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Social Justice and Social Security Committee

Pre-Budget Scrutiny 2025-26: Third sector funding principles



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Social Justice and Social Security Committee

To consider and report on matters falling within the responsibility of the Cabinet Secretary for Social Justice excluding matters relating to housing and tenants' rights.



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Membership changes

1. There were two changes to the membership of the Committee since the last pre-budget scrutiny:
 - On 18 June 2024, Kevin Stewart MSP replaced John Mason MSP
 - On 10 October 2024, Liz Smith MSP replaced Roz McCall MSP.

Introduction

2. In line with the recommendations of the Budget Process Review Group (BPRG) report, the Scottish Parliament's subject committees undertake pre-budget scrutiny in advance of the publication of the Scottish budget. The intention is that committees will use pre-budget reports to influence the formulation of spending proposals while they are still in development.
3. As part of this scrutiny, committees are required to publish pre-budget reports at least six weeks prior to the Scottish budget. The [Scottish Government has announced](#) its intention for the next Scottish Budget to be presented to the Scottish Parliament on 4 December 2024.
4. The Committee wanted to examine the action being taken to support the third sector after hearing continued concerns about funding challenges faced by the sector. The 'third sector' includes charities, social enterprises, voluntary organisations, and public social partnerships. The Committee was also keen to see what progress has been made from the last report in this area by the Equalities and Human Rights Committee in Session 5, [Looking ahead to the Scottish Government's Draft Budget 2020-21: Valuing the Third Sector](#).
5. A significant amount of the third sector's funding comes from public sector contracts and grants, as Scottish Council of Voluntary Organisation's (SCVO) State of the Sector – Funding and Finance Research from 2021 demonstrates. Contracts and grants from the Scottish Government and local authorities, also known as 'statutory funders', make up the two largest incomes sources for the sector.¹
6. Increasing demand and wider economic issues have posed significant challenges for Scotland's third sector—
 - the COVID-19 pandemic led to greater demand for third sector services and support
 - the impact of the cost of living crisis on household budgets has led to individuals and families seeking help when they did not need it before
 - third sector organisations are spending more on their running costs as inflation has seen prices rise.
7. This report looks at these issues with a focus on how the Scottish Government's approach to fair and efficient funding can contribute to the continued effectiveness of the third sector.

Evidence gathering

8. A call for views was issued and ran from 19 June 2024 to 16 August 2024. A total of [190 responses](#) were received and published on the Committee's webpage. A further [15 written submissions](#) were also received.
9. The Committee took oral evidence as part of its pre-budget scrutiny for 2025-26 at its meetings on [5](#) and [12](#) September and [10](#) October 2024. The Committee heard

evidence from four panels of witnesses comprising voluntary sector organisations, third sector interfaces, funders and an academic.

10. In addition, the Committee held two engagement workshops in Dundee on 21 August 2024. One with [national charities](#) and another with [local charities](#). Members of the Committee also attended the [Carers Centre Managers Network](#) meeting held online on 11 October 2024. The Committee thanks all those who shared their experience and expertise.


Background

11. The 'third sector' or 'voluntary sector' is made up of over 46,000 organisations that contribute to communities in Scotland. These organisations can fulfil a number of roles. They might deliver services, such as social care and health services or support people into employment. Organisations can also play an important role in empowering marginalised communities, or be active in protecting the environment or campaigning and advocating for change.

Third sector funding

12. The third sector budget line in the Scottish Budget covers delivery of third sector infrastructure to provide development, a voice and practical support to the wider third sector. It also provides delivery of Social Enterprise and Volunteering Action Plans and Fairer Funding for the Third Sector. For the [2024-25 year the budget was £21.1 million](#). This is a decrease in both cash (-0.5%) and real (-2.1%) terms compared to £21.2 million in the 2023-24 budget.
13. In 2022 Scottish voluntary sector spending was £8.8bn compared to £7.9bn in 2021, an increase of almost £1bn. Of this spend, 43% was related to staffing in 2021 with charities spending ranging from 20-40% at small charities to 70-80% at large social care and health charities.²
14. In the most recent Third Sector Tracker, SCVO reports that 88% “of organisations reported taking actions to mitigate financial challenges that they had experienced since December 2023.”³ Of the action recorded, the most common were applying for new funding from new funders and using financial reserves. SCVO also reports that of the 39% of organisations who have used their reserves since December 2023, 60% believe that their usage is unsustainable.⁴

Scottish Government's fairer funding principles

15. The Scottish Government recognises that changes need to be made regarding funding of the third sector and is committed to addressing long standing issues by 2026.
 We are committed to ensuring that grant making is continuously improved and that best practice in grant management is mainstreamed across government, whilst understanding that the issue of fairer funding is a cross-government and cross-portfolio commitment.⁵
16. To do this, the Scottish Government has set out several improvements to the way it provides funding to the third sector including:
 - “improvements to our grant-making arrangements to provide greater clarity and consistency of practice
 - increasing the number of multi-year agreements to provide stability

- proportionate reporting and monitoring
 - ensuring prompt notification of funding and
 - reviewing grant conditions”⁶
17. By addressing these issues, the Scottish Government suggests that it is recognising the “sector’s strategic role in enabling the transformation and delivery of person-centred services for the people of Scotland”.⁷

SCVO’s Fair Funding Definition

18. Whilst SCVO welcomes the Scottish Government’s Fairer Funding principles, it suggests that there is a lack of clarity surrounding what progress has been made as part of the programme of reform. In its response to the Call for Views, SCVO stated that many of the issues that have been raised previously with the Committee have yet to be actioned by the Scottish Government.⁸ SCVO continues to ask the Scottish Government to align its Fairer Funding principles with SCVO’s definition of Fair Funding.
19. SCVO defines **Fair Funding** as follows—
- ” Fair Funding is central to a sustainable voluntary sector in Scotland. It includes, but is not limited to, longer-term funding of three years or more, flexible unrestricted funding, timely payments, more accessible application processes, sustainable funding which incorporates inflation-based uplifts, and transparent approaches to monitoring and reporting.⁹

Multi-year funding

20. There is widespread support for a multi-year funding approach from organisations and funders. Such funding was highlighted as beneficial for providing financial stability, enabling more effective long-term planning, and reducing staff turnover within organisations. These outcomes were seen as critical for the sustainability of third-sector organisations, particularly in terms of retaining skilled staff and maintaining service delivery standards.
21. Lynn Tulloch, Voluntary Action Shetland (VAS), talked about the merits of longer-term funding models and the impact on staff and on service delivery—
- ” Multiyear funding is really paramount in offering sustainability and continuity of service. It allows for job security for third sector staff, enabling them to directly deliver what is commissioned on the ground. If we have short-term funding with, perhaps, 12-month cycles, we grapple with challenges year on year, and staff have to use some of their time in that year to source funding to sustain projects. There are issues about being able to provide on-going service provision in the community. If you have service users who access your service, there are challenges year on year in whether there will be continuity of service.¹⁰
22. Building relationships with communities and funders was also cited as a key reason for multi-year funding. This was seen as particularly necessary for those delivering social care and providing support to vulnerable groups, for example Rachel Cackett, Coalition of Care and Support Providers in Scotland (CCPS), stressed that—
- ” Social care is based on a relational approach, and it is hard to maintain the relationship between front-line staff and service users in an unstable and uncertain funding arrangement.¹¹
23. Additionally, witnesses believed short-term funding cycles not only create financial instability but also divert significant amounts of time and resources away from the delivery of services. Discussing the impact on volunteers, Sarah Latto, Volunteer Scotland said—
- ” From a volunteering perspective, single-year funding is challenging. That is the case in volunteer-led organisations, in particular, but also in organisations that involve volunteers. That is because of the lack of stability and the challenges with recruiting volunteers, which we know is becoming more and more challenging.¹²
24. Independent funders explained the benefits achieved due to the majority of their funding being longer-term. Of the Robertson Trust grants, 96% are for two years or more, with the majority being three-year awards.¹³ Karin Earl, The Robertson Trust, said—

