



Scotland Funders'  
Forum



# Funding for the Future

## **A briefing on the funding environment in Scotland**

First Edition, March 2018

## Contents

---

<b>Introduction .....</b>	<b>3</b>
<b>Section 1: Context .....</b>	<b>4</b>
1.1 Policy and practice context .....	4
1.2 The Third Sector in Scotland.....	8
1.3 Funders of the Third Sector in Scotland.....	20
<b>Section 2: Overview of funding for third sector organisations in Scotland .....</b>	<b>32</b>
2.1 Grants.....	32
2.2 Loans.....	36
2.3 Contracted Services.....	37
<b>References/Sources of Information .....</b>	<b>38</b>
<b>Appendix A: Data from Scottish Local Authority External Funding Officers Group members on third sector spending in 2017/18 .....</b>	<b>46</b>

### Acknowledgements

Maddy Halliday, Convenor Scotland Funders' Forum and CEO, Life Changes Trust: commissioning editor; writing and editing  
Craig Currie, Information and Projects Officer, Life Changes Trust: research and writing  
Lesley MacDonald, Vice-convenor, Scotland Funders' Forum and Head of Giving, Robertson Trust: contributor (Section 2.1) and editorial support  
Eric Samuel, Secretary, Scotland Funders' Forum and Senior Policy and Learning Manager, Big Lottery Fund: contributor (Section 2.1) and editorial support  
Pat Armstrong, Chief Executive, ACOSVO: contributor (Section 1.2)  
Ann Rowe, Head of Communications and Information, SCVO: contributor (Sections 1.2 and 1.3)  
Ilse MacKinnon, Research Officer, SCVO: contributor (Section 1.3)  
Ellen Archibald, Chair, Scottish Local Authority External Funding Officers Group: contributor (Section 2.1)  
Scottish Government Third Sector Unit: contributor (Section 2.1)

## Introduction

---

The purpose of this paper is to provide an overview of the current policy, practice and funding environment in Scotland and to outline some of the key challenges and opportunities facing funders and third sector organisations who receive and seek funding.

Information provided in this briefing is based on the most recent sources of relevant data and information, supplemented by data from a new survey of funders in Scotland, undertaken by the Scotland Funders' Forum\*. There are, however, some significant gaps in available data, which are highlighted in the paper.

[Scotland Funders Forum](#) and [ACOSVO](#) plan to update this briefing annually so it provides a useful resource for funders and third sector organisations. Where possible the Forum will also work with others to support new research so key information gaps can be filled.

\*A complementary report of survey findings is also available.

## Section 1: Context

---

### 1.1 Policy and practice context

The policy and practice context in which third sector and funding organisations are working to support quality of life and wellbeing in Scotland is complex, with a mixture of positive features and challenges.

Scotland has many strengths and assets.

- ◆ The skills, capacity and energy of its citizens, communities and paid and volunteer workforce.
- ◆ A supportive Scottish public policy environment spanning economic, social and environmental issues<sup>1</sup>, for example:
  - ◆ a [Scottish Human Rights Commission](#) established with a duty to promote awareness, understanding and respect for all human rights and a [National Action Plan](#) to co-ordinate a wide range of public bodies and voluntary organisations in achieving this.
  - ◆ the [Public Service Reform](#) agenda which puts a focus on: continuous improvement; unlocking the potential and creativity of the public service workforce; collaboration and co-production and; prevention and early action.
  - ◆ a [Fairer Scotland Action Plan](#) aimed at tackling poverty, reducing inequality and building a more inclusive Scotland
  - ◆ new statutory targets to [reduce child poverty](#)
  - ◆ inclusive growth as a priority within the [national economic strategy](#)
  - ◆ improvements to certain aspects of social security through new Scottish Government powers relating to [social security](#)
  - ◆ a commitment to increase [affordable housing](#) by 67% by 2021
  - ◆ a strong track record on [climate change](#), with further legislation aimed at reducing greenhouse gas emissions expected in early 2018.
  - ◆ new [Community Empowerment](#) measures, for example: involving communities in planning and delivering local outcomes through Community Planning Partnerships; participation requests giving community organisations opportunities to run local services; Community Right to Buy or; Participatory Budgeting.

---

<sup>1</sup> The Life Changes Trust's External Environment Schedule, an internal document, provides an overview of the key political, economic, social, technological, legal and environmental issues and policy relevant to the Trust. This document can be made available on request.

- ◆ a national [Social Enterprise Strategy and Action Plan](#)
- ◆ A wide range of private, public and third sector organisations contribute to the wellbeing of Scottish people, communities and society in many diverse ways including food, housing, education, employment, transport, health and social care services, environmental protection, arts, sport and physical activity.

Third sector organisations – with the support of their funders - make a vital and often unique contribution to the common good, supporting citizens and communities in the many ways outlined below (see Section 1.2). Despite these positive contributions, the wider environment in which third sector organisations and funders are working is increasingly difficult and uncertain due to a variety of factors set out below.

- ◆ The pressures on Scottish central and local government and the NHS, with reducing budgets effecting both public service provision and availability of statutory funding for third sector organisations. (Due to a mix of factors including long term restrictions on public spending by our UK Government since 2010 and a Scottish Government cap on the level of Council Tax that local authorities could raise between 2008 and 2016).
  - ◆ The Scottish Government's resource spending is likely to be 10% lower in real terms by 2020/21 compared to 2010/11 and Scotland's resource block grant from the UK Government is expected to decline by 2.9% in real terms between 2016/17 and 2020/21<sup>2</sup>
  - ◆ Commitments to 'protect' certain parts of the budget in this parliamentary term (e.g. a commitment to increase health spending by £500 million more than inflation or the commitment to maintain real terms spending on policing) will mean that non-protected areas will face real terms cuts of between 9-14%.<sup>3</sup>
  - ◆ Councils receive roughly 60% of their income from the Scottish Government. Between 2010/11 and 2015/16, Scottish Government funding for councils reduced in real terms by around £186 million (1.7 percent) to £10.9 billion – this long-term decline is forecast to continue.<sup>4</sup>
  - ◆ Council spending on providing services increased in 2015/16 but remains lower than in 2011/12. However, spending is increasing in key services, most noticeably in social care and education which accounted for 71% of overall council spending on services in 2015/16, up from 69% in 2011/12.
- ◆ Increasing levels of poverty for some groups including children and young people; people in part-time work, unemployed people; disabled people of

<sup>2</sup> Fraser of Allander Institute, 2017. *Scotland's Budget Report 2017* [online].

Available from: <https://www.sbs.strath.ac.uk/economics/fraser/20170926/Scotlands-Budget-2017.pdf>

<sup>3</sup> *ibid*

<sup>4</sup> Audit Scotland, 2016. Local government in Scotland: Financial overview 2015/16. Available from [http://www.audit-scotland.gov.uk/uploads/docs/report/2016/nr\\_161129\\_local\\_government\\_finance\\_0.pdf](http://www.audit-scotland.gov.uk/uploads/docs/report/2016/nr_161129_local_government_finance_0.pdf)

working age; and some older adults<sup>5</sup>. This increase is due to a variety of factors including:

- ◆ restrictions on eligibility and harsh conditionality for non-pension social security benefits<sup>6</sup> and reducing levels of benefits in relation to the cost of living and inflation.<sup>7</sup>
- ◆ a significant increase in the number of people in part time work in Scotland (currently 724,000 which is an increase of 110% since 2008) and zero hour contracts with low pay, the use of which has been steadily on the rise over the past few years (though the rate of people employed on a zero hours contract in Scotland did fall by 0.3% over the past 12 months)<sup>8</sup>.
- ◆ failure for many employees pay to increase in line with the cost of living and inflation - average earnings in Scotland have decreased by 1.6% in real terms since 2016 and there has been an 8% decrease in wages in real terms since 2008<sup>9</sup>.

Although the increase in poverty is modest to date, especially given trends around personal and household income, current levels of poverty remain too high for all groups. In 2017 the Scottish Government established an independent Poverty and Inequality Commission to advise ministers on all matters relating to poverty. They have also made commitments to tackling poverty in line with the UN Sustainable Development Goals, Fairer Scotland Action Plan, and new statutory targets for reducing child poverty.

- ◆ Continuing and increasing public health challenges such as obesity<sup>10</sup>, alcohol use<sup>11</sup>, dementia<sup>12</sup> and mental health problems for young people<sup>13</sup> – all of which are influenced by a range of inter-acting social and economic risk and protective factors such as income, diet, levels of physical activity, social support and aging.

---

<sup>5</sup> Scottish Government. 2017. Poverty and Income Inequality in Scotland: 2015/16. Available at <http://www.gov.scot/Resource/0051/00515392.pdf>

<sup>6</sup> Centre for Regional Economic and Social Research. 2016. The Impact on Scotland of the New Welfare Reforms. Available at <http://www4.shu.ac.uk/research/cresr/sites/shu.ac.uk/files/impact-scotland-new-welfare-reform.pdf>

<sup>7</sup> Joseph Rowntree Foundation. 2017. A Minimum Income Standard for the UK in 2017. Available at <https://www.jrf.org.uk/report/minimum-income-standard-uk-2017>

<sup>8</sup> Office of National Statistics data, September 2017. Available at <https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/datasets/mp17peopleinemploymentonzerohourscontracts>

<sup>9</sup> Scottish Parliament Information Centre. 2017. Earnings in Scotland: 2017. Available at <https://sp-bpr-en-prod-cdn.azureedge.net/published/2017/11/21/Earnings-in-Scotland--2017/SB%2017-80.pdf>

<sup>10</sup> Scottish Public Health Observatory. 2017. *Obesity and health inequalities in Scotland: summary report*. Available at <http://www.scotpho.org.uk/media/1154/scotpho170727-obesity-and-health-inequalities-in-scotland-summary-report.pdf>

<sup>11</sup> Scottish Public Health Observatory alcohol data. Available at <http://www.scotpho.org.uk/behaviour/alcohol/data/data-introduction/>

<sup>12</sup> Scottish Public Health Observatory dementia profile. Available at <http://www.scotpho.org.uk/health-wellbeing-and-disease/mental-health/data/dementia/>

<sup>13</sup> Scottish Parliament Information Centre. 2016. *Child and Adolescent Mental Health – Trends and Key Issues*. Available at [http://www.parliament.scot/ResearchBriefingsAndFactsheets/S5/SB\\_16-76\\_Child\\_and\\_Adolescent\\_Mental\\_Health\\_Trends\\_and\\_Key\\_Issues.pdf](http://www.parliament.scot/ResearchBriefingsAndFactsheets/S5/SB_16-76_Child_and_Adolescent_Mental_Health_Trends_and_Key_Issues.pdf)

- ◆ Uncertainty over the impact of Brexit on the Scottish economy and society, including potential implications for e.g. funding, trade, equalities and human rights and constitutional matters<sup>14</sup>. Financial analysis conducted by the Scottish Government has suggested that, depending on the final terms of the Brexit deal, the cost to Scotland could be up to 8.5% of GDP, or the equivalent of £12.6b per year by the year 2030<sup>15</sup>.
- ◆ Continuing uncertainty about Scotland's place and future in the UK – plans for a second independence referendum have been shelved until after Brexit but recent polling has shown that significant support for independence remains (42% as of December 2017<sup>16</sup>).

