

## SCVO response to call for evidence

# Law Family Commission on Civil Society

May 2021

### About SCVO

The Scottish Council for Voluntary Organisations (SCVO) is the national membership organisation for the voluntary sector. We champion the sector, provide services, and debate big issues. Along with our community of 2,000+ members, we believe that charities, social enterprises, and voluntary groups make Scotland a better place.

### About our submission

SCVO welcomes the Law Family Commission's call for evidence on the future of civil society. If tailored to address the unique terrains in which civil society operates across the UK's four nations, we believe that the Commission can make a vital contribution to unleashing civil society's potential. As the national membership organisation for the voluntary sector in Scotland, our submission focuses on this aspect of civil society.

The operating context for voluntary organisations differs depending on where they are in the UK. While learning across the four nations is vital, it is doubtful that any single solution can be lifted and replicated in Scotland simply because it has worked or is needed in England. **The value of the Commission's work will be significant if the differences among the four nations are recognised and shape its priorities and research.**

Our submission starts by setting out the particular nature of the Scottish voluntary sector before answering the Commission's questions. We view this submission as a starting point in what we hope can be a longer-term relationship with the Commission and Pro-Bono Economics. Therefore, it is by no means a complete picture of the current situation. SCVO would welcome the opportunity to work with the Commission to ensure that a broad range of views from Scotland are heard.

# About the Scottish voluntary sector

## The role of the sector

Scotland's voluntary organisations are focused on delivering vital services and empowering some of Scotland's most marginalised communities. The sector has a role in all aspects of Scottish society, from tourism and housing to the justice and social care systems. Scotland's voluntary organisations play a crucial role in protecting our environment and campaigning and advocating for change, not only in Scotland but as part of cross-border charities that operate in England and Wales. They are an essential part of civil society and of our social and economic ecosystem.

## The make-up of the sector

The Scottish voluntary sector encompasses an estimated 40,000+ organisations, from grassroots community groups and village hall committees to over 6,000 social enterprises, approximately 25,000 registered national charities and over 100 credit unions. Four out of five (78%) of the 25,000 Scottish registered charities are local, and likewise, around four out of five are small (income under £100,000). In comparison, large charities with incomes over £1 million make up only 3.7% of Scottish registered charities. 1,104 charities in Scotland are cross-border and registered with both English and Scottish regulators.

## Funding the sector

The sector has a combined annual turnover that reached £6.06b in 2018. Together, the Scottish voluntary sector employs over 100,000 paid staff. Social care and health organisations employ over half of all paid staff in Scotland's voluntary sector. Only a third of the Scottish voluntary sector's income comes from voluntary sources such as donations and grants, with the rest earned income from sales, trading, fees, contracts, and rents. 42% of the sector's income comes from the public sector, with more than half (59%) of this earned in contracts. Grants make up the other 41% of public sector income.

## Volunteering

Nearly three quarters (72%) of Scottish voluntary organisations have no staff and rely on volunteers. The Scottish Household Survey reveals that 28% of adults in Scotland volunteer. That works out as approximately 1.26 million volunteers, equivalent to the population of Estonia. Volunteering rates are highest in rural areas such as the Highlands and Islands. These numbers include over 250,000 trustees of voluntary organisations in Scotland. These figures will have changed throughout the pandemic, where many more people stepped forward to take on these valuable roles.

## Our response to the Commission's questions

- 1) What would you most like the Law Family Commission on Civil Society to achieve? From your perspective, can you give us examples/recommendations of what would enable civil society to unleash its full potential?