” We feel that such an approach gives the funded work a better chance of success, because when you have stability and security, organisations are able to retain skilled staff, and that drives up the quality of their delivery. It means that there are no gaps in provision, and, again, it contributes towards improving the impact of their work. ¹⁴

25. Witnesses, respondents to the call for views and workshop participants highlighted the continual need to apply for new funds forcing organisations to dedicate staff to fundraising rather than service provision. Participants at the national charities workshop said some managers spend around 80% of their time chasing funding or reporting to funders, leaving little time to manage staff and projects. ¹⁵ At the local charities workshop, participants said smaller organisations face challenges fundraising as larger organisations have dedicated fundraising staff, but smaller ones cannot afford this. This creates a heavy mental burden for those responsible for securing funding. Also, funders are reluctant to fund fundraising positions, exacerbating the problem. ¹⁶

26. A range of views were expressed about how long multi-year funding should be. Looking at achieving impact once a policy change is made, Professor Tobias Jung, University of St Andrews, said—

” It normally takes six years before we see any impact. In other words, that is the short term, 14 years is the medium term and 20 to 40 years is the long term. We need to define what we mean when we talk about long-term funding. ¹⁷

27. In responding to the most common funding length suggestion, three years, Dr Judith Turbyne, Children in Scotland, considered five years would be a good interim measure. She said—

” If you are investing in a new service, you would hope to see the impact in five to 10 years, so you would want to have funding for a bit longer. It is difficult to commit to that length of time, but three to five years could be a good approach. ¹⁸

28. Allan Faulds, Health and Social Care Alliance Scotland (The Alliance), believed it could also be argued that Government five-year funding deals align with parliamentary sessions. ¹⁹ Whereas independent funders such as The Robertson Trust and The National Lottery Community Fund Scotland considered 10 year to be an optimum timescale.

29. In April 2023, the then First Minister, Humza Yousaf, published the Scottish Government's policy prospectus, Equality, opportunity, community: New leadership – a fresh start, in which the Cabinet Secretary for Social Justice committed to have “progressed Fairer Funding arrangements, including exploring options to implement multi-year funding deals” by 2026. ²⁰

30. In response to the [Committee's 2024-25 pre-budget report](#), the Cabinet Secretary for Social Justice advised that the Scottish Government's immediate focus is on increasing the number of multi-year grants. ²¹

31. The Committee recognises that short-term funding cycles not only create financial instability but also divert significant amounts of time and resources away from the delivery of services. This is particularly concerning for organisations working to address long-term, complex social issues, such as poverty, youth engagement, and social care. These issues, as the Scottish Government knows, require sustained efforts over time, and short-term funding not only prevents organisations from engaging in meaningful, long-term strategic planning but impacts on service delivery, which is key to the implementation of Scottish Government policy.

32. The Committee asks the Scottish Government what progress has been made in increasing the number of multi-year grants since December 2023 and how multi-year funding will be included in its Funding Principles. For example, will the Scottish Government stipulate funding should be for a minimum of three years.

Challenges associated with multi-year funding

33. Despite the benefits of multi-year funding, a few difficulties were also raised with the Committee. Tim Frew, YouthLink Scotland, emphasised that unless funding is well-managed and resourced properly, multi-year funding could impact on the standard of provision and referred to the uncertainty around the Scottish Government's Children, Young People, Families and Adult Learning Third Sector Fund—

” That is an example of a fund that has not been well managed, given that entrants over seven years ago were looking at a three-year fund, and it is still continuing. It just kind of rolls on and rolls on. One challenge in that respect is that existing grantees have speculated on the basis of a budget that they did six or seven years ago, and as a result, they have to make adjustments as they go. ²²

34. Further challenges for organisations receiving long-term funding and statutory funders in providing multi-year awards were pointed out. Glasgow City Council ²³ and the Corra Foundation ²⁴ raised the possibility that organisations may become reliant on a single source of funding, which poses a risk if government policy changes or if funding is withdrawn mid-term. Additionally, concerns were raised that long-term commitments could reduce the number of organisations funded, as resources become locked into multi-year agreements. This could potentially limit opportunities for new or emerging groups or organisations to receive funding.

35. Erica Judge, from Inspiring Scotland, an organisation that provides ten-year grant awards, did not agree that it would make organisations dependent—

” I would argue that having that stability of funding allows our charities, and us, to raise more money from more diverse sources, and it enables the charities that we support to match that funding from other funders. ²⁵

36. In relation to multi-year funding creating a barrier for new entrants, Inspiring Scotland said that multi-year funding that then rolls on year on year has unintended

consequences as there is "less opportunity to review and refresh things and invite new applicants." ²⁶ Neil Ritch, National Lottery Community Fund Scotland, considered the key is to "operate rolling grant programmes, which means that we do not have deadlines that fall off." ²⁷

37. The Committee acknowledges the risks to the third sector if multi-year funding is not well-managed and resourced properly. The Committee recommends that as part of the Scottish Government's consideration of its Funding Principles, it takes into account the increased costs for organisations that comes from multi-year funding rolling-on. Also, the Committee urges that the Principles, or any guidance that underpins them, to acknowledge the power imbalance of those discussions which could make organisations reticent to ask for additional funds.

38. In relation to the issue of multi-year funding creating a barrier to new entrants, the Committee is persuaded by the evidence it heard that statutory funders should be able to minimise this risk if they approach their funding in a staggered way. Nevertheless, the Committee still has concerns that rolling-forward of funding every year after an initial multi-year award could have the unintended consequence of blocking other organisations from applying for that funding. As such the Committee, asks the Scottish Government to explore options to address this aspect in its Funding Principles or in any supporting guidance.

Annualised budgets and multi-year funding

39. The Scottish Government had committed to increasing the number of multi-year agreements to provide stability. Despite this pledge to [increase the number of two year grants in the 2024-25 budget](#) the then Deputy First Minister delayed the implementation of a multi-year funding approach, [deferring it to the forthcoming Medium-Term Financial Strategy](#).

40. There was discussion around the Scottish Government's ability to agree to multi-year funding when it does not know what funding it will receive from the UK Government for the coming year or subsequent years. It was suggested that a solution might be for example, guaranteed funding in year 1, followed by a guaranteed funding floor in year 2 of 80%, going forward to year 2 and year 3. Ian Bruce, Third Sector Interface Scotland Network said a similar situation is faced by local government and agreed that—

” It would be a substantial improvement if we were to get to a point where organisations knew that they at least had a baseline, while recognising that additional resource might become available. ²⁸

41. Sheghley Ogilvie, SCVO, was hopeful that the anticipated UK Government three-year spending review in 2025 would give the Scottish Government confidence in making funding decisions to the third sector. ²⁹ The Alliance added—

” All third sector organisations want from the budget is a commitment to the third sector—that is, to recognising the value of the charitable and voluntary organisations across the UK—and an investment in public services to ensure that there is less need for the third sector to step in and support people when there is, in effect, a public service failure to provide people with the things that they need.³⁰

42. The National Lottery Community Fund Scotland understood the challenges faced by the Scottish Government with annualised budgets, however, it said "we make an assumption that we will have money in the future, and we manage the risk."³¹

43. The Committee draws the Scottish Government's attention to the extensive evidence it has received concerning the negative impact the ongoing lack of funding certainty is causing in the sector, in particular as voiced at the Committee's workshops. The Committee believes the Scottish Government, should be looking at options to prioritise multi-year funding in advance of the UK Government's Spending Review. An option would be to commit to multi-year baseline funding, for example at 80%. Therefore the Committee asks what actions the Scottish Government has taken to deliver on multi-year funding since April 2023 and whether it has explored the option to provide baseline funding that can be reviewed once budgets are known.