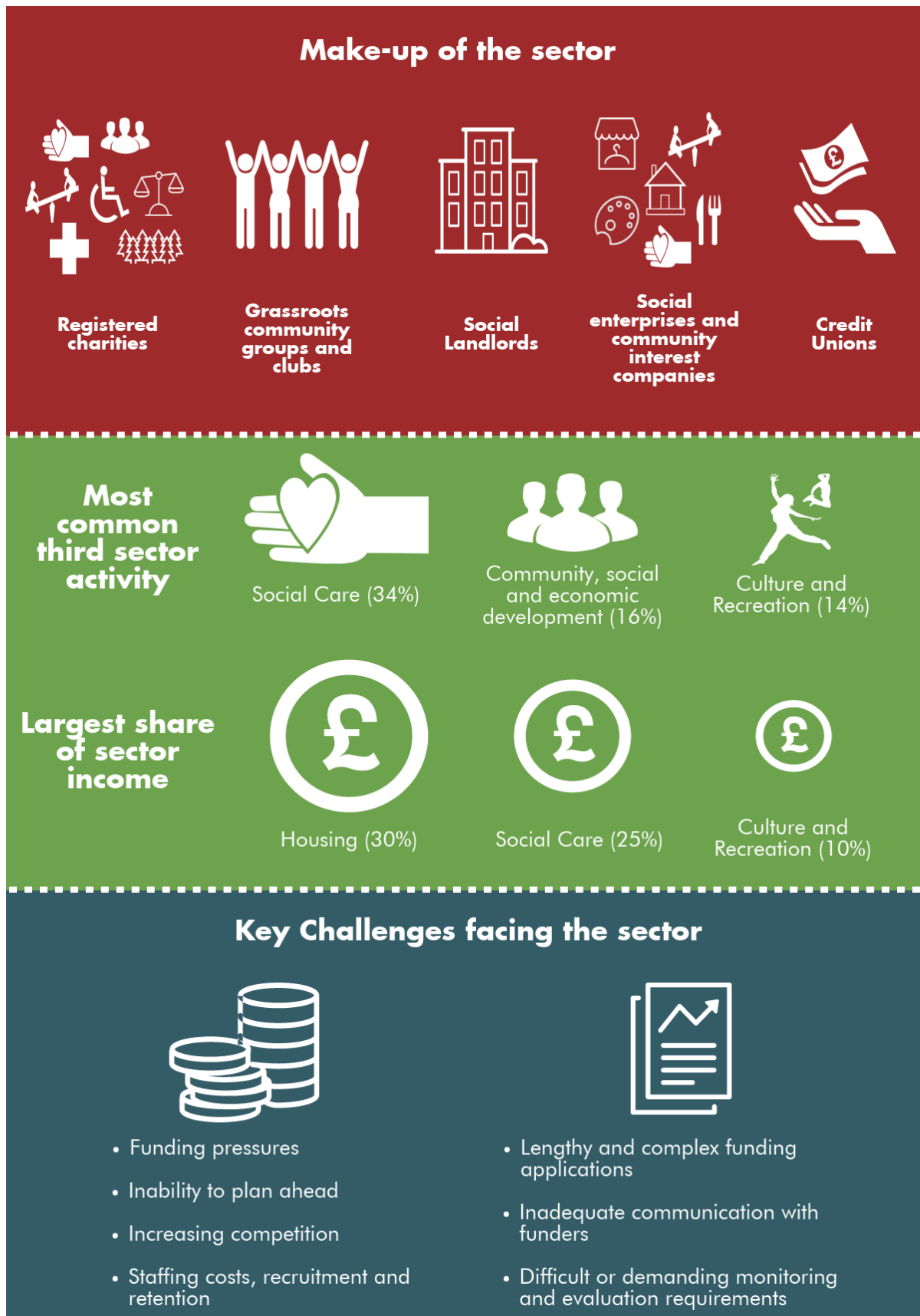
---

<sup>14</sup> Scottish Parliament Information Centre's Brexit Hub contains links to internal and external research on many aspects of Brexit and its possible implications for Scotland. Available at <https://scottishparliamentinformationcentre.org/uk-decision-to-leave-the-european-union-hub/>

<sup>15</sup> Scottish Government. 2017. Scotland's Place in Europe: People, Jobs and Investment. Available at <http://www.gov.scot/Resource/0053/00530160.pdf>

<sup>16</sup> Survation poll, available on What Scotland Thinks website - <http://whatscotlandthinks.org/questions/how-would-you-vote-in-the-in-a-scottish-independence-referendum-if-held-now-ask#line>

## 1.2 The Third Sector in Scotland





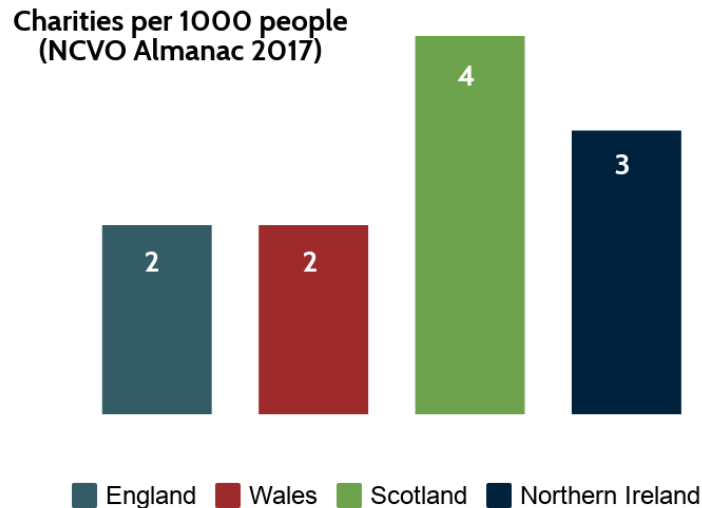
### 1.2.1 Size of the Sector

The third sector in Scotland is diverse. As noted by SCVO<sup>17</sup>, the sector encompasses an estimated 45,000 organisations which include amongst others “small grassroots sports groups to pre-school day care, self-help groups, health and well-being services, culture and arts venues, village halls, housing and major social care providers.”

The make-up of the sector includes<sup>18</sup>:

- ◆ 24,318 registered charities, including 153 Registered Social Landlords
- ◆ Around 20,000 grassroots community groups, sports and arts clubs
- ◆ Around 2,000 grant making trusts
- ◆ 5,600 social enterprises
- ◆ 757 community interest companies
- ◆ 101 credit unions

There are more charities per head of population in Scotland than any other UK nation. Levels of third sector activity are particularly high in rural areas, where local support services, village halls, and recreation groups are at the heart of their communities.



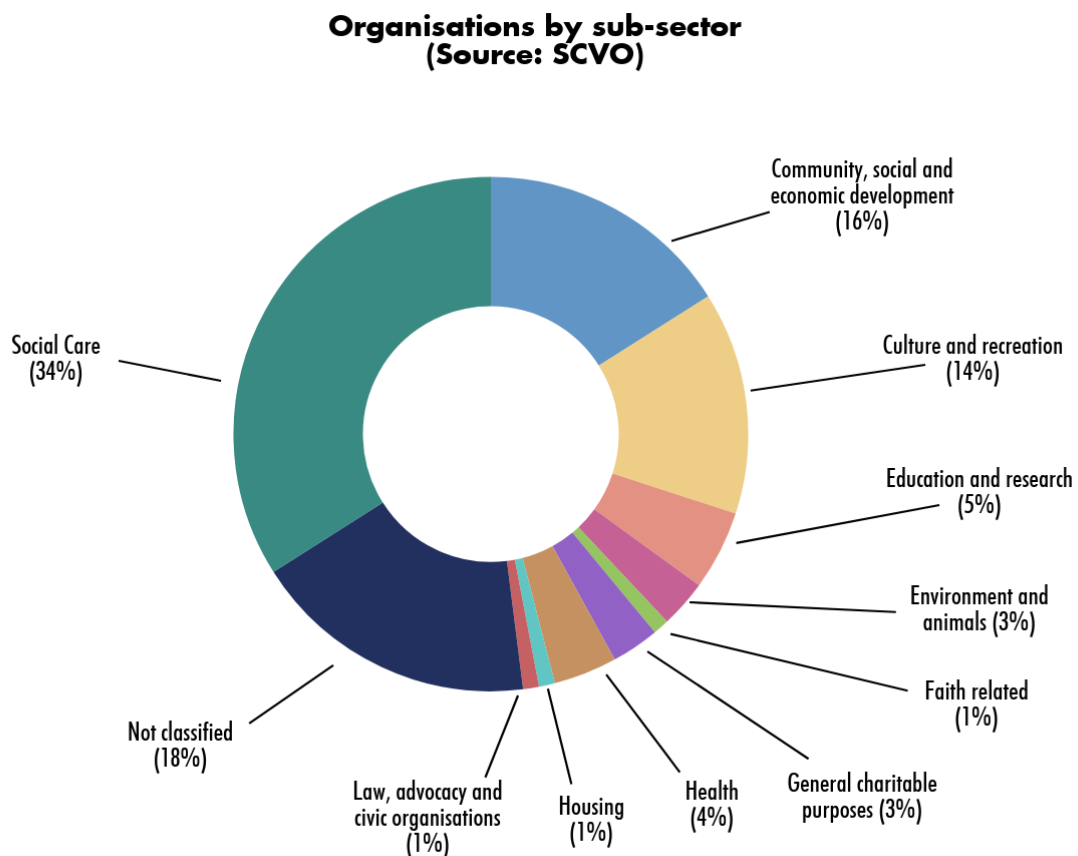
The third sector in Scotland employs an estimated 138,000 people (headcount) or 83,350 Full Time Equivalent workers and is supported by an estimated 250,000 trustees and around 1.3 million volunteers that provide 126 million hours of support.

<sup>17</sup> SCVO. *Scottish Third Sector Statistics*. Available at <http://www.scvo.org.uk/news-campaigns-and-policy/research/scvo-scottish-third-sector-statistics/>

<sup>18</sup> Figures from a range of sources, including SCVO, Office of the Charity Regulator, Regulator of Community Interest Companies, Social Enterprise in Scotland Census 2017 and Association of British Credit Unions (Scotland).

## 1.2.2 What the third sector does

Two-thirds of the sector's organisations are involved in social care-related activities, community, social & economic development, and culture and recreation. Housing – despite the smaller number of organisations – accounts for almost a third of the sector's turnover, followed by social care which accounts for a quarter of turnover.<sup>19</sup>



**Two-thirds of organisations operate locally**



**7% of organisations operate nationally across Scotland**



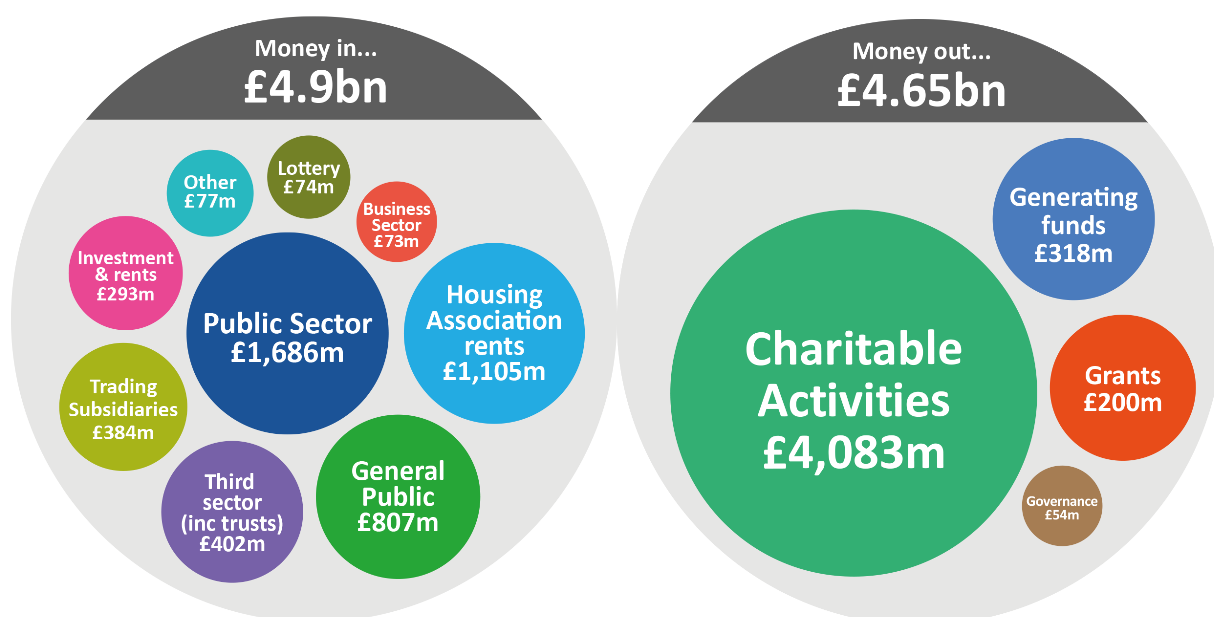
**2% of organisations have an international focus**

<sup>19</sup> SCVO. *Scottish Third Sector Statistics*. Available at <http://www.scvo.org.uk/news-campaigns-and-policy/research/scvo-scottish-third-sector-statistics/>

### 1.2.3 Third sector finances<sup>20</sup>

The third sector's turnover doubled over the 10 years to 2013/14 reaching nearly £5 billion and it manages assets worth an estimated £14 billion. The largest 100 charities account for almost half the sector's turnover. Other key recent financial trends for this period include:

- ◆ Growth has been concentrated in a small number of very large organisations, and most organisations have seen very little change to their turnover
- ◆ Housing attracts the largest share of third sector overall income, with a 30% share totalling £1.46bn each year. This is followed by social care which accounts for 25% of the total annual income, attracting £1.22bn each year.
- ◆ In 2013/14 income from the public sector reduced by £376m in real terms – a cut of 18%, presenting major challenges to third sector organisations to meet public need effectively.
- ◆ Figures for 2016<sup>21</sup> show that the sector's income from grant-making trusts was £300m (around 6% of all income). Grants from trusts and foundations represent: 8% of income for small organisations (<£25k turnover); 15% income for medium-sized organisations (<£1m turnover); and 4% of income for large organisations (>£1m turnover).



