

Derek Mackay MSP, Cabinet Secretary for Finance, Economy and Fair Work  
The Scottish Parliament  
Edinburgh  
EH99 1SP

Tuesday, 7 January 2020

Dear Cabinet Secretary

I recently wrote to Aileen Campbell, Cabinet Secretary for Communities and Local Government, to highlight the knock-on effects of delays in the Scottish budget for voluntary organisations across Scotland and she has responded today. She has very helpfully secured funding for the first quarter of 2020/21 for a number of voluntary organisations funded directly through the Scottish Government departments for which she has responsibility. These organisations represent only a small proportion of the voluntary sector likely to be affected by the delay, and Ms Campbell has confirmed that she has asked her Cabinet colleagues to consider making the same commitment. I am writing to ask you to lend your support to that ask to ensure that other voluntary sector organisations are able to benefit from this welcome commitment from Scottish Government. I am also writing to Cllr Evison as President of COSLA to ask local authorities to do the same.

As you know, many of the essential services provided by the voluntary sector are funded by Scottish Government, local authorities and other public bodies. Contracts and grant awards are largely made on an annual basis, and voluntary organisations are looking now for reassurance from funders that these will continue in 2020/21. Where this reassurance is not available, voluntary organisations will in many cases have to consider issuing redundancy notices to staff, impacting both on staff wellbeing and consistency of services.

Experiences last year show that even the short uncertainty over the Scottish budget process caused by the possibility of a no deal Brexit on 31 March had a disproportionate knock-on effect on the funding of voluntary organisations, with many organisations not receiving confirmation of funding until well into the financial year. I am therefore concerned that the delays in this year's process, confirmed by the UK Government's announcement today that the budget will be delayed until 11 March, will have a significant impact on the sector.

I know that SCVO and the Third Sector Interfaces have appreciated the support that we have received this year and last from officials in the Third Sector Unit and the Finance Department. I would ask you to emphasise the importance of this to other portfolios. Encouraging and supporting Scottish Government colleagues to think at an early stage about the impact of delays on voluntary organisations that they fund, and to start early discussions with them about it will make a big difference.

On 23 January, the Scottish Government will launch 'Principles for Positive Partnership: Guidance on relationships between Scottish Government and third sector grantholders'. This guidance has been developed in partnership with SCVO. The principles in the document include open communication, especially when things change, and working jointly to find constructive solutions if things go wrong. It would be great to see these principles brought to life in this current situation, particularly given the timing of the launch event, and the risk that this coincides with a time of uncertainty and concern for voluntary organisations.

I would also draw to your attention the impact on the voluntary sector of uncertainty in local government budgets, with the most significant proportion of all voluntary sector funding coming via local authorities, which is why I am also writing to Cllr Evison.

I appreciate that the uncertainty impacts on Scottish Government too, and that Ministers remain committed to the voluntary sector as a key partner in achieving the National Outcomes. So I look forward to hearing your commitment to ensuring that the negative impact of the budget delay on voluntary organisations is minimised.

With all best wishes for the new year.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'Anna Fowlie', written in a cursive style.

Anna Fowlie  
Chief Executive