Flexible funding and core funding

44. A further concern for the third sector is the lack of flexibility for organisations in utilising the funding they receive for their core costs, such as overheads costs, and the availability of core funding from funders.
45. Flexible funding was viewed positively, noting that it allows organisations to respond more effectively to changing circumstances and emerging needs. The Alliance set out the challenge organisations face with a lack of funding flexibility—

” One issue at the moment is that there is often a quite rigid split between core and project funding. To make up some numbers, you might have a project that is 1.6 full-time equivalent staff, and another that is four full-time equivalent staff, and then you have your core. You might find that a lot of those things are interlinked and there might be relations between those different projects, but because you have strict splits between pots of cash, it can be difficult to link those projects together.

46. Spartans Community Foundation, a charity and social enterprise in North Edinburgh, response to the Call for Views detailed how a lack of flexibility in core funding could significantly impact operational effectiveness and governance—

” Restricted Programmatic Activities - restricted core funding could prevent an organisation from addressing emerging need, limiting its ability to serve the community effectively.

Operational Inefficiencies - prolonged data processing times and less effective advocacy.

Staff Retention and Morale - core funding is restricted to direct service provision, leaving no room to improve compensation or invest in staff training, leading to decreased morale and continuity issues.

Governance Challenges - funding is limited to project-based activities, preventing investment in governance improvements. This could lead to weaker oversight and strategic direction.

Crisis Response - when an unforeseen disaster strikes (e.g., a pandemic), and we are unable to reallocate funds to respond effectively, compromising its ability to provide timely aid. ³²

47. Douglas Westwater, Social Enterprise Scotland said—

” I have asked some funders who are really committed to giving unrestricted funding how they feel about an organisation just putting that money into its reserves, and they have said, “Well, we trust them. We get to know them. We build a relationship. If that is what they need to feel secure and therefore be creative with their other work, then we trust them to do that.” There is a creativity and a trust and a risk around all that. It is different from saying, “There is your £100,000; we need 10 people in jobs.” It is a different relationship.

48. Intermediary bodies, such as, third sector interfaces, believed there was quite a lot

they could do for smaller organisations in terms of flexibility to support infrastructure and governance without extra funding³³ Though, YouthLink Scotland said since the pandemic intermediaries and other funding groups are not trusted as much as they were and more prescription is coming in.³⁴ Ran Majumder, Edinburgh Voluntary Organisations Council (EVOC) suggested—

” We need to ensure that the governance and the infrastructure support to third sector organisations, perhaps jointly with the third sector interface, offices and the statutory sector, are looked at again and made much more unified.

49. Some respondents expressed concerns about the potential challenges associated with flexible funding, particularly in relation to governance and oversight. It was noted that robust management structures and clear guidelines are essential to ensure that flexible funds are used appropriately and effectively as Inspiring Scotland's Call for Views response identified—

” Provision of core funding requires an element of trust on behalf of the funder; in that the funded partner is trusted to act and deliver on its mission and services. Project funding and funding for a specific service can have clearer metrics to measure progress and evaluate the impact of funding. It can be more difficult to articulate the difference made with core funding. However, setting clear expectations at the start of a funding agreement can mitigate this challenge.

50. The Committee also heard about the need for more money for core costs and about how a small percentage of the money from grants could be put into reserves for future resilience. Witnesses, however, explained that it is more challenging to source core funding.³⁵

51. In times of crisis, it was noted that funded organisations have fewer options available to them. The National Lottery Community Fund Scotland said that it can keep a contingency, however, funded organisations have to decide "how much they should hang on to for a rainy day and how much they should recognise that it is raining now."³⁶

52. YouthLink Scotland said in relation to the need for core cost recovery, "I have sometimes found myself in conversations with public officials where there is no appreciation or understanding that we need that money for overheads, management fees and operational costs. I am concerned about that."³⁷

53. Organisations also emphasised the importance of a collaborative approach to funding design, which would ensure that funding mechanisms are appropriately tailored to the needs of communities and support the long-term sustainability of the third sector. EVOC highlighted the scope to co-produce funding mechanisms through a consortium model—

” Sometimes, the way that co-production works means that there are various meetings ...and the chief executive officers or senior managers of small organisations do not have time to go to all those meetings. Therefore, if the interface organisations and the IJBs [Integrated Joint Boards] or the offices create the platform of a consortium model, where the representatives of member organisations ... form advisory groups, the process will be much more streamlined.³⁸

54. Evidence also stressed the importance of aligning funding with both the strategic goals of funders and the operational needs of third-sector organisations. Long-term and flexible funding models were seen as essential for enabling organisations to set and achieve their long-term objectives. This alignment was viewed as key to ensuring that funding is used effectively and leads to sustainable outcomes.
55. From a funders perspective, the National Lottery Community Fund Scotland considered the Scottish Government and funders of the third sector should welcome this opportunity to make a more significant difference. It recommended that it must be clear for both funders and funded organisations what the funding offer is, the timeframes, and whether there are any conditions. Also, that funders should offer flexible, unrestricted funding to allow focus on impact and areas of national policy.³⁹

56. It is clear from the evidence to the Committee that a shift towards more flexible, unrestricted core funding would be a positive step, as this would enable organisations to cover their core costs, adapt to changing circumstances, and engage in long-term planning. However, the Committee is also aware that because this is public money, there needs to be some surety that funding is being spent appropriately and the risks are minimised. The Committee asks the Scottish Government for its views on what it can do to support this objective. In addition, the Committee asks the Scottish Government how many of its funding arrangements currently include core costs and how many grants are permitted to be used flexibly to cover core costs.

57. Evidence also emphasised the importance of a collaborative approach to funding design, which would ensure that funding mechanisms are appropriately tailored to the needs of communities and support the long-term sustainability of the third sector. The Committee calls on the Scottish Government to further support intermediary bodies to play a greater role in working with statutory funders, and other public bodies, such as Integrated Joint Boards, and third sector organisations to ensure funding design meets everyone's needs.

Sustainability challenges

58. Some other funding issues were raised with the Committee that can affect the sustainability of voluntary organisations' operations, such as, competition for funding, funding cuts, providing the Real Living Wage and the impact of inflation without corresponding uplifts.