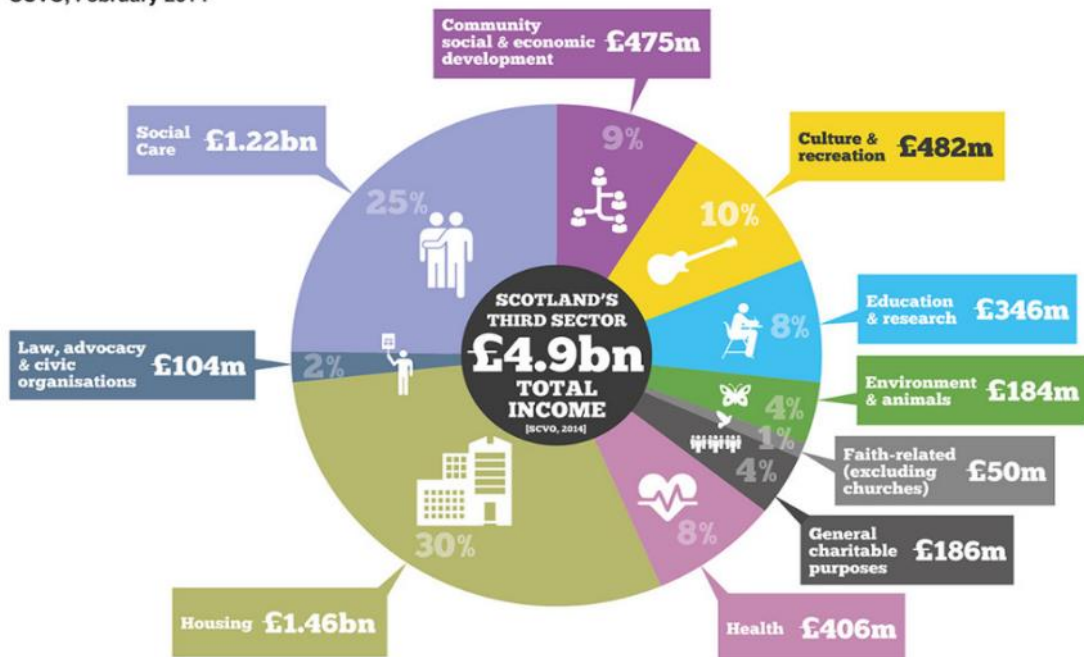
<sup>20</sup> Data from SCVO. It should be noted that (unless stated otherwise) this financial data is based on charity accounts for 2013/14

<sup>21</sup> MacKinnon, I. 2017. *Building on strong foundations: charitable trusts gave £300m last year* (SCVO blog).

Available at <http://www.scvo.org.uk/blog/building-on-strong-foundations-charitable-trusts-gave-300m-last-year/>

## Scotland's Third Sector

SCVO, February 2014



NB: Turnover of Scottish third sector charities based on SCVO classifications and using a sub-set of 2012/2013 charity income data from OSCR.

Recent research presents a less than optimistic picture of the third sector's finances. The SCVO Third Sector Forecast for 2017<sup>22</sup>, a survey of SCVO members conducted in November/December 2016, shows that just 32% of responding organisations grew in size over the last year. Roughly half stayed about the same in size, with 13% decreasing in size. As with previous data, the survey suggested a disparity between larger and smaller organisations with the majority of growth concentrated in organisations with an annual turnover of over £500,000.

Linked to a reduction in available public sector funding and an increase in competition for funding generally, recent trends point to the importance of earned income for third sector organisations. This can take a variety of forms including, for example, developing trading activities (e.g. by creating a social enterprise arm), retail income, service charges, property rental income, membership fees or income from training and events.

Excluding housing associations, 44% of the third sector's income in Scotland now comes from selling goods and services, totalling over £2billion every year, with three out of every five Scottish charities selling goods or services<sup>23</sup>. However, in general it is larger charities that are more successful in increasing earned income. Whilst small or medium sized organisations do sell goods and services, they often lack the cash flows, assets and business know-how to scale up activities.

<sup>22</sup> SCVO, 2017. *Third Sector Forecast for 2017*.

Available from: <http://www.scvoevidencelibrary.org.uk/Home/ReadResearchItem.aspx?f=h&rid=1576>

<sup>23</sup> MacKinnon I. 2017. *New UK Almanac highlights importance of earned income (SCVO blog)*. Available at: <http://www.scvo.org.uk/blog/new-uk-almanac-highlights-importance-of-earned-income/>

## 1.2.4 Social Enterprise

Social enterprise is a significant and growing part of the third sector. The Scottish Government uses the following definition to describe social enterprises "Social enterprises are businesses with primarily social objectives whose surpluses are principally reinvested for that purpose in the business or in the community, rather than being driven by the need to maximise profit for shareholders and owners"<sup>24</sup>

The social enterprise sector also comprises a range of organisation sub-types, for example:

- ◆ **Community enterprise** – broadly defined as a social enterprise that is based in, and provides benefit to, a particular community
- ◆ **Micro-enterprises** - small businesses, often sole traders, who usually operate at a local level in response to a specific market conditions.
- ◆ **Social entrepreneurs** - the individuals who have the idea and the drive to establish and manage a business with a social purpose (although this type of social enterprise may be outside the third sector.
- ◆ **Traditional third sector organisations** - charities and voluntary organisations establishing social enterprise arms as a means of funding their work.

It is estimated that there are 5,600 social enterprises in Scotland<sup>25</sup> providing a range of services, goods and support. Research by [Social Investment Scotland](#) estimates that more than 1 million people in Scotland benefited from a social enterprise during 2016<sup>26</sup>

Since 2015, the total income for the sector has grown by 5% to £3.81 billion:

- ◆ 70% of social enterprise income comes from trading activity
- ◆ 41% of social enterprise income comes from rent and other payments to registered social landlords and housing associations
- ◆ 16% comes from grant funding
- ◆ 13% from other sources<sup>27</sup>

Social enterprises in Scotland vary considerably in size and income level with 57% of organisations having an income of £100,000 or less and, despite the overall income of the sector growing, 43% of social enterprises have seen their income decrease in the last two years.

---

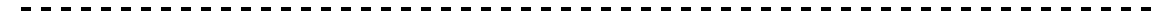
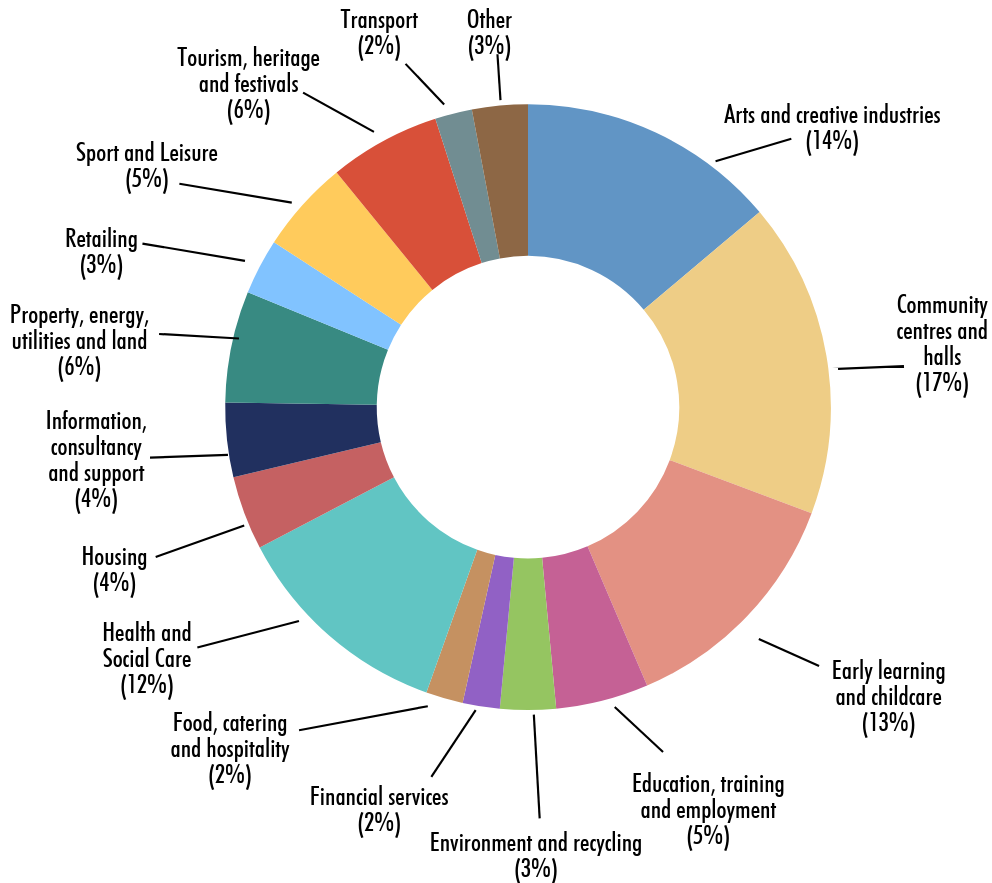
<sup>24</sup> Scottish Government. *Support for Social Enterprise*. Available at <http://www.gov.scot/Topics/People/15300/SocialEnterprise>

<sup>25</sup> Social Enterprise in Scotland Census 2017. Available at <http://www.socialenterprisescotland.org.uk/files/4de870c3a3.pdf>

<sup>26</sup> Social Investment Scotland. *Social Impact Report 2017*. Available at <http://www.socialinvestmentscotland.com/social-impact-report-2017/>

<sup>27</sup> It is assumed that this will include loan funding, though the census does not specify what these sources are.

**Social enterprises by sub-sector  
(Source: Social Enterprise in Scotland Census 2017)**



**24% operate in a single community or neighbourhood**



**32% operate in a single local authority area and 21% in more than one local authority**



**7% of organisations operate nationally across Scotland**



**5% operate across the UK**



**7% operate internationally**

## 1.2.5 Challenges and Opportunities

### 1.2.5.1 Finances

The SCVO Third Sector Forecast for 2017 outlines a number of current and future challenges from the point of view of third sector staff and trustees. The most commonly cited concerns relating to finances included:

- ◆ **Funding pressures** - a general reduction in funding overall is a key concern. Respondents were worried about the financial situation for the sector, with the majority (76%) thinking that things would worsen. Similarly, the majority of those surveyed thought that the financial situation of local and national government would worsen. Many also highlighted the difficulty they had in finding funding for core costs, or basic service overheads.
- ◆ **Inability to plan ahead** – Given their own financial situation or the pessimistic outlook for the economic situation overall, many organisations find it difficult to plan for the future. Around 40% of respondents to the survey said that they could not confidently plan ahead and a further 32% stated that they could only confidently plan for up to a year ahead. Some cited the short-term nature of funding awards as a factor in their inability to plan long-term.
- ◆ **Increasing competition** – a challenge facing many organisations is increased competition for diminishing resources. This relates to both the increased competition for funding from grant-makers and from the increased competition in tendering processes as a result of public sector cuts. In these circumstances larger charities, with their superior resources and staff levels, have an advantage of small to medium sized organisations.
- ◆ **Staffing** – increasing staff costs, the ability to pay cost of living increases and being able to pay staff the Living Wage are common challenges. Responses to the SCVO Local funding Survey 2017<sup>28</sup> suggested that organisations successful in securing multi-year funding or contracts were more likely to not receive a year on year wage uplift as part of their funding agreement. Inability to meet increasing staff costs, as well as general uncertainty over funding, can have implications for staff recruitment and retention.

Social enterprises have also been adversely affected by the current economic climate. Half of those that responded as part of the Social Enterprise in Scotland Census 2017<sup>29</sup> reported that the economic climate over the previous 12 months has had a negative effect on the prospects of their organisation. In addition to an uncertain financial outlook, reduced public sector spending and rising costs, social enterprises must also contend with the threat to their income in the form of a squeeze on consumer spending. The Census also found that a significant number of social enterprises are not accessing the full range of repayable finance options available to them either as a result of a lack of awareness, obstacles to accessing them or an unwillingness to use them.

---

<sup>28</sup> SCVO, 2017. Local Funding Survey 2017. Available from: <http://www.scvo.org.uk/wp-content/uploads/PDFs/Local-funding-survey.pdf>

<sup>29</sup> Available at <http://www.socialenterprisescotland.org.uk/files/4de870c3a3.pdf>

### 1.2.5.2 Funding applications and reporting

Some third sector organisations report that funding application processes can be challenging, with lengthy, complex or bureaucratic applications processes a regularly reported issue. For example, when asked the reasons why they did not apply for funding or failed to complete an application over the last year, almost a third of respondents to the SCVO Local Funding Survey cited an overly complicated or time-consuming application process.

Some third sector organisations say that inadequate communication with funders through their funding application process can pose further challenges. Research carried out as part of the Smarter Grants Initiative<sup>30</sup>, a UK-wide survey of charities views on grant-making and funding, found that over 50% of third sector organisations interviewed felt that poor quality feedback on applications (both successful and unsuccessful) constituted a challenge to their organisation. Other difficulties mentioned included a lack of clarity about points of contact with funders and a lack of transparency from funders about success rates (which hinders their ability to manage expectations when deciding whether or not to apply).

Of those interviewed for the Smarter Grants Initiative, 99% said they would like to see changes made to the process. Suggestions for improvements included simpler application forms, standardisation of applications across different funders and more substantial (and more regular) guidance and feedback.

Some third sector organisations also report that funders' monitoring and evaluation requirements can prove difficult. Previous research has reported that for many the monitoring and evaluation requirements were perceived as, for example<sup>31</sup>:

- ◆ being overly complicated or long
- ◆ full of confusing jargon
- ◆ taking time away from delivering services/activities
- ◆ often disproportionate to the amount of money awarded.