To ensure the Commission's work makes a significant contribution to strengthening the understanding, recognition, and role of the voluntary sector in Scotland, it should:

- Avoid making UK-wide assertions and consider the unique contexts across each of the four nations. SCVO is happy to support efforts to engage with a broad range of perspectives from Scotland.
- Take a broad view of the Scottish voluntary sector's genuine economic contribution. Although we need a better understanding of the Scottish sector's contribution to Scotland's GDP, a more comprehensive view of economic value is essential to articulating its contribution in areas such as employability, local economies, and fair and sustainable economic transformation.
- Enhance institutional understanding of the voluntary sector's role in efforts to reconceptualise the Scottish and UK economies. This could be achieved in part by articulating the sector's current economic weight and untapped potential in shifting the economy to one that promotes wellbeing, is sustainable, and enables all to live fulfilled lives.
- Promote the key levers that governments and funders can use to enable the transformative potential of the voluntary sector, as opposed to those approaches that view the sector as merely a cost-effective way to fill gaps in the provision of basic needs.
- Focus on the Scottish voluntary sector as a crucial part of the economic ecosystem and a key partner to policymakers and the private sector. A diverse economy requires different actors to meet various needs, and the economy requires long-term strategic partnerships across the sectors.
- Consider how governments can best deploy new funding sources following the UK's exit from the EU to encourage joined-up thinking and creative, inclusive design to make sure investments reach the right people and communities. Governments should avoid funding that flows from ad-hoc short-termism.
- Examine the role of governments in supporting cross-sector partnerships and how we can support voluntary organisations of all sizes to access corporate relationships on a long-term strategic basis.
- Explore actions that are needed to ensure that volunteering and the social capital it provides can flourish in Scotland beyond the recovery, both sustainably and inclusively, to enable volunteering opportunities for all. This includes the infrastructure and support that volunteers require if they are to continue and thrive.

- Emphasise the importance and viability of new flexible funding arrangements for the voluntary sector, demonstrating new and innovative long-term models deployed by governments and funders that allow voluntary organisations to plan and deliver more effectively in partnership with the public sector.
- Consider the levers that governments and public bodies can use to encourage a shift away from existing ‘value-for-money’ driven procurement models to truly focus on people, their needs, and to achieve better and longer-term societal outcomes.
- Link in with ongoing efforts in Scotland to make progress on partnership working, funding and procurement, the sector's contribution to the economy, and research on the impact of the pandemic on the Scottish voluntary sector. SCVO is happy to maintain communication with the Commission throughout its programme of work.

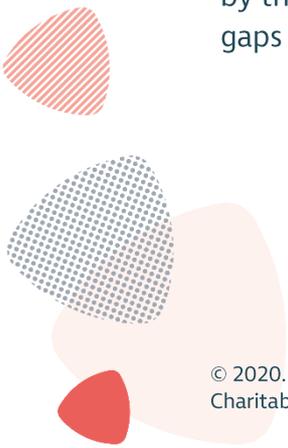
**2) What can you tell us about the different ways in which your organisation or civil society more generally ‘adds value’ (economic and social)? Do you think that value is properly understood by the public and by policy makers? If not, why not?**

A broad look at economic value

We must correct the lack of recognition of the Scottish voluntary sector's economic contribution and vital role in our society, which extends well beyond the 100,000+ people we employ and an annual turnover of £6.06 billion in 2018. Scottish voluntary organisations work with around 1.26 million volunteers, the economic and social impact of which is essentially unmeasured but crucial to Scotland's social and economic success.

The Scottish sector's monetisable value to the economy is an area that warrants further investigation. In seeking progress in measuring the sector's financial contribution, we must not lose sight of the economic value we cannot capture through simplified performance measures. We must not take a narrow view of the economy where all that matters is GDP. We need to understand how the sector fares on this measure, if only to demonstrate the economic weight of the sector and its high potential to be part of transformational efforts in shifting to a wellbeing economy.

Regrettably, the sector has found that its value to the economy beyond money is not understood. This is especially true in procurement processes, where value is about pounds over people. A narrow focus on quick cost-cutting in a target framework that favours outputs over outcomes, and predicated on single-year funding, is far from a system that enables the potential of voluntary-led services. Although this might create a short-term saving for a public body, this approach is detrimental to the value that is felt by those accessing these services. Simply seeing the sector as a cost-effective way to fill gaps rather than by its transformative potential does little to support systemic change.