Competition for funding

59. Competition for grant funding has also had an impact on the sector's sustainability. Shared Care Scotland, an organisation which provides funding related to carers, explained in its response to the Call for Views—

” However, with the real term cut in the funding pot and inflation and cost of living challenges going forward we are less able to be agile and to offer the sustainability required of our grant holders. Our current approach is to focus in on fully funding the best quality projects, ensuring their success although this does mean that our success rates have fallen and we're likely to have a lesser impact by volume in future years. ⁴⁰

60. Euan Leitch, Scotland's Regeneration Forum (SURF), referred to the creation of additional organisations to deliver on climate change when there were already established organisations delivering projects related to climate change—

” that was an example of something seeming new and a decision being made to do something new. Introducing new funds and creating new organisations in an already over-competitive third sector and requiring more competition does not necessarily result in a healthy ecology of organisations delivering change on the ground for communities. ⁴¹

Funding cuts

61. Of substantial concern to third sector organisations engaging with the Committee's inquiry is the impact of cuts to funding. Funding cuts could see organisations having to reduce services, make staff redundant or mean the organisation is no longer viable.
62. Iriss, an organisation supporting the social services workforce, stated a practical improvement to the funding process, which would both assist the sector and also decrease the workload and stress for government officials, would be—

” A commitment to not cutting grants under a given value (e.g.£500k or £1M). Because most SME [small and medium-sized enterprises] organisations like mine are now at their critical operating threshold in terms of funding; 'small' cuts to lower value grants have a disproportionately damaging effect, while yielding marginal savings for the Scottish Government. For example a 5% cut in my core grant required me to make several staff redundant and the saving for the Scottish Government was only £25k. ⁴²

63. The impact of in-year cuts to budgets was described at the Committee's workshops. Organisations said sometimes there was very little notice and organisations had to take time to re-budget, undertake scenario planning and keep trustees and boards informed. If a cut was mid-year, then a 5% cut could have the actual impact of a 10% cut, because the money has already been committed on the basis of the original grant.⁴³
64. Talking about the Scottish Government's Investing in Communities funding, SURF said—
- ” Until this year, I have never been aware of anyone losing funding during a three-year period. This year, something different has happened in the Investing in Communities Fund, which has been quite destabilising.
65. It was also noted by the Alliance that when there are cuts, the public sector has a guarantee of no compulsory redundancies but public sector funders are not applying the same approach meaning that in some cases redundancies are simply shifted from the public sector to the third sector.⁴⁴

66. Given current financial challenges, the Committee is aware that funding cuts can be part of the tools available to statutory funders to address budget concerns. Nevertheless, the Committee asks the Scottish Government to be more strategic with its decision-making, for example around the actual financial return of cuts and the timing of its spending decisions to minimise the impact of mid-year cuts. In instances where that is not possible, the Committee asks the Scottish Government to consider what other actions it could take to mitigate the impact of such funding cuts.

Real Living Wage

67. The commitment to the Real Living Wage (RLW) was acknowledged as an important factor in ensuring fair compensation within the third sector. The Third Sector Interface Scotland Network, said—
- ” the real living wage is the absolute baseline that we should expect. Many people in the third sector do very difficult and challenging jobs, and their salaries should reflect that. A couple of years ago, our research into fair work demonstrated a number of things, including that pay in the third sector is regarded as sitting well behind comparable jobs in other sectors. We need to be addressing that, not perpetuating it.⁴⁵
68. Evidence shows that without corresponding increases in funding, organisations reported difficulties in paying the RLW or maintaining RLW payments, which could lead to staff reductions or cuts in services. SURF said—

- ” ... a Government agency sponsor wanted us to apply the real living wage to SURF award applicants. We had to draw its attention to the fact that some of those projects are completely volunteer based. Also, some areas are experiencing deprivation so the wages that are paid there are not high. We would love to be able to say that paying the real living wage is possible, but it is not, because ... the funding to make it happen is not there. ⁴⁶
69. Social Enterprise Scotland gave an example of the impact on a service if they paid the RLW—
- ” I know of people who get a core grant to run a particular service. As part of that, they run a retail outlet and a cafe, and they employ people. They match fund their grant with their own self-generated income, but if they had to put up their wages to the real living wage, much as they would want to do so, it would push their cafe into a deficit budget and insolvency. ⁴⁷
70. CCPS drew attention to the RLW not being proportionate with the role of a front-line social care worker—
- ” A social care worker does increasingly complex work as people’s needs change. The First Minister did not mention social care in his speech on the programme for government, but the programme document continues to link baseline pay for a social care worker to the real living wage. The real living wage is a great thing, but it is an inappropriate baseline for what we are asking social care staff to do. ⁴⁸
71. A possible solution to ensure smaller organisations and grass-roots groups can access funding where there is a condition to pay the RLW was suggested by EVOC. It suggested using a consortium and collaborative approach, so a lead provider meets the specifications, but the grass-roots organisations can still be a part of that conversation. ⁴⁹
72. Although the Robertson Trust considered the RLW as important, it explained why the Trust cannot make it a condition of funding—
- ” We are not able to stipulate that organisations pay it because we are one funder of many, so we never meet the entire staff costs of an organisation ... that would create a challenge in providing parity across other staff roles in an organisation, because there might not be sufficient funding to provide those wages. ⁵⁰
73. At the national charities workshop held by the Committee, organisations said the Scottish Government requires organisations to sign up to fair work principles and pay the RLW, but do not provide the additional funding to cover the cost, and do not provide an uplift to reflect inflationary cost increases. ⁵¹ An example of the Communities Mental Health and Wellbeing Fund was provided which saw some community groups unable to bid for the fund because they could not pay the RLW. ⁵²
74. In response to the condition that Scottish Government grants must incorporate payment of the RLW, without there being any kind of uplift associated, Inspiring

Scotland said—

” That is very challenging because, if wages are increased, there will be less output and fewer outcomes, and there is no recognition of the complexity in how charities build their profit and loss statements. We advocate a flexible approach, such as that which has been taken by the Robertson Trust and the National Lottery Community Fund, in which payment of the real living wage is encouraged while organisations maintain their autonomy. ⁵³

75. The Real Living Wage agenda is an important Government policy, but the Committee heard that there were difficulties in implementing it fairly as part of statutory funders' funding conditions. The Committee asks the Scottish Government what actions it is taking to support the implementation of the Real Living Wage through its grant funding, including full cost recovery.

Inflation

76. The impact of inflation was identified as a critical issue exacerbating third sector challenges. SCVO said that according to the latest third sector tracker 47% of organisations reported cost increases in their top three challenges. ⁵⁴ SCVO described the cost impact of not including inflationary uplifts in funding—

” One organisation did not have an uplift for 13 years, which meant a real-terms decrease in their funding of 27% at the time, and it will be even more than that now because of the amount that inflation has risen. ⁵⁵

77. Volunteer Scotland, said that the lack of "inflationary uplifts have probably been the most damaging to the experiences of volunteers across Scotland" and volunteer participation is down 4% and "worryingly" there is an increase in "volunteers reporting that their volunteering is becoming too much like paid work and that the organisations' expectations of them are too high". ⁵⁶

78. Third sector organisations argued strongly for funding models to include provisions for inflation to ensure that wages and operational costs remain sustainable over time. This was particularly emphasised by those delivering social care. CCPS said the current level of uplift is "still causing a [staff] turnover of more than 20%" ⁵⁷ CCPS went on to highlight the specific impact on managerial staff—

” ... we also have a formula that does not allow third sector organisations to maintain differentials, so management jobs have become incredibly unpopular because the amount of money that is left to add a differential in a pay uplift to managers is very small. Social care managers are asked to undertake a huge amount of responsibility, but there is not enough of a pay differential to make that attractive. ⁵⁸