Many funders are mindful that processes could be improved. For example, of the funders responding to the SFF survey<sup>32</sup>, 42% agreed that their organisation could improve development support for awardees and 46% said that monitoring and evaluation support could be better. Many commented that they were already looking at ways that this might be achieved.

---

<sup>30</sup> Smarter Grants Initiative. *Annual Report 2017*. Available at: <http://smartergrantsawards.org/the-report/>

<sup>31</sup> For example see SCVO Local funding Survey 2017 and Evaluation Support Scotland, 2017. *Funders and Funded in Harmony: Where are we now?* Available from: [http://www.evaluationsupportscotland.org.uk/media/uploads/resources/hr\\_where\\_are\\_we\\_now\\_final.pdf](http://www.evaluationsupportscotland.org.uk/media/uploads/resources/hr_where_are_we_now_final.pdf)

<sup>32</sup> Scotland Funder's Forum. *Funding for the Future Survey Report*. Forthcoming (data based on 24 responses)



Examples of how participants at the November 2017 Funding for the Future conference<sup>33</sup> thought funding application and reporting processes might be improved are outlined below.

- ◆ A clearer steer on funding criteria as they can be too vague, resulting in wasted time for third sector organisations in applying for funds which are a poor fit.
- ◆ Striking a better balance between following funders' criteria but also allowing for adjustments based on the applicant's remit
- ◆ Easier access to funders through more transparent contact information
- ◆ Diversifying methods of applying – e.g. allowing storytelling/case studies/meetings/conversations rather than written application forms
- ◆ Greater use of pre-application eligibility questionnaires.
- ◆ Funders could share more information about good applications that are unsuccessful (because of demand or fit) with other funders
- ◆ More discussion and agreement between funders and third sector organisations about what counts as evidence (good/valid, appropriate, proportionate).
- ◆ Having a single point of contact for application, support and reporting
- ◆ More information/training/support at all stages of the process, particularly for smaller third sector organisations.

---

<sup>33</sup> Scotland Funders' Forum. 2018. *Funding for the Future Conference Report*. Available [here](#).

Funders' across the UK and Scotland have worked to address these concerns over the last five years, with improvements by many. For example, some independent funders have improved their application processes and provide support to their awardees on monitoring and evaluation.

The [Life Changes Trust](#), for example, which is a relatively new funder established in 2013, has worked hard to provide accessible application processes and evaluation support<sup>34</sup>. In 2016 the Trust undertook a first survey of its awardees, with the majority confirming that they found its application, communication and evaluation support sound<sup>35</sup>. The [Robertson Trust](#) has created end-of-year and end-of-grant reporting templates for its funded organisations. The [Corra Foundation](#) (formerly the Lloyds TSB Foundation for Scotland) in addition to creating its own reporting template, will also accept reports covering the work they have funded that have been produced for another funder.

[Evaluation Support Scotland](#) has recently completed the 'Harmonising Reporting' project<sup>36</sup> with funding from the Robertson Trust to work with third sector organisations and funders to improve monitoring and evaluation arrangements and support to third sector organisations receiving funding. Improvements made since the project began include:

- ◆ funders and awardees are more comfortable with a focus on outcomes
- ◆ most funders now provide monitoring and evaluation guidance for funded organisations
- ◆ reporting arrangements and forms are more flexible and proportionate
- ◆ both sides are more comfortable with different types of evidence

Informed by discussion at the Funding for the Future Conference<sup>37</sup>, third sector and funding organisations will explore these issues further and identify ways in which further improvements could be made. The Scotland Funders' Forum will work with its members and others to support ongoing progress.

---

<sup>34</sup> Life Changes Trust Evaluation Toolkit available at <http://www.lctevaluationtoolkit.com/>

<sup>35</sup> Life Changes Trust. *Awardee Survey 2017 Report*. Forthcoming.

<sup>36</sup> *ibid*

<sup>37</sup> *ibid*

### 1.2.5.3 Opportunities

Despite the difficult and uncertain financial climate and other challenges outlined above, there are also opportunities for progress. For example, two thirds of third sector organisations surveyed for the SCVO Third Sector Forecast gave a confidence level of 7 out of 10 about the future for their organisation. Of the activities that responding organisations had been able to plan for 2017, the majority were positive, with proposed future activities including:

- ◆ developing new projects
- ◆ recruiting more volunteers
- ◆ recruiting new trustees/board members
- ◆ investing in training/upskilling of staff

Some viewed shrinking public sector budgets as an opportunity for the third sector to provide value for money in re-configured provision of public services through the third sector. Coupled with the expected increase in competition for funding, most anticipated that collaboration between organisations would also increase.

Though many social enterprises have reported a negative impact on their prospects resulting from the economic climate, the sector continues to grow. The number of social enterprises in Scotland has grown by 8% since 2015 and overall income for the sector has grown by 5% over the same period to £3.81 billion<sup>38</sup>. Social enterprises also operate in an enabling policy environment – the Scottish Government's Social Enterprise Strategy<sup>39</sup> and accompanying Action Plan<sup>40</sup> set out a range of measures aimed at growing investment and building capacity within the sector.

The public service reform agenda in Scotland also presents opportunities for third sector organisations around new forms of service provision, including:

- ◆ early action and prevention
- ◆ person-centred services
- ◆ citizen, service user and community empowerment
- ◆ community ownership, social enterprise
- ◆ collaboration between citizens and providers in developing and providing services

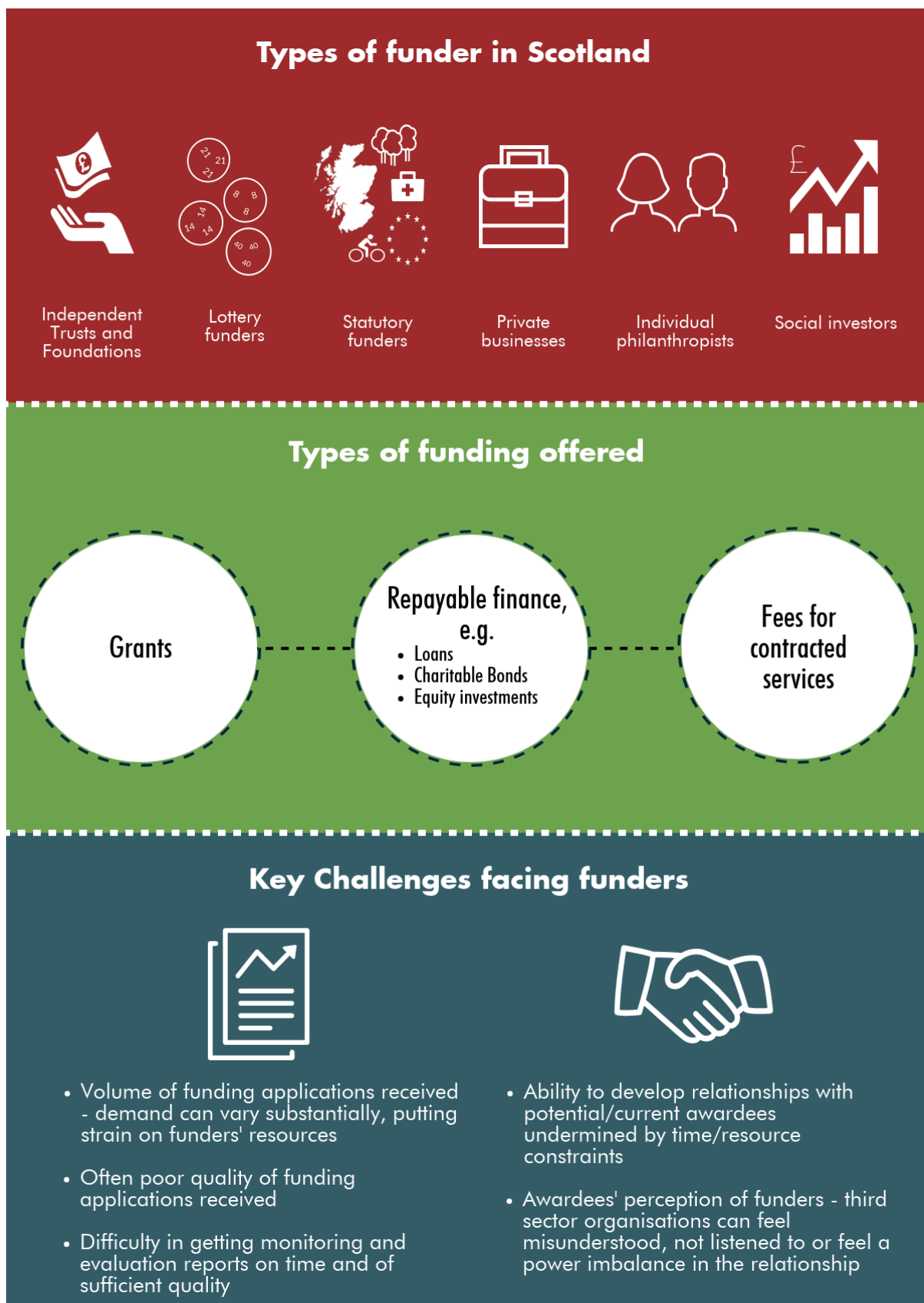
---

<sup>38</sup> Social Enterprise in Scotland Census 2017. Available at <http://www.socialenterprisescotland.org.uk/files/4de870c3a3.pdf>

<sup>39</sup> Available at <http://www.gov.scot/Resource/0051/00511500.pdf>

<sup>40</sup> Available at <http://www.gov.scot/Resource/0051/00516611.pdf>

## 1.3 Funders of the Third Sector in Scotland



### 1.3.1 Types of Funder

There are many different types of funder of the third sector in Scotland, including:

- ◆ independent Trusts and Foundations (which are also registered charities and part of the third sector)
- ◆ the giving arm of public and private lotteries, including the Big Lottery Fund and the People's Postcode Lottery
- ◆ statutory organisations, including the Scottish Government, local authorities, non-departmental public bodies and, at least for now, the EU.
- ◆ businesses
- ◆ individual philanthropists

#### 1.3.1.1 Independent Grant-Making Trusts and Foundations

The most recent report from the [Association of Charitable Foundations'](#) (ACF) Giving Trends report<sup>41</sup>, notes that the terms 'foundation' and 'trust' are generally used interchangeably in the UK to describe "charities with private, independent and sustainable income that fulfil their charitable goals mainly by funding and supporting other organisations and individuals".

This description incorporates a broad spectrum of organisations, including:

- ◆ large UK-wide funders based outside Scotland, such as [Comic Relief](#), [Esmee Fairbairn Foundation](#) and the [Wellcome Trust](#).
- ◆ large to medium sized Scotland-only funders based in Scotland such as the [Corra Foundation](#), [Life Changes Trust](#), [Robertson Trust](#) and [R S McDonald Trust](#)
- ◆ medium to small regional and local Scottish Trusts such as the [Edinburgh & Lothians Health Foundation](#), the [Gannochy Trust](#), the [Holywood Trust](#) and the [Shetland Charitable Trust](#).
- ◆ community trusts and foundations which encourage philanthropy and strengthen the voluntary sectors in the areas in which they operate – with [Foundation Scotland](#) being the national community trust for Scotland and local development trusts in a variety of communities across Scotland (see the [Development Trusts Association Scotland website](#)).
- ◆ corporate foundations such as the [Lloyd's Register Foundation](#), [British Gas Energy Trust](#), [SSE](#), [Bank of Scotland Foundation](#) and [Vodafone Foundation](#).

---

<sup>41</sup> Pharoah C, Walker C, Goddard, K (2017) *Giving Trends 2017*. Available at: [http://www.acf.org.uk/downloads/publications/ACF135\\_Foundation\\_Giving\\_Trends\\_2017\\_SP\\_FINAL.pdf](http://www.acf.org.uk/downloads/publications/ACF135_Foundation_Giving_Trends_2017_SP_FINAL.pdf)

There is no firm data on the number of trusts and foundations providing grants to organisations in Scotland. The Directory of Social Change's (DSC) online [Trustfunding](#) database holds regularly updated information on over 4,500 regional, national and international grant-makers that provide over £6 billion in funding in the UK annually. As of January 2018 it listed 2,611 grant-makers that offer funding to Scottish third sector organisations<sup>42</sup>.

It is worth noting that DSC's database does not typically include trusts that distribute less than £25,000 per annum and so the actual number of trusts/foundations funding in Scotland will be higher. SCVO's database classifies around 2,000 charities as grant making trusts but estimate that only 1000 of these "regularly make grants to organisations, accept applications, or have enough expenditure to be considered 'active'"<sup>43</sup> (note that these figures do not include 'closed' grantmakers or organisations from the wider UK or overseas that provide grants to the third sector in Scotland). There are around 6,300 organisations that "make grants, donations or gifts to organisations" registered with the Office of the Charity Regulator<sup>44</sup>

### 1.3.1.2 Lottery Funders

The Big Lottery Fund is the biggest lottery distributor, responsible for giving out half the money raised by the National Lottery for good causes. There are separate Big Lottery team and grants programmes in each of the four countries in the UK. [Big Lottery Fund Scotland](#) currently has a range of grants programmes open to applications:

- ◆ **Improving Lives** – grants of between £10,000 - £1 million for activity that helps people overcome difficulties and become more resilient.
- ◆ **Community-led activity** – grants of £10,000 - £150,000 to support communities to improve the places they live and the wellbeing of those most in need.
- ◆ **Community Assets** – grants of £10,000 - £1 million to help local communities to address specific inequalities or disadvantages through ownership of an asset.
- ◆ **Awards for All** – a partnership between Big Lottery, [SportScotland](#) and [Creative Scotland](#). Funding from £300 to £10,000 to support what matters to people and communities

---

<sup>42</sup> It should be noted that this figure represents a snapshot of the number of grant-makers with funds for which Scottish third sector organisations may be eligible, according to DSC's own research. This includes funders and funds which are Scotland-specific, UK-wide and international and does not necessarily equate to the actual amount of funding received by Scottish organisations.