## Demonstrating the sector's contribution

The Commission can find an example of the broader value offered by the voluntary sector in the area of employability. Organisations add value not simply by creating jobs with fair pay and good conditions, or by supporting people furthest away from the labour market to gain confidence and new skills. They support people to become active in the economy through the employability programmes they deliver. They add value to society, helping to reduce unemployment and tackling issues such as the disability employment gap. Their care for people also means that families can remain economically active without significant caring duties.

Environmental and human rights organisations have a critical role in prompting us of our international and domestic obligations. The sector plays a crucial role in monitoring and reporting on the impact of changes on different marginalised groups. It is home to specialists who are vital partners to policymakers when seeking to avoid unintended consequences of new norms and regulations. Research-based charities have crucial insights to contribute to social, economic, and environmental discussions. The sector also provides digital devices and support to develop digital skills for digitally excluded people.

Scotland's 6,000 social enterprises put profits and surpluses towards social and environmental missions, and they are standard-setters and influence changes in the norms and behaviours in the private sector. Scotland's Advisory Group on Economic Recovery highlighted the importance of culture as an intrinsic factor of how Scotland is portrayed at home and abroad; the voluntary sector is responsible for many theatres, museums, galleries, sports clubs and more. Voluntary organisations also provide greener active-travel services that are better for health and allow people to access their local economies, and many play a fundamental role in the conservation of our natural environment.

The sector plays a crucial role in ensuring that public bodies can meet their legal duties. Public bodies cannot deliver outcomes alone, but this reliance on the voluntary sector is not simply a result of filling gaps. It is about devising transformative approaches to ensuring people can live fulfilled lives through, for example, enhancing community participation and decision making. It is about collaboration and coordination in strategic decision making between the range of organisations involved in supporting shared outcomes.

- 3) **What is your experience of the interaction between government (at all levels – national and local) and civil society? Can you tell us of particularly good or bad examples which the Commission should reflect on? What are the conditions that most help or hinder a collaborative relationship between civil society and government?**

The voluntary sector must be part of a collective approach at every stage of partnerships, and it should not have to ask to be involved. This approach should adhere

to transparency and participation principles while ensuring the sector retains its ability to challenge partners and hold decision-makers to account. SCVO has collated a range of successful partnership projects on our [website](#).

There are [examples](#) of phenomenal outcomes achieved through partnership working during the pandemic. One example was eradicating rough sleeping (all be it only temporarily), something which would never have been thought possible pre-COVID but was made to happen in the early days of the pandemic. This partnership approach was by no means universal, and many parts of the sector see a vast discord between what governments say about partnership working and the reality on the ground. Anecdotal evidence also suggests that authorities are returning to a 'business as usual' command and control relationship with the organisations they fund or contract with now that the initial emergency has passed.

The Scottish Parliament's 2020 report, 'Valuing the third sector,' made recommendations on the involvement of the sector in service design and decommissioning; a thorough examination of partnership working in the context of a competitive funding environment; parity of esteem and the removal of hierarchy; and the elimination of bureaucracy. Governments have not addressed these issues, despite the plethora of reports and recommendations over the past decade.

The Scottish Government's recent response to the Advisory Group on Economic Recovery included a commitment 'to address the barriers facing the sector by strengthening collaboration.' In March, SCVO launched a strategic partnership with the Scottish Government and COSLA, with a long-term commitment to work together to understand and tackle barriers that lie behind the significant issues such as partnership and funding. We would be happy to share emerging learning from the project with the Commission and encourage the Commission to take an interest in this, to capture and contribute to the progress and understand the challenges we encounter in such an undertaking.

#### **4) What role can, or should, civil society play in delivering the government's ambition to 'level up' the country? What investment or support does civil society need to do this effectively?**

SCVO understands this question to be about the collection of investment programmes established by the UK Government to support communities across the country, including in Scotland, in the wake of coronavirus and the UK's exit from the European Union. They include the UK Community Renewal Fund, the Levelling Up Fund, the Community Ownership Fund, and the UK Shared Prosperity Fund (details of which are still to be agreed upon).