79. CCPS added that historically there has been a relatively low amount of investment in the social care sector in comparison with other parts of the public sector so the sector is not starting from a benchmark that represents the true cost of delivering

care.⁵⁹ CCPS also pointed out that there had been an issue with Scotland Excel (the national agency for procurement, responsible for the care and support framework), because it had not backdated non-workforce uplifts even though this was down to their own governance delays⁶⁰, It did however have discussions with providers at an early stage of the process to help and work with them to estimate the true cost of delivering the care.⁶¹

80. Some funders recognised these challenges and indicated a willingness to consider inflationary adjustments in their future funding strategies. In its response to the Committee's call for views, Angus Council stated—

” We tend to view inflation as an issue that has to be reflected in our planning and not a risk we pass on to Partners. If we cant afford to sustain things, then we look to make active decisions about what we need to de-commission.⁶²

81. Third sector organisations responding to a crisis, such as the cost of living crisis, could use their reserves. The National Lottery Community Fund Scotland pointed to a number of issues that an organisation would have to consider—

” It is a short-term solution, and reserves will deplete. Others will be reluctant to do so when it may limit the funds they can apply for if their reserves sink below a particular threshold sought by funders. Funders regard ‘healthy reserves’ as a strength and in some cases a requirement. That’s a catch-22 situation for some organisations. The funding model of submitting applications for particular projects gives very little leeway for increasing reserves. Once spent many organisations will find it very hard to rebuild these. For others, some of whom provide emergency frontline services to marginalised communities, the question of when to use reserves to mitigate a crisis can be difficult to answer when there is another crisis round the corner.⁶³

82. The National Lottery Community Fund Scotland also believed "a multi-year funder must recognise that inflation exists" and taking account of inflation is the responsible thing to do, stating "it is pretty straightforward to put in place tools that enable grant applicants to make sensible estimates."⁶⁴ It recommended that funders should recognise that in times of real crisis, third sector organisations using their reserves can be a logical and appropriate use of funds. This shouldn't be interpreted as a lack of fiscal constraint or affect their fundability.⁶⁵

83. The Robertson Trust added "we ask organisations to build inflation into their budgets from the outset and we take it into consideration when we make our awards."⁶⁶ Professor Tobias Jung said the underlying cause was the "non-profit starvation cycle, which means that third sector organisations under-report their costs in order to attract more grants and make their applications more attractive."⁶⁷

84. The Committee recognises that the cost of living crisis has brought to a head how significant a challenge inflation is for third sector organisations. In particular because many funding arrangements remain static and fail to account for rising costs. This situation has created a financial strain for these organisations, especially those already operating on tight budgets. Some organisations have

had to use some of their reserves. As inflation increases, the purchasing power of available funds diminishes, effectively reducing the real value of grants and donations. This erosion of funding severely impacts the ability of third-sector organisations to deliver services and cover essential operational costs, such as utilities, supplies, and wages.

85. The Committee recommends that the Scottish Government and statutory funders ensure that funding arrangements include provisions for inflation-based adjustments, particularly multi-year grants and those that roll on year-to-year. This would help to ensure that organisations can maintain their service levels and meet wage commitments without having to cut back on essential services and so organisations do not deplete their reserves.

Parity between the third sector and the public sector

86. Throughout the inquiry the issue of trust and parity with the public sector was raised. SCVO summed up the views expressed to the Committee—
- ” The third sector provides many public services that are very similar to, if not the same as, those provided by the public sector, but we are not treated in the same way when it comes to multi-year funding and uplifts.⁶⁸
87. CCPS pointed to the pension disparity and costs of not dealing with pensions in the social care sector—
- ” The cost of not giving a decent retirement to people who have given public service is also great, but we do not tally that in the same way.⁶⁹
88. In relation to sick pay, Children in Scotland considered it important to note that some of the contracts that come with grants from the Scottish Government do not cover sick pay, so the risk sits with the organisation, as does redundancy.⁷⁰
89. Children in Scotland believed that currently the system does not foster parity of esteem and said—
- ” We need to start with the perspective that we are all part of the process of delivering public services; it is not a situation where we have the public sector here and the third sector there. We are doing a common thing together, and we need to ask how we can make it as good as we can.
90. The Alliance called for the third sector to be recognised in Government planning when setting economic and tax strategy and pointed to discussions it was currently contributing to on tax strategy.⁷¹
91. For other witness this meant going back to what is the fundamental role of the third sector. For example, Professor Tobias Jung, said there needs to be clarity about the purpose of the third sector. He questioned whether it is "merely about public service delivery in propping up the public sector and filling the gaps that the Government cannot fill, or is it about innovation, alternative solutions, developing communities and providing advocacy?"⁷² He considered that a view could be developed collectively through a national conversation—
- ” We need to make the move from alleviating existing circumstances to being strategic in addressing the underlying issues. Some of the questions that we have here are about dealing with second-order issues, without having the overarching vision in place first of all.⁷³
92. YouthLink Scotland highlighted that the third sector was experienced "at looking across the portfolios and seeing the bigger outcomes that we are trying to achieve through prevention and seeing the social return on investment in that."⁷⁴

93. Unless the challenges set out in this report are addressed it is difficult to see how parity can be achieved. The Committee believes the first step is to ensure three-year funding is provided as the default (noting the need for flexibility around certain projects) and that funding arrangements take account of inflation. The Committee therefore calls on the Scottish Government to set out its plan on how it will address these priorities.

Inefficiencies in funding processes

94. The administrative burden associated with funding applications, reporting, and payment processes was a recurring concern. Many called for these processes to be simplified and made more proportional to the size and capacity of the organisations involved. Standardisation of application forms and reporting templates across different funding bodies was suggested as a way to reduce this burden, making it easier for organisations to apply for and manage multiple funding streams.

95. SCVO's response to the Call for Views argued that funding processes could be made more efficient—

” The sector needs standardised, streamlined, consistent approaches to funding and application processes to ensure a level playing field for all organisations. Providing clearer guidance, simplifying the approach to monitoring and reporting, and making timely decisions are crucial to ensuring no voluntary organisation is disadvantaged by the process. ⁷⁵

96. Volunteer Scotland stressed the impact on organisations—

” For example, you would expect far more scrutiny for funding of £100,000 than you would for grants of £5,000 and £10,000, but sometimes the nature of quick-turnaround funding means that all the application forms require you to fill in 35 pages of detail, which is not appropriate. I am exaggerating to make a point, but the burden can feel like that.

Funding applications and reporting

97. VAS outlined an example where four pots of funding were used for one project. It argued for a more unified process—

” Those involved slightly different application forms and slightly different monitoring, so we had to collect different things in slightly different ways in order to report back in slightly different ways on that one project. ⁷⁶

98. Social Enterprise Scotland said "with annual funding you spend six months of the year filling in forms and reporting on them. If there was 10-year funding, I would not mind spending a month filling in a funding application, but people are having to do that every year." ⁷⁷

99. Inspiring Scotland agreed on the need for proportionate reporting, stating "you will often see that the reporting framework will be the same for £10,000 as it is for £250,000, or the same for £100,000 as it is for £1 million." ⁷⁸ It added, that it is "very easy for funders, especially if they do not have expertise in the design of reporting or of funds, to ask for everything that they might be interested in ... [or] that they think a minister might ask for". Also, it said organisations may find it difficult to challenge the level of reporting because there can be a power imbalance—

” Funders need to accept some risk and to acknowledge that there are costs associated with such an approach.⁷⁹

100. As well as co-producing the reporting framework with those who receive the funding to make sure that it is fit for purpose, Inspiring Scotland wanted there to be a greater focus on outcomes—