<sup>43</sup> SCVO. *Insights for 2017: Grant-making trusts*. Available at <http://www.scvo.org.uk/wp-content/uploads/2017/11/Insights-Grant-Making-Trusts-2017-1.pdf>

<sup>44</sup> OSCR website. <https://www.oscr.org.uk/public/search-scottish-charity-register>

Since the Big Lottery Fund was set up in 2004 (Lottery funding began in 1995), around £0.9 billion has been spent in Scotland. In 2016/17 there were 1,511 grants made in Scotland, totalling around £75.8 million<sup>45</sup>.

The **Heritage Lottery Fund** distributes the share of National Lottery funding allocated to heritage projects. It has a range of grant programmes with grants from £3,000 to over £5 million offered. Since 1994 Heritage Lottery Fund has awarded around £7.7 billion in funding to over 42,000 projects. Its UK-wide grants budget for 2017-18 is £300m<sup>46</sup> (disaggregated data for Scotland was not available).

**People's Postcode Lottery** has been supporting charities across Britain since 2005. A minimum of 31% of the ticket price goes to charities and good causes. Players of People's Postcode Lottery have raised more than £255 million for charity. The money raised by players is awarded to good causes through 18 grant-giving trusts. Players also directly support a range of charities including [Oxfam](#), [Dogs Trust](#), [Maggie's](#) and [PDSA](#).

Three of these trusts hold two open application rounds for project based funding (£500-£20,000) each year.

- ◆ [Postcode Community Trust](#) (projects that benefit people's mental or physical wellbeing)
- ◆ [Postcode Local Trust](#) (play areas, green spaces, sustainable energy and conservation projects)
- ◆ [People's Postcode Trust](#) (projects that focus on the prevention of poverty, promotion of human rights, equal rights and conflict resolution)

One trust holds one open application round per year for charities to apply for up to £1,000,000 to deliver their 'dream' project in Great Britain.

[Postcode Dream Trust](#) gives charitable organisations across Great Britain the opportunity to think big, be ambitious and collaborate with other not-for-profit partners to deliver their dream project.

The other supported Trusts actively identify causes to support linked to their themes such as [Postcode Children Trust](#).

Funds from the Health Lottery are distributed to third sector organisations through the **People's Health Trust**. The Trust was set up to address health inequalities in Great Britain and create fairer places in which to grow, live, work and age.

---

<sup>45</sup> Big Lottery Fund. 2017. Annual Reports and Accounts 2016/17. Available at [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/630922/Big\\_Lottery\\_Fund\\_Annual\\_Report\\_and\\_Accounts\\_2016-17\\_Final\\_version\\_for\\_circulation.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/630922/Big_Lottery_Fund_Annual_Report_and_Accounts_2016-17_Final_version_for_circulation.pdf)

<sup>46</sup> Heritage Lottery Fund. 2017. *HLF/NHMF Business Plan 2017*. Available at <https://www.hlf.org.uk/hlfnhmf-business-plan-2017>

### 1.3.1.3 Social Investors

A Briefing Paper on Social Enterprise in Scotland<sup>47</sup> produced by [Community Enterprise](#) and the [Life Changes Trust](#) provides an overview of the types of organisations offering social investment in Scotland. These include:

- ◆ **Organisations offering grants and/or loans** – including independent trusts and foundations, lottery funding and organisations with a specific focus on social enterprise/investment such as [Firstport](#) and [Unltd](#).
- ◆ **Scottish Government** – social enterprises are eligible for a number of grant schemes offered by or administered on behalf of the Scottish Government. Previously this has included funding themed around, for example, community development, growing the social economy and social innovation (see below).
- ◆ **Organisations offering repayable finance** – repayable finance typically comes in the form of straightforward loans but also includes less common forms such as charitable bonds<sup>48</sup> and equity investments (investment through buying shares in a company). [Social Investment Scotland](#) is the main Scotland-only organisation offering repayable finance across Scotland. There are a variety of UK investors also offering repayable finance in Scotland including [Big Issue Invest](#), [Charities Aid Foundation](#), [Charity Bank](#) and [Triodos](#).
- ◆ **Micro-finance** – organisations providing micro loans to individuals, social enterprise and the third sector organisations such as [Grameen in the UK](#) and [WEvolution](#).

### 1.3.1.4 Funders in the Public Sector

#### Grants

The Scottish Government distributes funding through a range of grant programmes and also through fees paid for the delivery of commissioned services. Typically grant programmes are aligned to a particular policy aim and will therefore vary in terms of size and lifespan. Scottish Government grants may be administered by their Third Sector Unit, by particular government departments, by non-departmental public bodies (e.g. Creative Scotland or Scottish Natural Heritage) or by a nominated independent or semi-independent organisation (e.g. Big Lottery Fund; Corra Foundation; SCVO; Voluntary Action Fund).

---

<sup>47</sup> Life Changes Trust and Community Enterprise. 2017. *Briefing on Social Enterprise*. Forthcoming

<sup>48</sup> A tradeable loan between a charity or social enterprise and a group of social investors, typically borrowed over a fixed period of time at a fixed rate of interest. Bonds are typically unsecured and may have fewer restrictions than traditional banking facilities.



Current and recent Scottish Government funding programmes include:

- ◆ **Children, Young People, Families, Early Intervention and Adult Learning and Empowering Communities Fund** (administered by Corra Foundation)
- ◆ **Community Capacity and Resilience Fund** (administered by SCVO)
- ◆ **Climate Challenge Fund**
- ◆ **Empowering Communities Fund** (which included streams aimed at, for example, promoting social inclusion, tackling poverty and addressing local priorities)
- ◆ **Housing Voluntary Grant Scheme**
- ◆ **Scottish Land Fund** (to help communities take ownership of the land and buildings)
- ◆ **Section 10 funding scheme** (grants to support projects that contribute to the Scottish Government's priorities for social and community care)
- ◆ **Social Economy Growth Fund** (services and support for people experiencing poverty and disadvantage)
- ◆ **Social Entrepreneurs Fund.**
- ◆ **Social Innovation Fund** (funding to develop, test and scale up new ideas and solutions to tackle poverty and disadvantage)
- ◆ **Sports Facilities Fund**
- ◆ **Volunteer Support Fund**

Local authorities also offer grants for third sector organisations and, like Scottish Government grants, these are often linked to policy objectives (e.g. community development grants schemes, employability, arts and culture, etc.).

Grant funding from both the Scottish Government and local authorities has significantly decreased in recent years and most funding from the public sector is in the form of contractual agreements. Research conducted by SCVO found that in 2013 grants accounted for about 30% of public sector funding for the third sector (down from 82% in 2004)<sup>49</sup>. More recent data was not available.

### **Contracted services**

Public sector organisations may contract the third sector to carry out certain services in return for payment. This can be either payment for the provision of services to the contracting authority or payment for carrying out services on behalf of the contracting authority. Often contracts for the third sector are accompanied by Service Level Agreements – an agreement, in addition to the standard terms of the

---

<sup>49</sup> SCVO. *Briefing: public sector funding*. Available at <http://www.scvo.org.uk/long-form-posts/briefing-public-sector-funding/>

contract, that sets out the minimum quality standards that need to be met when delivering the service.

National policy has placed an emphasis on creating more opportunities for third sector organisations to deliver public services. For example, making contracts accessible to third sector organisations forms part of the Scottish Government's current Procurement Strategy<sup>50</sup> and Community Benefit Clauses, established by the Procurement Reform (Scotland) Act 2014<sup>51</sup>, require contracting authorities (under certain circumstances) to create the conditions for the third sector to deliver services.

As mentioned above, as of 2013 contractual funding agreements accounted for 70% of public sector funding to the third sector (see section 2.3 for details of overall spend).

### **1.3.1.5 European Union<sup>52</sup>**

The EU directly invests in Scotland through European Structural and Investment Funds (ESIFs). For the 2014-2020 programming period, Scotland has been allocated around £800 million in funding (not all of this amount will go to the third sector – data was unavailable on what percentage of ESIFs third sector organisations have typically received). This allocation is split between two ESIFs - European Regional Development Fund (ERDF) and the European Social Fund (ESF). The Scottish Government manages these funds and distribute them to lead partners, such as policy directorates (e.g. Children and Families Directorate or Fair Work, Employability and Skills Directorate), agencies (e.g. Scottish Enterprise or Scottish Natural Heritage) and local authorities, who distribute the funding between individual projects and organisations (including third sector organisations). For this programming period the funds for which third sector organisations are eligible fall under the strategic interventions of:

- ◆ Employability
- ◆ Social inclusion and Poverty Reduction
- ◆ Growing the Social Economy

The LEADER programme, which provides grant funding to third sector organisations as part of the Scottish Rural Development Programme, also receives funding from the EU. Third sector organisations can also bid for European funds directly (e.g. through applying to transnational research and development funds such as Horizon 2020).

---

<sup>50</sup> Scottish Government. 2016. Procurement Strategy January 2017 to March 2019. Available at <http://www.gov.scot/Resource/0051/00512641.pdf>

<sup>51</sup> Procurement Reform (Scotland) Act 2014. Available at <http://www.legislation.gov.uk/asp/2014/12/contents>

<sup>52</sup> SCVO. *Implications for Scotland and the third sector on leaving the EU*. Available at <http://www.scvo.org.uk/wp-content/uploads/PDFs/Implications-for-Scotland-and-the-third-sector-on-leaving-the-EU.pdf>

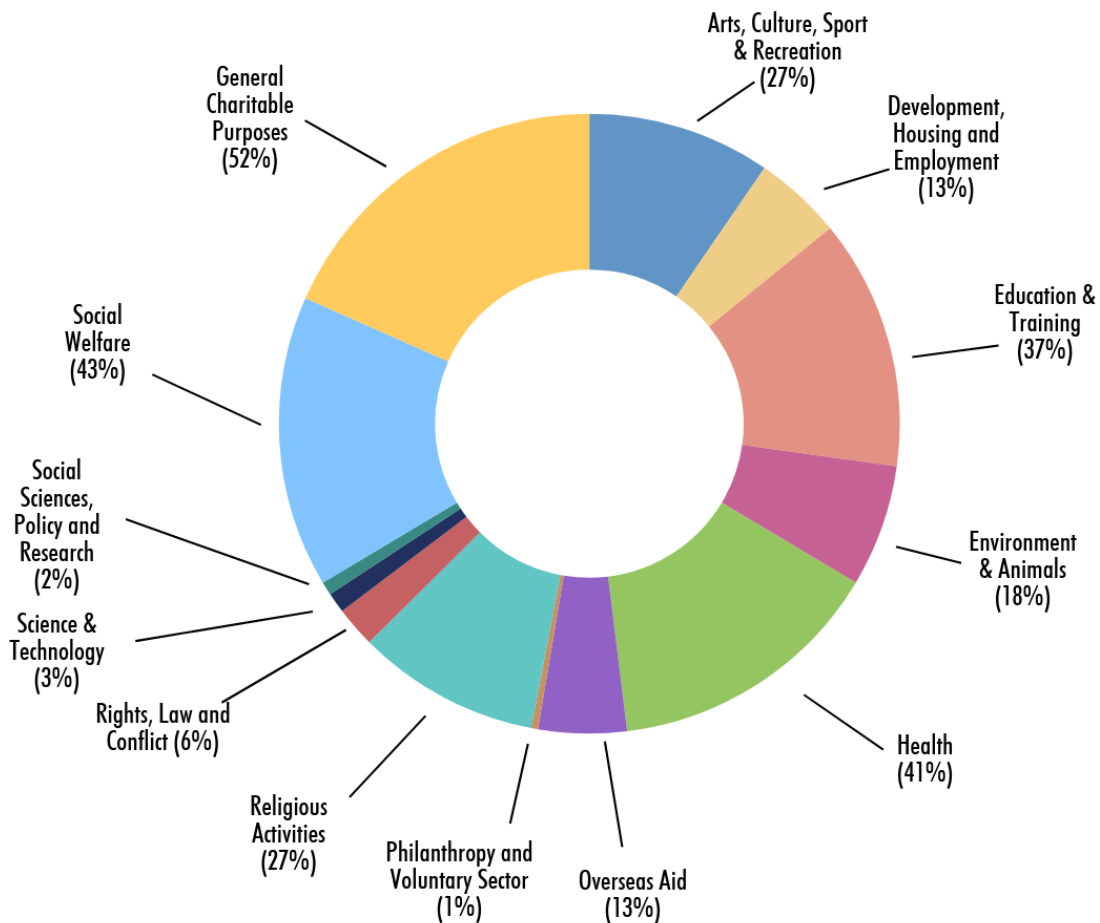
### 1.3.2 Causes Supported by Funders

Due to insufficient data it is difficult to reliably map the Scottish causes and beneficiaries supported by trusts and foundations. Data from the DSC Trustfunding database shows that, of the 2,611 trusts and foundations offering funding to Scottish organisations<sup>53</sup>, the most popular causes funded are in the categories of:

- ◆ Education and Training
- ◆ Health
- ◆ Social Welfare
- ◆ General Charitable Purposes.