Following the passage of the Internal Market Act, the UK Government will administer these funds. We consider this poses a threat to the smooth functioning of devolution as it stands, and we believe it could have both direct and consequential impacts on decision-making and efforts to introduce progressive policies in Scotland that the voluntary sector champions. Alongside civil society colleagues from the devolved

nations of the UK, SCVO has consistently called for devolution to be enhanced, not held back, through these new sources of funding.

Voluntary organisations need to access these funding sources if the funds are to go to people and communities most in need. However, applications to the Community Renewal Fund and the Levelling Up Fund must be in by June, and awards need to be spent entirely by the end of the financial year. Given that councils (who are administering these funds in Scotland) have only just been made aware of this and have only started advertising the funds, this gives voluntary organisations mere weeks to get bids together.

These timeframes and restrictions on funding limit the impact and fairness of these funds and their ability to 'level-up' society. In terms of the levelling up funding, the 'methodology' applied to decide on 'priority places' and who will be first to gain funding seems to ignore many key economic indicators and has received much criticism. A focus on the very local (local authority) - at the expense of the regional and national - has also received criticism.

While somewhat flawed – particularly in terms of bureaucracy – European Structural Funds were well understood, accessible, long-term, and sought to achieve a raft of laudable aims; in keeping with the goals and objectives of many Scottish voluntary organisations. New funds appear less sophisticated than ESF, with little engagement, monitoring, evaluation, accountability, or metrics for success. Voluntary organisations need long-term funding that encourages joined-up thinking and creative, inclusive design, not funding that flows from ad-hoc short-termism.

Engagement and availability of information on the development of the UK Shared Prosperity Fund has been sorely lacking. The voluntary sector has been kept in the dark concerning funds surrounding the UK Government's levelling-up ambitions. We strongly believe that priorities and spending decisions must be made at a devolved and (subsequently) local level, with the full and unhindered involvement of Scotland's charities and voluntary organisations.

**5) What is your experience of the interaction between businesses and civil society? Can you tell us of particularly good or bad examples which the Commission should reflect on? What are the conditions that most help or hinder a collaborative relationship between civil society and the private sector?**

We can and must do more to harness new innovative partnerships between the private and voluntary sectors to achieve shared outcomes. New structures must support the private sector to dial-up their work on purpose-led business through strong relationships with the voluntary sector and partnership with communities.

Financial support from the private sector is always welcome. However, it is becoming more material for companies to enter long-term strategic partnerships with voluntary sector organisations beyond just one-off financial donations. Companies should be looking to use a range of their assets to make a social difference, such as their

employees' time, their products and services, or property space to support their relationships. There are also over 250,000 trustees across Scotland who help manage, shape and guide voluntary sector organisations, and private sector organisations have a role in encouraging their employees to become trustees to support the sharing of knowledge and skills across the sectors.

Private sector organisations need a solid social and environmental agenda and to be interested in long-term partnerships. There is a role to equip voluntary organisations better to recognise the gaps that corporate partners are looking to address and how they can shape their offering. Long-term alliances do not need to be daunting and can start with something small to be tested and matured into something ambitious over time. Long-term corporate partnerships also require the whole business to be engaged, not simply one champion.

What, if any, is the role of governments in supporting cross-sector partnerships? How can social enterprises and charities gain greater access to corporate supply chains? How are smaller voluntary organisations supported to access corporate relationships? Establishing opportunities for long-term strategic partnerships between the sectors should be a priority, and these suggestions and questions are only a starting point.

**6) How can civil society make most effective use of volunteers' time and what support is needed to do so? If you currently work with volunteers, will how you work with volunteers change over the 2020s?**

SCVO has worked with partners in the [Scottish Volunteering Forum](#) to develop our response to question six. We encourage the Commission to reach out to the Scottish Volunteering Forum during its programme of work.

Volunteering and the pandemic: challenges and opportunities

The view of SCVO, as part of the Scottish Volunteering Forum, is that society and the economy can and must do more to support people and communities to volunteer and recognise the true value of volunteering in Scotland. Volunteers have played vital roles throughout the pandemic. Scotland should take every effort to see that this social capital flourishes beyond the recovery as part of shifting our economy to being wellbeing oriented.