” We can have flexible but restricted funding that is outcome focused, so that we focus not on the inputs per se but on what we are trying to achieve and whether we are achieving it.⁸⁰

101. There were calls for the Scottish Government to create more consistency across its funding departments and its external funders. SURF explained "organisations invariably get money from different departments and different directorates, and they do not all have the same approach to the process or to deciding how much information to give out."⁸¹ CCPS referred to the adult social care directorate, where it is streamlining its processes this year because of the high administrative burden on small organisations.⁸²

102. Several third sector organisations told the Committee that sometimes they do not know how the information collected is used, and only hear from funders if something is outstanding or they are failing. They believed there is scope with longer-term funding arrangements for reporting requirements to be streamlined, and for the value of the reports to be greater, for example, with reflection at the end of a longer cycle on what has worked better or less well.⁸³

103. The Alliance understood the Scottish Government needs to account for public money, however it said "a huge amount of data is being collected, but we must ask whether it is being used in a coherent way to guide policy."⁸⁴

104. On managing the accountability risk, Inspiring Scotland, as managers of funds for the Scottish Government and local authorities, said—

” ... we are able to absorb some of that risk and put in place the knowledge, relationships and trust that are required ... a local council is not set up to do that, and the Scottish Government is not set up to have relationships with individual small charities and understand how well they are working.⁸⁵

105. The Committee considers the solution to address application and reporting issues is to streamline the process and introduce a level of standardisation. This would reduce duplication and ensure that all organisations, regardless of size or capacity, have an equal opportunity to access funding. The Committee recommends that a streamlined and standardised application and reporting process should be implemented by all Scottish Government departments by the end of this Parliamentary session in 2026. Also, that the Scottish Government shares its knowledge from this process with other statutory funders to assist them to make similar improvements.

Delays in funding

106. Timeliness of funding decisions and payments was highlighted as crucial. Delays in receiving funding can have significant consequences for organisations, particularly those operating with tight margins. Evidence stressed the importance of clear communication from funders regarding timelines and expectations to enable effective planning and prevent cash flow issues.
107. One of the main issues arising at the Committee's workshops was delays in funding decisions. Local charities said late confirmation of funding allocation creates real difficulties for charities. They have to pay up-front for things needed to maintain services in that interim period, without knowing whether they will get the money back (if their funding is continued).⁸⁶
108. VAS told the Committee that not every charity has the ability to sustain payments and staffing costs for a number of months until a payment comes. It stressed—
- ” The delays in payments are significant. Delays in announcements are also a challenge for charities because, in effect, they nearly pause all the planning. What are we going to do? Ultimately, that results in a loss of staff.⁸⁷
109. Local charities explained that if managers do not have funding secured, they have to give 12-weeks' notice of possible redundancy to staff whose posts may not continue – and do so before the funding decision is known. The insecurity and stress this creates prompts staff to move on, meaning organisations lose experience. The service depends on good relationships between staff and clients, which can last for years, but annual funding systems mean that the same client may get a new member of staff trying to help them each year, which is very disruptive and destabilising for them.⁸⁸
110. Several witnesses and workshop participants commented that the third sector was taking all the risk. One national charity said it is “really disappointing going from multi-year funding to survival mode”.⁸⁹ While CCPS explained that in-principle decisions are not being issued before Christmas as had previously been the case⁹⁰ and said—
- ” We are at the bottom of the food chain when it comes to the distribution of money. We know what funding we are getting far too late in the process. It is inefficient, it is poor use of public funds and it is certainly not true to the principles of fair work to hold staff to a position where they do not know whether they will have a job or not because the timing of decision making, whether that is at a national or local government level, is such that it is far too late.⁹¹
111. In response to the [Committee's 2024-25 pre-budget report](#), the Cabinet Secretary for Social Justice confirmed the Scottish Government was working “to issue notifications of funding arrangements to third sector organisations, as soon as practicably possible before the end of March 2024.”⁹²

112. Based on the evidence the Committee has received, it appears that the issue of delayed notification of funding has not been resolved. Guaranteeing funding decisions are issued and funds are paid as soon as possible would have a hugely positive impact on the third sector. The Committee calls on the Scottish Government to explain why it has not been able to resolve this issue and what steps it is taking to ensure this is addressed for the forthcoming financial year.

Transparency of grant-funding processes

113. Witnesses were of the view that more could be done to improve the transparency of the funding that goes into the sector, including identifying, for example, the number of multi-year funds, those that include inflation-based uplifts and the RWL.⁹³
114. Both Inspiring Scotland and The Robertson Trust tended to fund "the tried and tested".⁹⁴ Social Enterprise Scotland questioned the proportion of Government funding that goes towards innovative projects versus investment in what is already successful—
- ” Organisations that have consistently provided excellent services over a very long time, that are embedded in their communities, that understand their beneficiaries and that make a huge difference begin to feel a bit boring to funders. Real thought is needed on how much the Government or other funders invest in innovation and new ideas—allowing space for that is needed—and how much they use their resources to invest in those trusted organisations.⁹⁵
115. Discussing the Scottish Government's £350 million allocated for a place-based investment fund this parliamentary session, SURF argued there needs to be a rebalancing of decision making around capital spend versus revenue spend—
- ” Capital projects are expensive and, sometimes, you can see a lot of money being spent in communities. You can see it in Govan, where we are based. Everyone looks at the bridge, which cost £29 million, but, at the same time, people are thinking, “Where could £29 million go in our daily lives? The bridge will be transformational, but what do we need now for the community?” There is an issue around that balance of spend.⁹⁶
116. Further to this, Social Enterprise Scotland drew the Scottish Government's attention to the cost of its funding decisions—
- ” Some organisations ... that have lost Government funding have closed; they have been unable to carry on and have gone insolvent. For the sake of relatively small amounts of money, that has cost the state— the Government—very large amounts of money, because people are back at their community psychiatric nurse, back at the doctor, or going to day care. There is a cost to not funding things.⁹⁷
117. SURF argued that a lot of SCVO's fair funding principles would not have any costs.

Instead, they would require different activity and behaviour from across Government to improve consistency in the grant-making processes "and transparency both within the Government, between departments, and for external organisations to look at how things are being funded."⁹⁸ SURF called for the Scottish Government agreements and voluntary organisations reports to be published to make it easier to identify gaps in provision.⁹⁹

118. Volunteer Scotland considered Scotland could learn lessons about formalising principles, such as fair funding, from Wales as it is currently consulting on a code of practice for funding the third sector.¹⁰⁰

119. The Committee recommends the Scottish Government and its partner awarding-bodies take action to improve the transparency of their grant funding decision-making processes, to ensure greater accountability, improve consistency across Government departments and to help third sector organisations identify funding gaps.