**Causes supported by trusts and foundations providing funding to the third sector in Scotland**

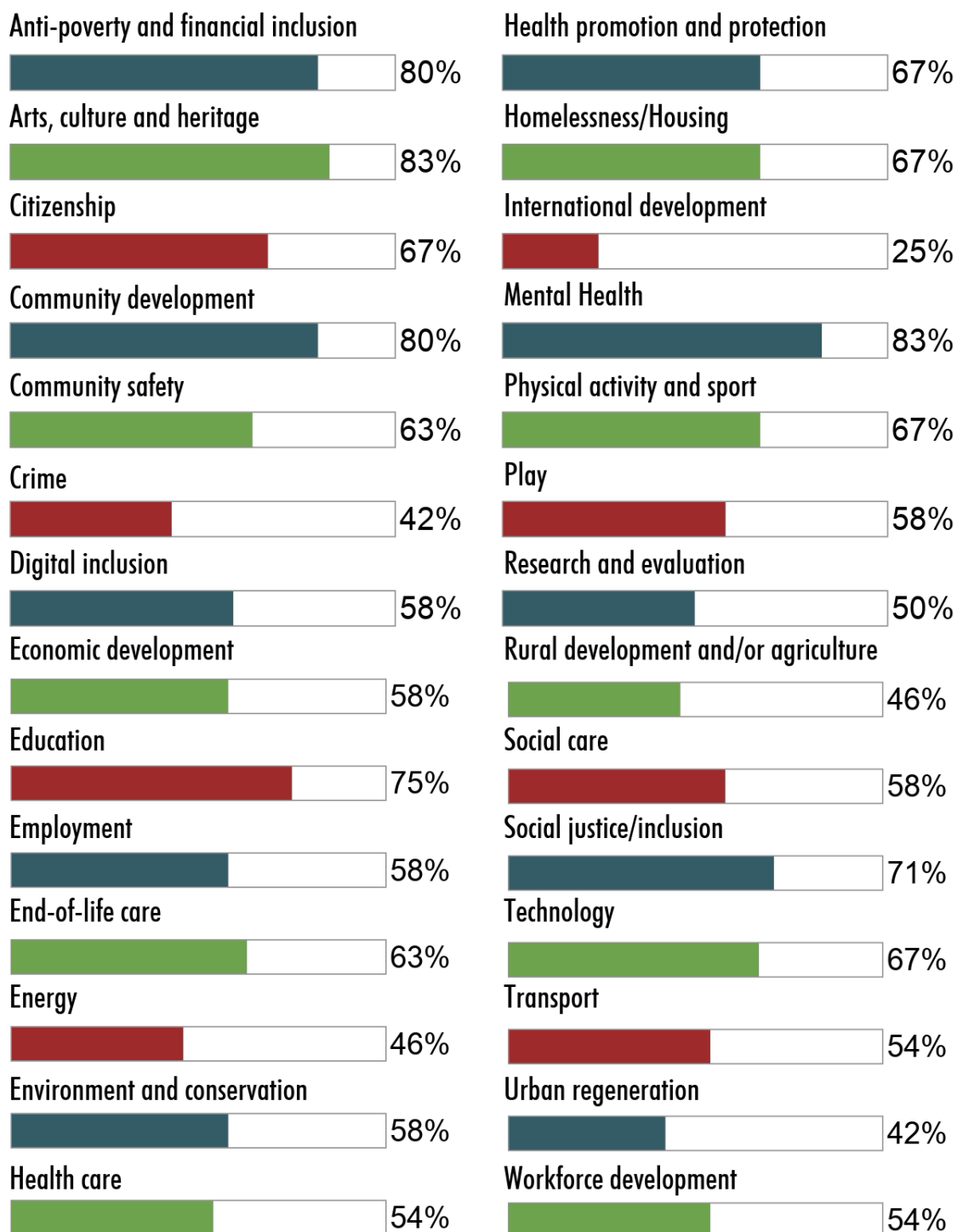
(source: DSC Trustfunding database)



<sup>53</sup> It should be noted again that this figure represents a snapshot of the number of grant-makers with funds for which Scottish third sector organisations may be eligible, according to DSC's own research

Responses to a Scotland Funders' Forum survey<sup>54</sup> (including responses from trusts and foundations, social investors and funders from the public sector) show support for causes as follows.

### Issues for which you can/do provide funding (either for specific groups or more widely)



<sup>54</sup> Scotland Funders' Forum. 2018. *Funding for the Future Survey Report*. Available [here](#). (data based on 24 responses)

### 1.3.3 Challenges and Opportunities

#### 1.3.3.1 Funders' experience of applications and reporting

The volume and quality of funding applications received by funders can vary substantially and this can be challenging for funders. Funders regularly report receiving a large number of funding applications, often disproportionate to the amount of funding being offered. 67% of respondents to a Scotland Funders' Forum survey<sup>55</sup> stated that there is too much demand for their funding (though several noted that this can vary across different funds) and 50% said that the number of funding applications received in 2015/16 represented an increase on the previous year.

Clearly, assessing large numbers of funding applications has an impact on the resources of funders (many funders have few staff to do this work) and can undermine their ability to develop relationships with potential awardees. It also leads to disappointed applicants who have usually spent considerable time (and money) on completing applications.

In terms of the quality of applications, some funders have identified several common challenges and areas for improvement for applicants<sup>56</sup>, for example:

- ◆ more focus from applicants on the 'why' as well as the "what"
- ◆ improved evidence of the need for the proposed activity
- ◆ improved compatibility of applications with stated funding criteria
- ◆ more innovation

Once funding has been awarded, funders can also face difficulties in getting information from funded-organisations on the difference the money has made<sup>57</sup>. Some of the challenges for third sector organisations around reporting have been noted in section 1.2 above. Some funders struggle to get monitoring and evaluation reports on time or the reports they receive are either of insufficient quality or do not include the information funders are seeking. Although understanding around monitoring and evaluation between funders and funded organisations is improving in Scotland, there are likely to be further improvement opportunities.

---

<sup>55</sup> Scotland Funder's Forum. *Funding for the Future Survey Report*. Forthcoming (data based on 24 responses)

<sup>56</sup> For example, see Paul Hamlyn Foundation. *Review of UK Grant-Making July 2017* [online]. Available from: <http://www.phf.org.uk/wp-content/uploads/2017/08/Review-of-UK-Grant-Making-Published-18-Aug-2017-1.pdf> or Kay, L., 2017. *Make your applications clearer, grant-seekers urged* [online], Third Sector. Available from: <http://www.thirdsector.co.uk/applications-clearer-grant-seekers-urged/fundraising/article/1434454>

<sup>57</sup> Evaluation Support Scotland, 2017. *Funders and Funded in Harmony: Where are we now?* Available from: [http://www.evaluationsupportscotland.org.uk/media/uploads/resources/hr\\_where\\_are\\_we\\_now\\_final.pdf](http://www.evaluationsupportscotland.org.uk/media/uploads/resources/hr_where_are_we_now_final.pdf)

### 1.3.3.2 Third sector organisations' views of funders

UK-wide research exploring the relationship between funders and third sector organisations has demonstrated that the third sector can often feel misunderstood by funders or report an imbalance of power in the relationship.

For example, over half of charities interviewed for the Smarter Grants Initiative believe they are more complex than funders understand<sup>58</sup>. 44% of respondents to a survey by Esmee Fairbairn and the Blagrave Trust<sup>59</sup> said that they were either unlikely to or would not tell a funder if they have a problem with them. A commonly cited reason for this was for fear of damaging the relationship – not wanting to “rock the boat”. The majority (around 60%) of respondents in the same survey said that they felt that they were responsible for initiating conversations and around 20% said that they would like funders to be both more approachable and better at listening to them.

### 1.3.3.4 Opportunities

Collaborative approaches to funding - as a response to the wider context and/or to improve the funder/awardee relationship, provide funders with opportunities for making their money go further. These include:

- ◆ **'Funding Plus'**<sup>60</sup> refers to ways in which funders provide awardees/potential awardees with additional support to help them increase their effectiveness, impact and sustainability. Examples include:
  - ◆ capacity building support to assist with improvements on key issues such as governance, delivery, communications, monitoring and evaluation, income generation
  - ◆ collaboration between funders and funded organisations to share learning and influence improvements to policy and or practice.

Funders may deliver 'Funding Plus' in several ways including:

- ◆ providing guidance themselves
- ◆ and/or providing additional funding to awardees so they can purchase the support they need
- ◆ and/or linking awardees to sources of third party support.

---

<sup>58</sup> Smarter Grants Initiative. *Annual Report 2017*. Available at: <http://smartergrantsawards.org/the-report/>

<sup>59</sup> Cadiou-Horsley, L., 2017. *Listening for Change - Two Sides of the Same Coin: The relationship between funders and social purpose organisations* [online], Esmée Fairbairn Foundation; The Blagrave Trust. Available from: <https://esmeefairbairn.org.uk/userfiles/Documents/Publications/Listening-for-Change-Full-Report-and-annexes.pdf> (it should be noted that most respondents to the survey were from London & SE England)

<sup>60</sup> For example, see Cairns, B., *et al.*, 2011. *Beyond money: A study of funding plus in the UK* [online], Institute for Voluntary Action Research. Available from: [https://www.trustforlondon.org.uk/documents/112/Beyond\\_money\\_report.pdf](https://www.trustforlondon.org.uk/documents/112/Beyond_money_report.pdf)

However, as noted at the Funding for the Future conference, both funders and funded organisations need to manage expectations around 'Funding Plus' – not all funders will have the capacity to do it effectively.

- ◆ **Participatory Budgeting/Participatory Grant-making**<sup>61</sup> - this involves giving local communities or communities of interest a say in how money (e.g. a grant fund or public budget) is spent by directly involving them in decision-making processes. This approach can address power imbalances, offer legitimacy to funding decisions, increase diversity in decision-making and, because it utilises the expertise of those close to the issue, make funding more effective.
- ◆ **Place-based funding**<sup>62</sup> – this term is used to describe approaches focusing on a particular geographic area (region, city or smaller). It can range from the decision to fund only in a specified area to a more holistic, long-term collaboration, aimed at achieving significant change in a defined locality, involving partnerships with local stakeholders and other funders. Place-based funding can be used to:
  - ◆ target a particular issue or group
  - ◆ target areas with high levels of deprivation or significant socio-economic challenges
  - ◆ target areas that have not previously received a lot of funding
  - ◆ test a new model or innovative approach to a particular issue
  - ◆ respond to changes to the financial/policy environment in a given area.
- ◆ **Funder collaboration**<sup>63</sup> – this includes a spectrum of activities, from informal sharing of information and learning to more formal arrangements where funding partners share in planning, resourcing and monitoring of a particular project or fund. Depending on the specific arrangements, funder collaboration can present a range of benefits, including:
  - ◆ improving scale, reach, efficiency and potentially impact through linked or pooled funding and resources
  - ◆ creating opportunities to for more systemic improvements by leveraging additional resources and “buy-in” and involving wider stakeholders
  - ◆ sharing financial, reputational and other risks.

---

<sup>61</sup> For example, see The Edge Fund (<https://edgefund.org.uk/>) and Participatory Budgeting Scotland (<https://pbscotland.scot/>).

<sup>62</sup> For example see Institute for Voluntary Action Research's work on place-based funding (<https://www.ivar.org.uk/research-projects/place-based-funding/>)

<sup>63</sup> Grantcraft (2010) *Funder Collaboratives: Why and How Funders Work Together*. Available at: [http://www.grantcraft.org/assets/content/resources/funder\\_collaboratives\\_secure.pdf](http://www.grantcraft.org/assets/content/resources/funder_collaboratives_secure.pdf)

## Section 2: Overview of funding for third sector organisations in Scotland

---

Currently there is little accessible data on funding in Scotland specifically. While there are a variety of UK sources of funding data, these rarely provide Scottish-specific data. This is an information gap that the Scotland Funders' Forum hopes it can help to fill in the years ahead.

### 2.1 Grants

#### 2.1.1 Trusts and Foundations

The [Association of Charitable Foundations](#) produces an annual report on the finances and contribution of the top 300 philanthropically funded foundations in the UK, defined as charitable grant-makers that:

- ◆ derive income almost entirely from private, philanthropic sources such as personal/family wealth or corporations (including endowments)
- ◆ devote 50% or more of their charitable spending to making grants
- ◆ are principally grant-making rather than operating or providing direct services
- ◆ are not set up to support a single institution/beneficiary or cause
- ◆ are the largest by value of grant-making.

