

Consultation Response: Social Justice and Social Security Committee - Third Sector Funding Principles

Carers Scotland welcomes the opportunity to respond to the Social Justice and Social Security Committee call for views on third sector funding.

Carers Scotland is a charity set up to help the 800,000 people in Scotland who care unpaid for family or friends. We are a membership organisation of carers, run by carers, for carers. We provide information and advice about caring alongside practical and emotional support for carers. We also campaign to make life better for carers and work to influence – using carers’ insights and lived experiences – policy makers, employers, and service providers, to help them improve carers' lives. Carers Scotland is a registered charity number SC039307. The following provides our answers to some of the questions set.

Q1. Please select ALL sources of funding your organisation currently receives

Carers Scotland is in receives funding through the Scottish Government, private donations/fundraising.

Q2. Longer-Term Funding Impact: How would a shift to longer-term funding of three years or more support your organisation?

Carers Scotland has enjoyed a three-year funding framework with the Scottish Government over the last three years to support our activity and deliver on key objectives set out in the Government’s Carers Strategy. This framework, although far from perfect, has allowed us to plan for the future, as well as offer longer term contracts for staff, as well as development and progression opportunities for them. This would not have been possible with a shorter funding cycle. It has created security in the roles we have that our supported by Government funding meaning that we have had very little staff turnover in the last three years.

We are a much more effective organisation as a result of longer-term funding arrangements. It has created the space for us to plan as well as be innovative as we work toward delivering on our objectives in both the short term and long term. The ability to be innovative has allowed us to develop new and different workstreams and projects that support more of the objectives and their wider ambitions than we would have been able, if were shackled by a short-term funding cycle, which would only have allowed us to act on short term plans. We believe that we have delivered much more as a result of this multi-year framework than we would have if on a shorter funding cycle.

Three-year, and ideally even longer, funding frameworks offers a much more sustainable funding model, which gets the best out of the third sector and enables us to deliver so much more for the funding we receive.

Q3. Longer-Term Funding Impact: What specific challenges do you foresee in transitioning to such a funding model?

The Scottish Government should have confidence to commit to multi-year funding. We understand that Government does not know its exact budget each year and that this can change depending on a number of factors. However, there is sufficient understanding around a significant proportion of the budget and what might be expected in years to come to make commitments to multi-year funding to third sector organisations in the same way that other funded activities such as the NHS is given. Final details of budget could be refined yearly, but agreed core funding on a multi-year basis should be committed too and offered to the third sector as standard.

Q4. Longer-Term Funding Impact: If relevant, please provide any specific examples of how your organisation has been affected by a lack of longer-term funding certainty.

This is the last year of our three-year funding framework. We have been given no assurances about any funding as yet for next year and have been told that there will be no new three-year funding framework in place for next year or the prospect of one in the coming years.

This has created a significant amount of uncertainty in our charity about our future operations in Scotland. Without any security over funding, the longer a decision is delayed, then the more we need to consider how we might mitigate for the loss of that funding.

Considering that a significant proportion of the funding given to us by the Scottish Government supports staff roles, if we do not receive certainty about future funding arrangements then we might need to consider the future of some of those roles in the organisation. This could include putting staff at risk of redundancy.

Creating uncertainty in our funding around our staffing roles then puts us at risk of losing those staff, who may seek other more secure opportunities. The risk of this is now higher than at any point in the last three years as a result of the withdrawal of our three-year funding framework.

The knock-on effect of staff uncertainty that the lack of financial security will have, will inevitably reduce our effectiveness and ability to meet the outcomes we are working towards on behalf of Government and unpaid carers. It also risks the organisation's current stability around performance, as it may lead to increased staff turnover, challenges and costs around recruitment, and the loss of significant organisational memory and subject expertise and skill.

It also ensures that dedicated staff time is spent trying to secure funding each year from Government or other sources, which can also reduce effectiveness within the organisation and takes away resources from the charity that could be dedicated to delivering outcomes.

Short term funding cycles simply perpetuate uncertainty within organisations on an annual basis.

Q5. Flexibility and Core Funding Needs: In what ways would flexible, unrestricted core funding enhance your organisation's operational effectiveness and governance?

Third sector organisations should be commissioned to deliver outcomes. Funding agreed between the Scottish Government and the third sector to deliver that should be based on anticipated costs to deliver those outcomes. However, the third sector organisations should have considerable flexibility in how it then spends that resource to achieve those outcomes, as this would allow for innovation, learning and development. Such an approach would lead to organisations being more effective with the potential to improve further on outcomes or increase capacity to deliver more outcomes.

Governance of the organisation both internal and external should be based on the achievement of agreed outcomes and the value of achieving those outcomes.

Q8. Sustainable Funding and Inflation Adjustments: How critical are inflation-based uplifts and full cost covering, including core operating costs, to the sustainability of your organisation?

Most third sector organisations operate on very tight margins so uplifts that reflect inflation and other cost increases from the Scottish Government are critical. This year Carers Scotland received no uplift in our funding from the previous year, yet our overall costs have gone up significantly with the cost of living and inflationary pressures. This has put greater pressure on us to identify additional areas of funding from other sources and increased staff time to secure them to meet the gap left by the cut in funding from Government.

As a result, we have also had to look at our activities to identify potential savings, which will impact on our ability to deliver the objectives/outcomes that we have been asked to by the Scottish Government.

By not increasing the uplift this year, it means that the Scottish Government is very unlikely to ever catch back up, as to return us to the previous level of funding next year would require two years' worth of inflation and cost pressure increases.

Ultimately not receiving uplifts in funding that reflect increased costs and inflation is not sustainable. It will likely lead to changes in how we operate with potential ramifications for staffing structures and the projects that we deliver. This will have an impact on the Scottish Government's ability to deliver on its ambition set out in its Carers Strategy.

Q13. Efficiency in Funding Processes: What improvements in the application, reporting, and payment processes could make the funding system more efficient for your organisation?

There needs to be clear timelines around application processes and decisions around funding. Decisions should be made, and charities informed within good time to ensure that their organisations can plan for continuation of activities or to begin to wind them down if funding is not to be given.

Right now, far too often decisions are not made early enough, and organisations informed far too late. This year our funding decision was not communicated to us until the very end of March, days before the new financial year. Organisationally we took the risk that we would receive the vast majority of the funding we had been expecting. If we had not received the funding that we had been planning for, it would have left us in considerable financial difficulty and would have had significant ramifications for our overall charity budget and potentially our reserves. It is unfair for the Scottish Government to let charities carry this risk entirely on their own.

Our only other alternative would have been to begin planning to winddown our activities for which receive funding for with the anticipation of not receiving the funding so as to ensure that we would not have entered the new financial year with spending commitments we would not have had secured funding for, such as staff. This has is also far from optimal, as if funding is then allocated, the organisation has wasted valuable resource winding down activities, and will need to spend additional resources to restart them, leading inevitably to a loss of effectiveness and reduction in the ability to meet objectives. Short term funding cycles make this a possibly that this happens every year.

It can also lead to a false perception that charities are not performing effectively, as agreed outcomes and objectives are less likely to be met or that the quality of the product/service/activity to be delivered is lower than it would be, because of the disruption to operations caused by the ineffective and short-term nature of the funding cycle.

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16 August 2024