Grant funding and equality

120. Some equality issues associated with the funding of the third sector were raised as part of the Committee's inquiry.
121. Inspiring Scotland emphasised that often the voluntary sector delivers services to those people with complex issues and challenges, in effect those most at need. Society relies on the goodwill, skills and passion of the people, staff, trustees and volunteers of these organisations, it is what makes them so essential and cost effective. However, Inspiring Scotland stated, "short-term funding undermines all of this, and we are in danger of causing good organisations, who provide vital services, to collapse".¹⁰¹
122. The funding process itself was noted as a source of inequality. The Third Sector Interface Scotland Network said, "there is less capacity in some communities in Scotland, so the result of our funding processes is that those communities receive less funding because they do not have robust third sector organisations that are able to apply for the funding. That is a fundamental issue."¹⁰²
123. The Poverty Alliance response to the Call for Views highlighted the Scottish Parliament's Cross-Party Group on Poverty's recent inquiry into rural poverty in Scotland. That inquiry recommended "the need to explore opportunities to build in rural uplifts for third sector grants and funding awards (including by independent funders)."¹⁰³
124. The Cross-Party Group noted that third sector organisations are often the "first port of call" for those experiencing hardship and, for some, seen as their only source of support if there is no statutory support available. The Group's inquiry also highlighted that often there will only be a small number of organisations covering a large geographical area. In terms of funding, the Group stated that rural organisations report that funders can be skewed towards urban areas, for example by prioritising projects which reach high volumes of participants or service users. In addition, the inquiry found that funders do not necessarily recognise the higher costs associated with delivering services – such as transport and energy costs - into the awards they make to rural projects.¹⁰⁴
125. To avoid unintended consequences, the Corra Foundation, stressed funders should be taking an anti-racist approach when designing grant- making processes—
 - ” In 2021, Henry Duncan Grants provided support for organisations working within Mental Health. In developing the fund, we learnt that mental health support that is designed to respond to the specific needs of Black, Asian, and Minority Ethnic communities was more likely to be given by a project, rather than by a mental health focused organisation. Had we launched a fund that would give unrestricted funding to “mental health organisations” only, we would have inadvertently limited the reach of the grants to people from Black, Asian, and Minority Ethnic backgrounds.¹⁰⁵
126. In its written evidence, the Scottish Women's Budget Group stated that women make up more than two thirds of the workforce in the third sector, and as such

funding arrangements for the sector have a key role to play in addressing gender inequality in Scotland—

” Of the 215 women who completed the survey who worked in the third sector, 68% said they felt worse off compared to last year, 21% the same and 11% better off. Those who said they were worse off were clear that this was due to stagnating pay as well as often lower pay levels within this sector. Recent research on Fair Work in the Third Sector found that FTE [Full Time Equivalent] median pay in the third sector is c.£2,000 lower than the median for both Scotland and the UK. ¹⁰⁶

127. The third sector is critical to ensuring that those in need are supported. Indeed, the Committee heard at its workshops that the sector should be called the 'essential sector'. How funders support the third sector's work can have a markedly positive impact on addressing equality issues, or as some of the evidence suggests, further entrench inequalities. The Committee recommends that the Scottish Government reinforce in its Funding Principles that statutory funding processes should contribute to the reduction of inequalities and asks the Government to undertake data collection on what groups of people and geographic areas benefit from its funding.

Disclosure Scotland fees

128. Witnesses were asked about the impact on voluntary organisations potentially having to pay fees for Protecting Vulnerable Groups (PVG) scheme membership, which the Scottish Government is currently [consulting on](#).
129. Those witnesses who had a view on the issue highlighted the potential risks for the third sector and for the groups of people who receive support, for example Volunteer Scotland said it would be "devastating, particularly for organisations that support children and vulnerable groups." ¹⁰⁷
130. Volunteer Scotland estimated that the cost to the sector would be around £1 million, and though this "might not seem like a huge sum of money, ... it is a challenge for organisations that have had 20 or 25% real-time cuts in their funding." ¹⁰⁸
131. With regard to the impact on volunteering, VAS believed a lot of charities would absorb the cost, rather than a volunteer paying for it so that it did not deter volunteers from coming forward. ¹⁰⁹ In recovering volunteer numbers post COVID, YouthLink Scotland was concerned this could impact the number of "younger adults, to replace people who have retired or moved on from volunteering". ¹¹⁰
132. Volunteer Scotland was also concerned that "some organisations, particularly smaller ones, would try to fly under the radar and not seek PVG membership for volunteers who really should have it, which could put children and vulnerable groups at risk". ¹¹¹
133. CCPS compared fees in the public sector and the cost of other fees in the third sector—

” If you are in the public sector delivering a public service with the public pound and the burden of fees falls on individuals, instead of being paid for through the public purse, it is a problem. Indeed, Scottish Social Services Council fees would be another such issue. ¹¹²

134. The Committee draws the Scottish Government's attention to the oral evidence the Committee has gathered in relation to the Scottish Government's recent consultation on Disclosure Scotland fees.

Annexe A: Extracts from the minutes

You can read the minutes of the Committee's meetings at the Scottish Parliament website:
[Social Justice and Social Security Committee - Meetings](#)

Extracts from the minutes of meetings of the Social Justice and Social Security Committee:

[17th Meeting, 30 May 2024](#)

1. Decisions on taking business in private:

The Committee agreed to take items 5 and 6 in private.

6. Pre-Budget Scrutiny 2025-26 (In Private):

The Committee considered and agreed its approach to Pre-Budget Scrutiny 2025-26. It agreed to focus its pre-budget scrutiny on third sector funding principles. The Committee also agreed that any further approach papers, consideration of evidence received, and any draft letters or reports should be considered in private at future meetings.

[19th Meeting, 13 June 2024](#)

4. Pre-Budget Scrutiny 2025-26 (In Private):

The Committee considered a further approach to its pre-Budget scrutiny. The Committee agreed its call for views and that late submissions will be published as correspondence but excluded from the SPICe analysis of responses.

[20th Meeting, 20 June 2024](#)

4. Declaration of interests:

Kevin Stewart was invited to repeat a declaration of interests made (in private) earlier in the meeting. Mr Stewart confirmed that he had no relevant interests to declare.

[22nd Meeting, 5 September 2024](#)

1. Decision on taking business in private:

The Committee agreed to take item 5 in private.

3. Pre-Budget Scrutiny 2025-26:

The Committee took evidence as part of its Pre-Budget Scrutiny from—

Sheghley Ogilvie, Public Affairs Officer, Scottish Council for Voluntary Organisations; Sarah Latto, Senior Policy Officer, Volunteer Scotland; Douglas Westwater, Chair, Social Enterprise Scotland; Tim Frew, Chief Executive, YouthLink Scotland; Ian Bruce, Third Sector Interface Network Scotland.

5. Pre-Budget Scrutiny 2025-26 (In Private):

The Committee considered the evidence heard under item 3.

[23rd Meeting, 12 September 2024](#)

3. Pre-Budget Scrutiny 2025-26:

The Committee took evidence as part of its Pre-Budget Scrutiny from—

Ran Majumder, Trustee, Edinburgh Voluntary Organisations Council; Lynn Tulloch, Executive Officer & Company Secretary, Voluntary Action Shetland; *and then from*—Allan Faulds, Senior Policy Officer, Health and Social Care Alliance Scotland (the ALLIANCE); Euan Leitch, Chief Executive, SURF - Scotland's Regeneration Forum; Dr Judith Turbyne, Chief Executive, Children In Scotland; Rachel Cackett, Chief Executive Officer, Coalition of Care and Support Providers in Scotland.

4. Pre-Budget Scrutiny 2025-26 (In Private):

The Committee considered the evidence heard under item 3.

[27th Meeting, 10 October 2024](#)

3. Pre-Budget Scrutiny 2025-26:

The Committee took evidence as part of its Pre-Budget Scrutiny from—

Erica Judge, Director of Funds, Inspiring Scotland; Neil Ritch, Scotland Director, The National Lottery Community Fund; Karin Earl, Funding Manager, The Robertson Trust; Professor Tobias Jung, Professor of Management, University of St Andrews.

