

Challenge Poverty Week 2023 Policy Briefing 1

A Scotland where we value our communities and volunteers



What is Challenge Poverty Week?

Challenge Poverty Week was launched by the Poverty Alliance in 2013. We wanted to highlight the injustice of poverty in Scotland, and to show that collective action based on justice and compassion can create solutions. The week is an opportunity to raise your voice against poverty and unite with others in calling for a just and equal Scotland. Each year, hundreds of organisations in Scotland do just that, including elected representative, charities and NGOs, local authorities, faith groups, businesses, school and colleges, trade unions, professional bodies and more.

What are we calling for?

Introduce fair and sustainable funding of three years or more for the third sector.

How do we get there?

To do this, the Scottish Government must provide funding for community and voluntary organisations that is:

- **Fair and recognises the value of the third sector.**
- **Longer-term, guaranteeing income of three years or more.**
- **Sustainable, including awards that cover inflation-based uplifts and full costs that include core operating costs.**
- **Accommodating of paying staff at least the real Living Wage.**
- **Accessible through providing proportionate, and consistent approaches to applications and reporting.**

1. Introduction

Our community and voluntary organisations are often at the frontline of efforts to challenge poverty in Scotland, providing vital and invaluable support to

people trapped in the grip of poverty. During the pandemic and the on-going cost of living crisis, demand for services and support provided by third sector organisations soared, yet too many of these organisations have been left without the security they need to thrive. We are calling on the Scottish Government to make good on their commitment to introduce fair funding for the third sector. This is critical to adequately valuing the crucial work that our voluntary and community organisations deliver for us and the most vulnerable in Scotland.

We are echoing the recommendations made by the Scottish Council of Voluntary Organisations (SCVO). SCVO have defined Fair Funding¹ as a long-term, flexible, sustainable, and accessible approach to funding. This includes, but is not limited to, longer-term funding, flexible unrestricted funding, timely decision-making and payments, accessible application processes, sustainable funding with inflation-based uplifts, and proportionate, transparent approaches to monitoring and reporting.

The First Minister committed to fairer funding arrangements for the voluntary sector in the Scottish Government's policy prospectus *Equality, Opportunity, Community*, including exploring options to implement multi-year funding deals. This has been a long-standing Scottish Government commitment, and something the anti-poverty movement have been calling out for many years. Poverty Alliance members told us ahead of the First Minister's anti-poverty summit that a renewed partnership agreement with the third sector, including fair funding arrangements, should be a key priority for the summit.

This Fair Funding approach is essential for a sustainable voluntary sector which can offer Fair Work, support volunteers, and deliver high-quality outcomes for people and communities. In a just and compassionate Scotland, we recognise the invaluable work that our volunteers and community organisations provide. This cannot simply be noted with rhetoric and words of praise - we must match this value with fair, secure, and adequate funding to allow these organisations to continue to deliver lifeline support for Scotland.

2. Why do we need fair funding?

Rising inflation and the resulting cost of living and running costs crises, have put pressure on voluntary organisations, exacerbating pre-existing financial and operational challenges. The findings from wave five of SCVO's Scottish

¹ The Scottish Council for Voluntary Organisations (2023) *Fair Funding for the Third Sector* available at <https://scvo.scot/p/56732/2023/01/16/%E2%80%8Bfair-funding-for-the-voluntary-sector>

Third Sector Tracker suggest that 10% of organisations are uncertain about their future viability. Over two-thirds (67%) of those surveyed reported financial challenges, while 39% found it difficult to plan ahead.² It cannot be right that organisations supporting people living in the grip of poverty are themselves facing insecurity and potential closure due to poorly designed funding processes.

Short-term funding cycles and ingrained operational issues, such as delayed decision-making and payments, inconsistent processes, and poor communication are significantly impacting the effectiveness of the voluntary organisations by creating ongoing uncertainty and insecurity on a scale unparalleled in any other sector.

These experiences were echoed in Poverty Alliance research with third sector organisations *Voices from our Communities*.³ Staff working in third sector organisations noted the dire need for longer term support for grassroots third sector organisations. They noted that levels of funding were not sufficient to allow groups and organisations to fulfil their core mission, but also the short-term nature of much of this funding was problematic. Some organisations discussed the time that was spent chasing funding instead of delivering their services.