These top 300 foundations contribute roughly two fifths of the total grants spending of all charitable foundations in the UK. ACF's Foundation Giving Trends 2017 report<sup>64</sup> estimated the grant spending of the top 300 foundations in 2015/16 to be £6.5 billion. As mentioned above, the top 300 philanthropically funded foundations does not include those established to support a single institution/beneficiary/cause, nor does it include publicly or member-funded grant-makers – the Big Lottery Fund being a notable exclusion. ACF estimated that single institution/beneficiary/cause foundations account for 18% of total foundation grants spending in the UK and the Big Lottery Fund accounts for around 11%.

Other key figures from Giving Trends 2017 include:

- ◆ Total foundation spending by the top 300 foundations has risen by 11% from 2014/15 to 2015/16.
- ◆ Grant-making by the top 300 foundations reached a record high for the second year totalling £2.9 billion – growth of 12% compared to 2014/15

---

<sup>64</sup> Pharoah C, Walker C, Goddard, K. 2017. *Giving Trends 2017*. Association of Charitable Foundations. Available at: [http://www.acf.org.uk/downloads/publications/ACF135\\_Foundation\\_Giving\\_Trends\\_2017\\_SP\\_FINAL.pdf](http://www.acf.org.uk/downloads/publications/ACF135_Foundation_Giving_Trends_2017_SP_FINAL.pdf)



- ◆ The top 50 corporate foundations<sup>65</sup> gave grants totalling £269 million, an annual growth of 9% in real terms. Over the last five years, corporate foundation grant funding has increased by 35%.
- ◆ At least 10% of the top 300 foundations make social investments.

New Scottish foundations featured in the top 300 included The Dundard Fund 2016, which has been recently registered as a charitable company. It saw gifts of over £30m in 2016, which allowed grant-making to increase to nearly £6.3m. The fund has given over £20m to the arts in Scotland, including £8m to the Edinburgh International Festival.

The Robertson Trust was placed 29th on the list, having distributed £16.69m. Other Scottish funders featured include the Lloyds TSB Foundation for Scotland (now the Corra Foundation), which gave £2.7 million, and the Carnegie Trust (£2.45 million).

Research carried out by the Directory of Social Change in 2015<sup>66</sup> estimated that 69% of the funding provided by UK trusts and foundations was designated as being UK-wide but there is not data on the extent to which this reached beneficiaries in Scotland. The same report found that Scotland only received around 4% of the funding given out by UK trusts and foundations; if such funding was proportionate to the Scottish population, this should be closer to 10%. Within Scotland, 75% of the funding awarded was available Scotland-wide. However, we are aware that for a number of reasons, this is not evenly distributed across Scotland with some local authority areas receiving disproportionately less funding, often referred to as "cold spots".

As the above data is for the UK as a whole and does not generally disaggregate spending in Scotland beyond a few headline figures, it is difficult to draw any conclusions about how much Trust and Foundation funding is available to the third sector in Scotland. Nor is it possible to calculate how much of this funding is actually distributed to Scottish organisations. However, SCVO estimates that in 2016 around £300m in grant funding was distributed to Scottish organisations by trusts and foundations<sup>67</sup>.

[360Giving](#) has created the 360Giving Standard to support UK grant-makers to publish information on who, where (including postcode) and what they fund in an open, standardised format. This tool has the potential to help fill some these gaps in data but only 55 funders UK-wide have published their funding data on 360Giving so far meaning that it currently provides a snapshot of the sector. As more funders

---

<sup>65</sup> Foundations established and funded by the corporate sector, through company endowments, covenants or annual gifts.

<sup>66</sup> Traynor, T. and Walker, C., 2015. *Sector Insight: UK Grant-making Trusts and Foundations*. London, Directory of Social Change. (findings are based on survey responses from a sample of 2,497 grant-making charities which, according to DSC, represents about 88% of all grant-giving in the UK and the financial data is taken from the most recent annual accounts available at the time of writing).

<sup>67</sup> MacKinnon, I. 2017. *Building on strong foundations: charitable trusts gave £300m last year (SCVO blog)*. Available at <http://www.scvo.org.uk/blog/building-on-strong-foundations-charitable-trusts-gave-300m-last-year/>

begin to use the Standard, the more useful it will become for mapping funding trends.

The Scotland Funders' Forum will also explore with the Association of Charitable Foundations how its UK-wide members might be supported to clarify their funding in Scotland in future

### 2.1.2 Scottish Government and Local Authorities

Research conducted by SCVO in 2014<sup>68</sup> reported that the squeeze on public finances and predicted spending cuts were starting to have an impact, with more expected to follow. Government funding to the third sector fell from £1.87 billion in 2010 to £1.68 billion in 2013 – a drop of £185 million or 10% in cash terms. And when inflation was taken into account, this represented a reduction in real terms of £376m or a cut of 18%.

At that time, therefore, the sector was receiving only 34% of its funding from the public sector, down from 42% in 2010, making it less reliant on this type of funding.

The briefing stated that local authorities accounted for half of the third sector's statutory income in 2013, providing almost £850 million. The Scottish Government was the second largest funder, its funding of £334 million accounting for 20%. The remainder came from non-departmental public bodies, the NHS and the UK Government.

Half of the reduction in public sector funding was attributable to local authority funding cuts, with the other half due to cutbacks by other statutory funders. The sector was seeing a continuing move from small, no strings-attached grants to large contracts and service level agreements. And cuts to small grants programmes were mainly impacting negatively on small and medium sized organisations, though larger contracts were being cut too.

The Scottish Government Third Sector Unit has provided the following information to the authors on current and future spending commitments to the third sector.

- ◆ Funding for the core Third Sector budget for 2017/18 has been protected at £24.5 million
- ◆ Funding from the Third Sector Budget will be invested in the capacity and growth of social enterprises across Scotland as part of the new, ten year strategy for social enterprise<sup>69</sup>

<sup>68</sup> SCVO (2014) Third Sector funding and Spending. Available at [http://www.scvo.org.uk/wp-content/uploads/2016/03/third\\_sector\\_funding\\_and\\_spending\\_november\\_2014.pdf](http://www.scvo.org.uk/wp-content/uploads/2016/03/third_sector_funding_and_spending_november_2014.pdf)

<sup>69</sup> For more information on social enterprise policy and funding in Scotland, see Life Changes Trust and Community Enterprise. 2017. *Briefing on Social Enterprise*. Forthcoming.

- ◆ The Social Entrepreneurs Fund will receive £1 million each year for the next three years.
- ◆ The Volunteering Support Grant will be made available over the next four years to create new and better volunteering projects with a focus on encouraging disadvantaged and disabled people into volunteering.
- ◆ New investment of £1.9 million has been made available over the period from 2017 to 2020 to tackle poverty and to mitigate UK Government welfare changes.
- ◆ The £20 million Empowering Communities Fund (established in 2015) aims to ensure that communities are well equipped and supported to deliver long term solutions that tackle poverty and inequality on their own terms.
- ◆ The Scottish Government are also providing three year funding to all organisations benefiting from the Equality Budget up until 31 March 2020. £20.3 million is currently being invested from this budget over 2017-18 to support a range of projects and initiatives

The Scottish Government has also committed to:

- ◆ Taking steps to consolidate voluntary sector funding into single grant funds to provide greater clarity to applicants,
- ◆ A transparent and fair basis for the extension of core funding by seeking to extend three-year rolling funding where possible,
- ◆ Introducing a system across Government that highlights when funding is due to end to provide greater clarity for the sector and to enable better planning for the longer term, and
- ◆ Working on ways to track third sector spend across the whole of Government.

In the absence of any central source of information on local authority spending, members of the Scottish Local Authority External Funding Officers Group (SLOG) were asked by the group's Chair to give an indication of their spending on the third sector in their areas in 2017/18. As of February 2018, 16 of 32 members had provided data, showing a combined total spend of £56,478,747. It should be noted that some members included contracts and services in the figures they provided, while others did not and some did not provide a breakdown of their total spend. The information supplied by SLOG members forms Appendix A to this briefing paper.

### 2.1.3 UK Government

The UK Government has advised that it is possible that some of their departments may be funding the third sector in Scotland in relation to reserved matters. However, this information would have to be sought from each department individually and is therefore not readily available. It is understood that a Government Grants Information System (GGIS) is being developed on which all UK Government departments will, in future, load data on the grants they make, thereby helping transparency.

## 2.2 Loans

More work is required to map the landscape of social investment funding available in Scotland<sup>70</sup>. Whilst social enterprise in Scotland is well researched, less is known about the overall number of organisations providing social investment funding and support in Scotland, the total amount that they invest each year or the sectors that they fund.

[Big Society Capital](#), an organisation that connects social investment to charities and social enterprises in the UK, estimated that at the end of 2015 social investments in the UK were worth at least £1,500m. It also estimated that there were around 3,500 different social investments outstanding (in the process of being repaid) in the UK at the end of 2015, meaning that at least 3,000 different charities/social enterprises were benefitting from social investment.<sup>71</sup> Given the uneven allocation of grant funding across the UK (see above) we cannot assume that Scotland receives a proportionate share of this funding.

---

<sup>70</sup> This was a recurring theme throughout discussions at the Life Changes Trust's social investment seminar, held in April 2017 (report forthcoming).

<sup>71</sup> Robinson, M., 2016. *Social Investments Insight Series: The size and composition of social investment in the UK* [online], Big society Capital. Available from: [https://www.bigsocietycapital.com/sites/default/files/attachments/The%20size%20of%20and%20composition%20of%20social%20investment%20in%20the%20the%20UK\\_3.pdf](https://www.bigsocietycapital.com/sites/default/files/attachments/The%20size%20of%20and%20composition%20of%20social%20investment%20in%20the%20the%20UK_3.pdf)

## 2.3 Contracted Services

The volume and overall all spend on contracted services from the third sector is another area where data is unfortunately currently insufficient. SCVO data from 2013<sup>72</sup> estimated that the public sector spend around £1,173 billion on services from the third sector. As noted in section 1.3, this represents a significant increase in the share of all public sector funding to the third sector:

Year	Contracts	Grants	% Contracts	% Grants
2013	£1,173,000,000	£511,200,000	70%	30%
2012	£1,167,000,000	£482,600,000	71%	29%
2010	£1,026,300,000	£839,700,000	55%	45%
2007	£576,000,000	£672,000,000	46%	54%
2004	£208,000,000	£960,000,000	18%	82%

Source: SCVO

<sup>72</sup> SCVO. *Briefing: public sector funding*. Available at <http://www.scvo.org.uk/long-form-posts/briefing-public-sector-funding/>

## References/Sources of Information

---

### Section 1: Context

#### 1.1 Policy and practice context

- Association of Charitable Foundations, 2017. *ACF launches Stronger Foundations Project to develop leading grant-making practice* [online], Association of Charitable Foundations. Available from: <http://www.acf.org.uk/news/acf-launches-stronger-foundations-project-to-develop-leading-grant-making-p>
- Audit Scotland, 2016. *Local government in Scotland: Financial overview 2015/16*. Available from [http://www.audit-scotland.gov.uk/uploads/docs/report/2016/nr\\_161129\\_local\\_government\\_finance\\_0.pdf](http://www.audit-scotland.gov.uk/uploads/docs/report/2016/nr_161129_local_government_finance_0.pdf)
- Audit Scotland, 2017. *Local government in Scotland: Performance and challenges 2017*. Available from [http://www.audit-scotland.gov.uk/uploads/docs/report/2017/nr\\_170307\\_local\\_government\\_performance\\_0.pdf](http://www.audit-scotland.gov.uk/uploads/docs/report/2017/nr_170307_local_government_performance_0.pdf)
- Audit Scotland, 2017. *NHS in Scotland 2017*. Available from [http://www.audit-scotland.gov.uk/uploads/docs/report/2017/nr\\_171026\\_nhs\\_overview.pdf](http://www.audit-scotland.gov.uk/uploads/docs/report/2017/nr_171026_nhs_overview.pdf)
- Charities Aid Foundation, 2017. *Scotland Giving 2017* [online], Charities Aid Foundation. Available from: <https://www.cafonline.org/docs/default-source/about-us-publications/2254-caf-scotland-giving-2017.pdf>
- Charities Aid Foundation, 2017. *Social Landscape 2017: The state of charities and social enterprises going into 2017* [online]. Available from: <https://www.cafonline.org/docs/default-source/about-us-publications/social-landscape-2017.pdf>
- Charities Aid Foundation, 2017. *Strong and Stable for the Many, not the Few: The role of charities in the Brexit Parliament* [online], Charities Aid Foundation. Available from: <https://www.cafonline.org/docs/default-source/about-us-policy-and-campaigns/strong-and-stable-for-the-many-not-the-few.pdf>
- Charities Aid Foundation, 2017. *UK Giving 2017* [online], Charities Aid Foundation. Available from: <https://www.cafonline.org/docs/default-source/about-us-publications/caf-uk-giving-web.pdf?sfvrsn=8>
- Centre for Regional Economic and Social Research. 2016. *The Impact on Scotland of the New Welfare Reforms*. Available at <http://www4.shu.ac.uk/research/cresr/sites/shu.ac.uk/files/impact-scotland-new-welfare-reform.pdf>