4. Pre-Budget Scrutiny 2025-26 (In Private):

The Committee considered the evidence heard under item 3.

[28th Meeting, 31 October 2024](#)

1. Declaration of interests:

Liz Smith was invited to declare any relevant interests. No such interests were declared.

4. Pre-Budget Scrutiny 2025-26 (In Private):

The Committee agreed to defer consideration of the draft report on its Pre-Budget Scrutiny 2025-26 to its next meeting.

[29th Meeting, 7 November 2024](#)

2. Pre-Budget Scrutiny 2025-26 (In Private):

The Committee considered a draft report. Various changes were agreed to, and the report was agreed for publication.

- 1 Scottish Council of Voluntary Organisation's (SCVO), [State of the Sector 2023, Funding and Finance, Income Sources 2021](#)
- 2 Scottish Council of Voluntary Organisation's (SCVO), [State of the Sector 2023, Funding and Finance, Expenditure 2022](#)
- 3 [Scottish Third Sector Tracker](#), Wave 8, Spring 2024, page 13
- 4 [Scottish Third Sector Tracker](#), Wave 8, Spring 2024, page 3
- 5 The Scottish Government, Policies, Third Sector, Fairer Funding: <https://www.gov.scot/policies/third-sector/fairer-funding/>
- 6 The Scottish Government, Policies, Third Sector, Fairer Funding: <https://www.gov.scot/policies/third-sector/fairer-funding/>
- 7 The Scottish Government, Policies, Third Sector, Fairer Funding: <https://www.gov.scot/policies/third-sector/fairer-funding/>
- 8 Written evidence, [SCVO](#)
- 9 SCVO, What is Fair Funding? <https://scvo.scot/policy/fair-funding-procurement/fair-funding/what-is-fair-funding>
- 10 The Social Justice and Social Security Committee. Official Report, 12 Sept 2024, Col 2
- 11 The Social Justice and Social Security Committee. Official Report, 12 Sept 2024, Cols 17-18
- 12 The Social Justice and Social Security Committee. Official Report, 5 Sept 2024, Col 24
- 13 The Social Justice and Social Security Committee. Official Report, 10 Oct 2024, Col 3
- 14 The Social Justice and Social Security Committee. Official Report, 10 Oct 2024, Col 4
- 15 [National Charities workshop](#), 21 August 2024, Dundee
- 16 [Local Charities workshop](#), 21 August 2024, Dundee
- 17 The Social Justice and Social Security Committee. Official Report, 10 Oct 2024, Col 4
- 18 The Social Justice and Social Security Committee. Official Report, 12 Sept 2024, Col 16
- 19 The Social Justice and Social Security Committee. Official Report, 12 Sept 2024, Col 18
- 20 [Equality, opportunity, community: New leadership - A fresh start](#), The Scottish Government, Cabinet Secretary for Social Justice, page 16
- 21 [Letter to the the Social Justice and Social Security from the Scottish Government](#), 19 December 2023

- 22 The Social Justice and Social Security Committee. Official Report, 5 Sept 2024, Col 25
- 23 Written evidence, [Glasgow City Council](#)
- 24 Written evidence, [Corra Foundation](#)
- 25 The Social Justice and Social Security Committee. Official Report, 10 Oct 2024, Col 5
- 26 The Social Justice and Social Security Committee. Official Report, 10 Oct 2024, Col 5
- 27 The Social Justice and Social Security Committee. Official Report, 10 Oct 2024, Col 8
- 28 The Social Justice and Social Security Committee. Official Report, 5 Sept 2024, Col 27
- 29 The Social Justice and Social Security Committee. Official Report, 5 Sept 2024, Col 27
- 30 The Social Justice and Social Security Committee. Official Report, 12 Sept 2024, Col 35
- 31 The Social Justice and Social Security Committee. Official Report, 10 Oct 2024, Col 6
- 32 Written evidence, [Spartans Community Foundation](#)
- 33 The Social Justice and Social Security Committee. Official Report, 12 Sept 2024, Col 5
- 34 The Social Justice and Social Security Committee. Official Report, 5 Sept 2024, Col 25
- 35 The Social Justice and Social Security Committee. Official Report, 12 Sept 2024, Col 4
- 36 The Social Justice and Social Security Committee. Official Report, 10 Oct 2024, Col 17
- 37 The Social Justice and Social Security Committee. Official Report, 5 Sept 2024, Col 35
- 38 The Social Justice and Social Security Committee. Official Report, 12 Sept 2024, Col 5
- 39 Written evidence, [The National Lottery Community Fund Scotland](#)
- 40 Written evidence, [Shared Care Scotland](#)
- 41 The Social Justice and Social Security Committee. Official Report, 12 Sept 2024, Col 23
- 42 Written evidence, [Iriss](#)
- 43 [National Charities workshop](#), 21 August 2024, Dundee

- 44 The Social Justice and Social Security Committee. Official Report, 12 Sept 2024, Col 19
- 45 The Social Justice and Social Security Committee. Official Report, 5 Sept 2024, Col 35
- 46 The Social Justice and Social Security Committee. Official Report, 12 Sept 2024, Col 28
- 47 The Social Justice and Social Security Committee. Official Report, 5 Sept 2024, Col 35
- 48 The Social Justice and Social Security Committee. Official Report, 12 Sept 2024, Col 28
- 49 The Social Justice and Social Security Committee. Official Report, 12 Sept 2024, Col 8
- 50 The Social Justice and Social Security Committee. Official Report, 10 Oct 2024, Col 20
- 51 [National Charities workshop](#), 21 August 2024, Dundee
- 52 The Social Justice and Social Security Committee. Official Report, 12 Sept 2024, Col 8
- 53 The Social Justice and Social Security Committee. Official Report, 10 Oct 2024, Col 21
- 54 [Scottish Third Sector Tracker](#), Wave 8, Spring 2024, page 9
- 55 The Social Justice and Social Security Committee. Official Report, 5 Sept 2024, Col 33
- 56 The Social Justice and Social Security Committee. Official Report, 5 Sept 2024, Col 33
- 57 The Social Justice and Social Security Committee. Official Report, 12 Sept 2024, Col 25
- 58 The Social Justice and Social Security Committee. Official Report, 12 Sept 2024, Cols 25-26
- 59 The Social Justice and Social Security Committee. Official Report, 12 Sept 2024, Col 25
- 60 The Social Justice and Social Security Committee. Official Report, 12 Sept 2024, Col 17
- 61 The Social Justice and Social Security Committee. Official Report, 12 Sept 2024, Col 26
- 62 Written evidence, [Angus Council](#)
- 63 Written evidence, [The National Lottery Community Fund Scotland](#)

- 64 The Social Justice and Social Security Committee. Official Report, 10 Oct 2024, Col 19
- 65 Written evidence, [The National Lottery Community Fund Scotland](#)
- 66 The Social Justice and Social Security Committee. Official Report, 10 Oct 2024, Col 20
- 67 The Social Justice and Social Security Committee. Official Report, 10 Oct 2024, Col 20
- 68 The Social Justice and Social Security Committee. Official Report, 5 Sept 2024, Col 37
- 69 The Social Justice and Social Security Committee. Official Report, 12 Sept 2024, Col 30
- 70 The Social Justice and Social Security Committee. Official Report, 12 Sept 2024, Col 30
- 71 The Social Justice and Social Security Committee. Official Report, 12 Sept 2024, Col 36
- 72 The Social Justice and Social Security Committee. Official Report, 10 Oct 2024, Col 12
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