationships with vulnerable members of the public.”*

*“Instead of firefighting and looking at how to survive”* each year, we can *“thrive and be more strategic”* and develop bold, *“ambitious plans.”*

This attendee shared the impact of *“year-on-year”* funding on the recruitment and retention of staff as they can only hire some staff on short-term contracts; and if the funding comes too late, they experience good staff leaving early for another job. A lot of time is spent and wasted on hiring then re-hiring staff and it *“hampers innovation”* within the organisation as you do not know if you will have the staff in place to take forward work, beyond core work.

This attendee stated that they think longer-term funding approaches would allow *“more money to go to the third sector”* as money will be saved by organisations if they do not have to pay for the impact of this continuous *“cycle of jobs”*. Money could further be saved if funding streams ran for more than a year as the administration cost of setting up a fund each year would be saved and could be used instead to benefit the sector.

## **2. In what ways would flexible, unrestricted core funding enhance your organisation's operational effectiveness and governance?**

This attendee stated that flexible *“unrestricted core funding would just make life so much easier”* and hope this is an approach that most funders take going forward. They described positive experiences with two funders that consulted with organisations; and meaningfully listened to their views on how flexible, unrestricted core funding delivered over a longer-term approach would benefit their organisation's sustainability and service delivery.

This attendee shared that flexible, unrestricted core funding would *“enable charities to have more flexibility”*. There should be trust from funders that charities to “know where best for funding to go” and flexible, unrestricted core funding would allow *“charities to be able to respond appropriately”* to situations as and when they arise. This type of funding is *“invaluable when you can get it.”*

This attendee would like to a flexible, unrestricted funding approach to be adopted, but to include less restrictions on the practical costs that come with running a service and providing that *“behind the scenes support”* such as management and HR – so to avoid an *“organisation running on empty.”*

For this attendee, resources within their organisation are already “so tight and very stretched”. This more flexible approach to funding would organisations to *“produce quality work and stability for services.”* It would make a *“massive difference knowing”* that this flexible, unrestricted funding was there.

## **3. How critical are inflation-based uplifts and full cost recovery, including core operating costs, to the sustainability of your organisation? Are there any specific issues you want to highlight in relation to this? // What challenges does your organisation face in ensuring all staff are paid at least the Real Living Wage?**

This attendee stated that the answer to this question echoes the previous one and added that often *“the full cost of recovery is not available when you as for an uplift”* which results in organisations having to take money out of their reserves to pay for the uplift which can harm an organisation's income sustainability.

The cost of inflation-based uplifts does not currently match the real Living Wage increases from recent years and as more funders place a funding requirement to pay the real Living Wage on charities, it means they have to dip into their reserves to pay this. Some funders only pay up to “5% increase for staff wage per year” but the increase can be “10% per year”, this means that groups are paying for this themselves and/or core staff only receive a 5% increase uplift, meaning they are not receiving a uplift that will benefit their living costs.

This attendee has observed that additional increased costs around transport and living costs are not attributed to uplifts. Charities want to pay the real Living Wage so that their staff benefit but some “struggled to commit to being accredited (RLW

employers” as they have “no control over the level of uplift” and do not know what they are committing to in the future.

**4. What challenges exist to delivering Fair Work principles within your organisation? Fair work is work that offers employees effective voice, opportunity, security, fulfilment and respect. Fair work balances the rights and responsibilities of employers and workers and can generate benefits for individuals, organisations and society.**

This attendee stated that despite working from a larger organisation, they struggle to commit to Fair Work First principles because of the security that uncertain, inflexible, annual funding provides. Charities want to embed Fair Work First principles – noting the benefits of it on staff wellbeing and security - but there is a cost implication for them that is unaffordable such as investing in HR teams and measures to ensure FWF is embedded properly.

**5. What improvements in the application, reporting, and payment processes could make the funding system more efficient for your organisation?**

This attendee stated that we need to move away from Scottish Government and other funders paying funding in arrears as this has cost-implications for charities who are asked to pay 3-month upfront costs.

For this attendee, they find too much time is spent with continuous reporting for annual funding and wondered if this could be streamlined and more flexible if funders took a longer-term funding approach. They added that funders who provide multiple funds to services could improve communication better between departments so that reporting mechanisms could be more streamlined and organised e.g if organisations could provide one overall report instead of several to the same funder.