Short-term funding also severely undermines job security - one of the five Scottish Government Fair Work Dimensions - across the voluntary sector workforce of over 135,000 people. As a result of short-term funding, voluntary organisations frequently issue redundancy notices. Delayed decisions from Scottish Government departments, particularly when funding is provided on an annual basis, compound these issues. The Scottish Government itself also dedicates significant time and resources to these annual processes when often there is little change year-to-year.

During last year's Challenge Poverty Week, we heard from volunteers, staff and third sector organisations across Scotland that burnout - due to being in crisis mode since 2020 - was having a pervasive impact. It has never been more important to do better by our third sector and build a fairer system of support and funding.

² The Scottish Council for Voluntary Organisations (2023) *Wave Five findings – Winter 2022*. Available at: <https://scvo.scot/policy/research/scottish-third-sector-tracker>

³ The Poverty Alliance (2022) *Child Poverty Delivery Plan 2022-26: Voices from our Communities* available at: https://www.povertyalliance.org/wp-content/uploads/2022/03/TPA_GHS_Child_Poverty_Plan_2022-26.pdf

3. How will fair funding for the third sector help tackle poverty?

The Poverty Alliance's research *Voice from our Communities*, focusing on people working for community and voluntary organisations noted that local organisations were seen as trusted sources of support and information, and therefore had an important role to play in addressing poverty. This trusted support means that they could play a central role in ensuring that individuals access their entitlements and maximise their incomes. These issues of trust are particularly important in the context of communities that were already marginalised or excluded.

Organisations that support and engage with marginalised communities must receive consistent and adequate funding to enable them to carry out their work. In our research, one organisation highlighted the time that was required to build relationships with people who would be too-often viewed as "hard to reach." Longer term funding allowed stability of employment for staff in third sector organisations, which in turn enabled relationships to be developed.

In relation to the cost of living some felt that there was a bigger role for community organisations and social enterprises to play. They referred to the benefits of initiatives such as community growing both in helping individuals reduce their food bills but also give new skills and to help foster greater community involvement and participation. Developments such as the growth of community larders could see the emergence of a different, low-cost form of provision. This could extend to other services such as laundry and help cut costs through collective provision. The benefits for local communities, however, can only happen if voluntary and community organisations are fairly funded.

The cost of living crisis has not gone away and is still having a disproportionate impact on people living on low incomes. Voluntary and community organisations desperately need the Scottish Government to provide the third sector with sustainable funding that would support these organisations to continue to provide the essential services people and communities rely on.

Developing our policy asks

This year, the policy asks for Challenge Poverty Week were developed in collaboration with a short life working group with representation from public bodies, the private sector and a variety of third sector organisations. We would like to thank these organisations for their participation in this process.

What we heard from our short life working group

- The lack of fair and sustainable funding is a barrier to achieving fair work in the third sector. While the anti-poverty movement is supportive of the introduction of Fair Work First conditionality, seeing this as critical to addressing in-work poverty, the implementation of those standards is challenging without additional support and funding.
- The lack of fair and sustainable funding is also a barrier to meeting demand for the support and services offered by voluntary organisations, particularly during the pandemic and ongoing cost of living crisis.
- Too often, the third sector is forced into a position of plugging gaps in provision. The third sector are increasingly being asked to deliver more, for less, and the structure of funding means that the sector is often firefighting, rather than facilitating systems change.
- A priority was the Scottish Government recognising the sector as a trusted, respected, and equal partner in efforts to tackle poverty in Scotland. This should involve the inclusion of the sector in the strategic planning of key public services including, for example, health and social care provision.

How will this help Scotland to meet our child poverty targets?

- As acknowledged in *Best Start, Bright Futures*, the third sector has a crucial role in meeting Scottish Government strategic priorities. Ensuring Scotland's funding processes are fair and sustainable will enable our voluntary and community organisations to make an even bigger contribution to anti-poverty work.
- Voluntary organisations across Scotland are critical to the delivery of policies in *Best Start, Bright Futures*. The third sector supports people into employment; campaigns against the root causes of poverty; provides essential support such as foodbanks; delivers key public services such as social care and childcare; and enables people to access the benefits to which they are entitled.
- Fair and sustainable funding will support the delivery of fair work in the third sector, ensuring more people have access to secure employment that pays the real Living Wage. As the sector has a higher representation of women, part-time workers and disabled people, this will also progress the Scottish Government's ambitions around tackling inequality in the labour market.

For more information, please contact:

Ruth Boyle, Policy and Campaigns Manager
ruth.boyle@povertyalliance.org

Ashley McLean, Policy and Parliamentary Officer
ashley.mclean@povertyalliance.org