Unfortunately, the pandemic has placed significant challenges on volunteering. Economic pressures have resulted in organisations restructuring. The Scottish Volunteering Forum is aware of the loss of many volunteer management jobs, and roles may not always be there when returning from furlough. It is not possible to deliver effective volunteer involvement without good volunteer management; it ensures effective recruitment, safeguarding, training, and ongoing support and engagement for volunteers to provide a positive experience.

Every negative volunteer experience affects the sustainability of the next generation of volunteers. It is essential that all volunteers feel supported and valued if we hope they will continue volunteering within communities and society throughout their lifetime.



Recognising and valuing the professional skills of volunteer managers is central to ensuring volunteers are supported and effective in their roles. Local and national governments must also draw upon the skills and expertise of volunteer professionals in policy development and planning for the national recovery.

The pandemic response has highlighted several opportunities for volunteering — for example, more accessible telephone and virtual opportunities for volunteers. Although digital exclusion remains a challenge, the response to the pandemic has seen people volunteer from home and volunteer in a way that is compatible with their time or needs; empowering people over their work and time, whether paid or unpaid, is critical to a wellbeing economy. Beyond the pandemic, a hybrid approach to volunteering programmes with a mix of face to face and virtual possibilities is needed, keeping what worked and improving on things that could be better for the future.

The pandemic also uncovered the power of volunteering locally and the need to invest in local volunteering infrastructure to develop local opportunities and enable people to become active citizens in their communities. Similarly, governments and other funders should support organisations to build infrastructure that allows volunteers to donate time on an ad hoc basis to better suit their availability.

#### Funding and working in partnership

Funding is central to ensure volunteering is supported to be effective and sustainable. Volunteering is not free. To resource volunteering appropriately, organisations require funding for resources, expenses, training, and ongoing support to volunteers. The traditional funding routes for volunteering services means that organisations have reduced capacity to involve volunteers. As a result, many organisations need to set targets or limits on volunteering intakes each year. There is a need for funders to offer more flexibility in their funding offers for volunteering to ensure that volunteering in Scotland can grow and develop.

Governments and funders must also invest to ensure that as Scotland emerges from the pandemic, people and communities who face barriers to volunteering, particularly those with higher support needs, can access volunteering. They must have the proper support to enable them to participate and make a valuable contribution to society. While this was an issue pre-pandemic, the pandemic has exacerbated the situation through a lack of community facilities and free and safe spaces for people to engage in volunteering activities. If not addressed, this will further increase inequalities within society. Therefore, funding is needed to improve access to places and spaces to volunteer.

To encourage people from diverse communities to volunteer, we need to ensure that organisations have resources that enable them to have direct engagement and build relationships with different communities. Like other communities, volunteers from areas of deprivation, ethnic minority backgrounds, or those who have additional support needs can gain so much from volunteering. We must ensure that people from these communities have equal access to share their time and skills through volunteering opportunities. This requires investment in volunteering teams and managers.



Similarly, cross-government support is needed to address the barriers people and communities face: poverty, the social security system, Disclosure and Barring services, and transport infrastructure, particularly in rural communities. There is also a need to review the policies and legislation that can prevent people from participating in activities across society, such as volunteering.

#### Volunteering for all or Volunteering society

Volunteering should be accessible to all, regardless of background or perceived barriers. Volunteering needs to become a societal norm with equality of opportunity if we are to increase the number of people realising the benefits of volunteering. To begin facilitating this, we must look at options for young people to volunteer within schools, including primary schools, to help develop a volunteering mindset early in life. Similarly, encouraging students in further and higher education to volunteer when they are in school, college, or university through volunteer placement opportunities could promote participation.

Following education, employers should be encouraged to support volunteering through corporate social responsibility policies and long-term partnerships with the voluntary sector that enable staff protected time to volunteer. Expanding volunteering opportunities for all ultimately needs more flexible options for when a person can do the volunteering and an expected commitment that suits volunteers while still maintaining effective onboarding and support.

#### **7) If you are a civil society organisation, what are the main constraints on your 'productivity' currently? If funding was not an issue, what would you invest in to help you maximise your impact?**

Voluntary sector funding is complex and precarious. Many organisations operate on a complex patchwork of statutory funding, fundraised income, earned income and grant income. There is no silver bullet to funding issues. The Scottish Government, local government, independent funders, and the sector itself all have a role in ensuring the sector's sustainability.

There are valuable lessons to be learned from how some funders worked with the sector during the pandemic – particularly where organisations were allowed to repurpose funding to meet critical (but previously unidentified) need. This highlights the importance and viability of introducing flexibility to funding arrangements.

Short-term public funding, sometimes for one year or less, means that organisations can struggle to deliver projects and plan their workforces. Competition for funding can lead to an organisation straying from its purpose to survive, and existing commissioning and tendering models pitch organisations against each other. Longer-term funding agreements that move us beyond a one-year cycle are vital to planning effectively.

Around 25% of Scottish voluntary sector income comes from public sector contracts; however, short-termism makes income sources and our way of delivering person-

centred services unsustainable. Many voluntary organisations already heavily subsidise underfunded critical services, core operational costs are often left out, and they cannot pay the wages that equivalent public sector workers earn. Traditional procurement models also do not consider the capacity issues felt by many specialist organisations otherwise well placed to deliver these services.

The client/contractor model reduces human services to a transactional contract that values numbers over people. Payment by results approaches to employability services, for example, measure success by the number of people getting jobs, regardless of the quality or sustainability of the work. How can we further encourage a shift away from these models to truly focus on a person's journey and ultimately promote more risk and reward to achieve better and longer-term societal outcomes?

**8) Can you point us towards data, research or insights from past work or other countries that will help us better understand the scale of the challenges facing civil society or develop potential solutions?**

As part of the Strengthening Collaboration project mentioned above, SCVO is currently mapping the many reports and recommendations that already exist around better partnerships between the voluntary sector and government. These include:

- [Valuing the Third Sector: Looking ahead to the Scottish Government's Draft Budget 2020-21, Scottish Parliament](#)
- [If not now, when? Final report of the Social Renewal Advisory Board \(2021\)](#) and the [Scottish Government's response to the Advisory Board](#).
- [Towards a robust, resilient wellbeing economy for Scotland: Report of the Advisory Group on Economic Recovery \(2020\)](#) and the [Scottish Government's response to the Advisory Group](#).
- [Seizing the Opportunity: The case for embracing civil society's role in democracy \(2021\)](#), Brexit Civil Society Alliance
- [The rise of the Enabling State](#), 2013, Carnegie UK Trust.
- [Christie Commission on the future delivery of public services](#), 2011

Two notable reports in the list above are from the Scottish Parliament and the Social Renewal Advisory Board. The Scottish Parliament Equalities and Human Rights Committee's 2019 [Valuing the Third Sector report](#) highlighted the significant contribution of the voluntary sector while also demonstrating the need for a new approach to funding and collaborative working. The final, independent report of the Social Renewal Advisory Board, titled '[If Not Now, When?](#)' was published on 21 January 2021. It contains 20 'calls to action' in the wake of the pandemic from Board members across the voluntary sector, including experts in housing, disability, poverty, and homelessness.

The latest primary research conducted by SCVO is the [Third Sector Forecast, 2019](#). This survey of voluntary sector organisations asked about their challenges before the

pandemic. In many cases, the pandemic shone a light on and exacerbated the challenges within the 2019 report.

SCVO's [evidence library](#) contains hundreds of recent reports, all produced by or about voluntary sector organisations. Recent additions focus on the impact of the pandemic on organisations, beneficiaries, and services. One such report is from Volunteer Scotland and Ipsos Mori on the [impact of coronavirus on volunteer participation in Scotland](#).

SCVO carried out literature reviews in [September 2020](#) and [March 2021](#) covering research on coronavirus and its impact on the Scottish voluntary sector. Our research team would be happy to discuss the content of these reports with the Commission if necessary. SCVO is also conducting a longitudinal panel survey of Scottish voluntary sector organisations to gain timely insights into how the sector is experiencing current and future challenges. The research could provide the Commission with valuable information in the longer term.

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