Christie Commission on the Future Delivery of Public Services. Available at <http://www.gov.scot/Resource/Doc/352649/0118638.pdf>

Community Development Alliance Scotland, 2017. *A Scottish Commitment to Community Development?: Possible Recommendations* [online], Community Development Alliance Scotland.  
Available from: <https://www.communitydevelopmentalliancescotland.org/wp-content/uploads/Key-Asks-draft.pdf>

COSLA website. Available at <http://www.cosla.gov.uk/documents>

Davidson Knight A., Lowe T., Brossard M. and Wilson J. 2017. *A Whole New World: Funding and Commissioning in Complexity*. Available at: <http://wordpress.collaboratei.com/wp-content/uploads/A-Whole-New-World-Funding-Commissioning-in-Complexity.pdf>

Fraser of Allander Institute, 2017. *Scotland's Budget Report 2017* [online].  
Available from: <https://www.sbs.strath.ac.uk/economics/fraser/20170926/Scotlands-Budget-2017.pdf>

Hoare G, Shea J and Murray P. 2017. *Charities Taking Charge: Transforming to face a changing world*. Available at: <http://www.thinknpc.org/publications/charities-taking-charge/>

House of Lords Select Committee on Charities, 2017. *Stronger charities for a stronger society* [online]. Westminster, House of Lords.  
Available from: <https://www.publications.parliament.uk/pa/ld201617/ldselect/ldchar/133/133.pdf>

Improvement Service website. Available at <http://www.improvementservice.org.uk/research.html>

Improvement Service, 2017. *Local Government Benchmarking Framework: National Benchmarking Overview Report 2015/16* [online], Improvement Service.  
Available from: [http://www.improvementservice.org.uk/benchmarking/documents/2017\\_Overview\\_Report.pdf](http://www.improvementservice.org.uk/benchmarking/documents/2017_Overview_Report.pdf)

Joseph Rowntree Foundation. 2017. *A Minimum Income Standard for the UK in 2017*. Available at <https://www.jrf.org.uk/report/minimum-income-standard-uk-2017>

Life Changes Trust. *External Environment Schedule* (internal Life Changes Trust document, can be made available on request).

Mair, C. 2017. *Presentation to the Scottish Grantmakers Conference*. Improvement Service.

NCVO. 2017. *Civil Society Almanac 2017*. Available at: <https://data.ncvo.org.uk/>

PricewaterhouseCoopers, 2017. *No more small change: the future charity challenge* [online], PricewaterhouseCoopers.  
Available from: <http://www.pwc.co.uk/charities/assets/pdf/pwc-consulting-charity-soundbite.pdf>

Public Bodies (Joint Working) (Scotland) Act 2014. Available from <http://www.legislation.gov.uk/asp/2014/9/contents/enacted>

Scottish Government website. Available at <http://www.gov.scot/Topics>

Scottish Government, 2011. *2020 Vision for Health and Social Care*. Available from <http://www.gov.scot/Topics/Health/Policy/2020-Vision>

Scottish Government. 2017. *Poverty and Income Inequality in Scotland: 2015/16*. Available at <http://www.gov.scot/Resource/0051/00515392.pdf>

Scottish Government. 2017. *Scotland's Place in Europe: People, Jobs and Investment*. Available at <http://www.gov.scot/Resource/0053/00530160.pdf>

Scottish Parliament Information Centre. *Brexit Hub*. Available at <https://scottishparliamentinformationcentre.org/uk-decision-to-leave-the-european-union-hub/>

Scottish Parliament Information Centre. 2016. *Child and Adolescent Mental Health – Trends and Key Issues*. Available at [http://www.parliament.scot/ResearchBriefingsAndFactsheets/S5/SB\\_16-76\\_Child\\_and\\_Adolescent\\_Mental\\_Health\\_Trends\\_and\\_Key\\_Issues.pdf](http://www.parliament.scot/ResearchBriefingsAndFactsheets/S5/SB_16-76_Child_and_Adolescent_Mental_Health_Trends_and_Key_Issues.pdf)

Scottish Parliament Information Centre. 2017. *Earnings in Scotland: 2017*. Available at <https://sp-bpr-en-prod-cdn.azureedge.net/published/2017/11/21/Earnings-in-Scotland--2017/SB%2017-80.pdf>

Scottish Public Health Observatory alcohol data. Available at <http://www.scotpho.org.uk/behaviour/alcohol/data/data-introduction/>

Scottish Public Health Observatory dementia profile. Available at <http://www.scotpho.org.uk/health-wellbeing-and-disease/mental-health/data/dementia/>

Scottish Public Health Observatory. 2017. *Obesity and health inequalities in Scotland: summary report*. Available at <http://www.scotpho.org.uk/media/1154/scotpho170727-obesity-and-health-inequalities-in-scotland-summary-report.pdf>

SCVO Website, available at <http://www.scvo.org.uk/news-campaigns-policy/>



SCVO, 2017. *Third Sector Forecast for 2017* [online], SCVO.

Available from: <http://www.scvoevidencelibrary.org.uk/Home/ReadResearchItem.aspx?f=h&rid=1576>

SCVO. 2017. *Local Funding Survey 2017*. Available at: <http://www.scvo.org.uk/wp-content/uploads/PDFs/Local-funding-survey.pdf>

## 1.2 Third Sector in Scotland

Association of British Credit Unions Limited (Scotland). *Website*.

Available from: <http://www.abcultscotland.coop/home>

Cadiou-Horsley L. 2017. *Listening for Change - Two Sides of the Same Coin: The relationship between funders and social purpose organisations*. Available at: <https://esmeefairbairn.org.uk/userfiles/Documents/Publications/Listening-for-Change-Full-Report-and-annexes.pdf>

Davidson Knight A, Lowe T, Brossard M and Wilson J (2017) *A Whole New World: Funding and Commissioning in Complexity*. Available at: <http://wordpress.collaboratei.com/wp-content/uploads/A-Whole-New-World-Funding-Commissioning-in-Complexity.pdf>

Evaluation Support Scotland. 2017. *Funders and Funded in Harmony: Where are we now?* Available at: [http://www.evaluationsupportscotland.org.uk/media/uploads/resources/hr\\_where\\_are\\_we\\_now\\_final.pdf](http://www.evaluationsupportscotland.org.uk/media/uploads/resources/hr_where_are_we_now_final.pdf)

House of Lords Select Committee on Charities. 2017. *Stronger charities for a stronger society*. Available at: <https://www.publications.parliament.uk/pa/ld201617/ldselect/ldchar/133/133.pdf>

Life Changes Trust. *Awardee Survey 2017 Report*. Forthcoming

MacKinnon, I. 2017. *Building on strong foundations: charitable trusts gave £300m last year (SCVO blog)*. Available at <http://www.scvo.org.uk/blog/building-on-strong-foundations-charitable-trusts-gave-300m-last-year/>

Mackinnon, I. 2017. *New UK Almanac highlights importance of earned income (SCVO blog)*. Available at: <http://www.scvo.org.uk/blog/new-uk-almanac-highlights-importance-of-earned-income/>

NCVO. 2017. *Civil Society Almanac 2017*. Available at: <https://data.ncvo.org.uk/>

OSCR website. Available at <https://www.oscr.org.uk/>

Regulator of Community Interest Companies, 2017. *Annual Report 2016/17*. Available from: [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/630211/cic-17-2community-interest-companies-annual-report-2016-2017.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/630211/cic-17-2community-interest-companies-annual-report-2016-2017.pdf)

RF Associates (2017) *Project: Path to Impact – Initial Findings*. Available at: <https://www.acosvo.org.uk/sites/default/files/Path%20to%20Impact%20Interim%20ReportMay2017.pdf>

Scottish Government. 2016. *Scotland's Social Enterprise Strategy 2016-2026* [online]. Available at <http://www.gov.scot/Resource/0051/00511500.pdf>

Scottish Government. 2017. *Building a Sustainable Social Enterprise Sector in Scotland: Action Plan 2017-20* [online]. Available at <http://www.gov.scot/Resource/0051/00516611.pdf>

SCVO. 2017. *Local Funding Survey 2017*. Available at: <http://www.scvo.org.uk/wp-content/uploads/PDFs/Local-funding-survey.pdf>

SCVO. 2017. *Third Sector Forecast for 2017*. Available at: <http://www.scvoevidencelibrary.org.uk/Home/ReadResearchItem.aspx?f=h&rid=1576>.

SCVO. *Scottish Third Sector Statistics*. Available at <http://www.scvo.org.uk/news-campaigns-and-policy/research/scvo-scottish-third-sector-statistics/>

Smarter Grants Initiative. *Annual Report 2017*. Available at: <http://smartergrantsawards.org/the-report/>

Social Enterprise in Scotland Census 2017. Available at <http://www.socialenterprisescotland.org.uk/files/4de870c3a3.pdf>

Social Investment Scotland. *Social Impact Report 2017*. Available at <http://www.socialinvestmentscotland.com/social-impact-report-2017/>

### 1.3 Funders

Big Lottery Fund. 2017. *Annual Reports and Accounts 2016/17*. Available at [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/630922/Big\\_Lottery\\_Fund\\_Annual\\_Report\\_and\\_Accounts\\_2016-17\\_Final\\_version\\_for\\_circulation.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/630922/Big_Lottery_Fund_Annual_Report_and_Accounts_2016-17_Final_version_for_circulation.pdf)

Cadiou-Horsley, L. 2017. *Listening for Change - Two Sides of the Same Coin: The relationship between funders and social purpose organisations*. Available at: <https://esmeefairbairn.org.uk/userfiles/Documents/Publications/Listening-for-Change-Full-Report-and-annexes.pdf>

Cairns, B., *et al.*, 2011. *Beyond money: A study of funding plus in the UK* [online], Institute for Voluntary Action Research. Available from:  
[https://www.trustforlondon.org.uk/documents/112/Beyond\\_money\\_report.pdf](https://www.trustforlondon.org.uk/documents/112/Beyond_money_report.pdf)

Davidson Knight A, Lowe T, Brossard M and Wilson J (2017) *A Whole New World: Funding and Commissioning in Complexity*. Available at:  
<http://wordpress.collaboratei.com/wp-content/uploads/A-Whole-New-World-Funding-Commissioning-in-Complexity.pdf>

Edge Fund website. Available at <https://edgefund.org.uk/>

Esmée Fairbairn Foundation. 2017. *Learning from our Funding*. Available at:  
<https://www.esmeefairbairn.org.uk/userfiles/Documents/Publications/Learning%20InsightReport1.pdf>

Evaluation Support Scotland. 2017. *Funders and Funded in Harmony: Where are we now?* Available at:  
[http://www.evaluationsupportscotland.org.uk/media/uploads/resources/hr\\_where\\_are\\_we\\_now\\_final.pdf](http://www.evaluationsupportscotland.org.uk/media/uploads/resources/hr_where_are_we_now_final.pdf)

Grantcraft. 2010. *Funder Collaboratives: Why and How Funders Work Together*. Available at:  
[http://www.grantcraft.org/assets/content/resources/funder\\_collaboratives\\_secure.pdf](http://www.grantcraft.org/assets/content/resources/funder_collaboratives_secure.pdf)

Institute for Voluntary Action Research. *Place-based funding*. Available at  
<https://www.ivar.org.uk/research-projects/place-based-funding/>

Institute of Fundraising website. Available at <http://www.institute-of-fundraising.org.uk/guidance/research/>

Kail, A., Carrington, O., and Wharton, R. 2017. *More Than Grants: How funders can support grantee effectiveness* [online], New Philanthropy Capital. Available from: <https://www.thinknpc.org/publications/funders-grantee-effectiveness/>

Kail, A., *et al.*. 2017. *More Than Grants: How funders can use their influence for good* [online], New Philanthropy Capital. Available from: <https://www.thinknpc.org/publications/funders-influence-for-good/>

Kay, L., 2017. *Make your applications clearer, grant-seekers urged* [online], Third Sector. Available from: <http://www.thirdsector.co.uk/applications-clearer-grant-seekers-urged/fundraising/article/1434454>

Life Changes Trust and Community Enterprise. 2017. *Briefing on Social Enterprise*. Forthcoming

Participatory Budgeting Scotland website. Available at <https://pbscotland.scot/>

Paul Hamlyn Foundation. *Review of UK Grant-Making July 2017* [online].  
Available from: <http://www.phf.org.uk/wp-content/uploads/2017/08/Review-of-UK-Grant-Making-Published-18-Aug-2017-1.pdf>

Pharoah C, Walker C, Goddard, K. 2017. *Giving Trends 2017*. Association of Charitable Foundations. Available at:  
[http://www.acf.org.uk/downloads/publications/ACF135\\_Foundation\\_Giving\\_Trends\\_2017\\_SP\\_FINAL.pdf](http://www.acf.org.uk/downloads/publications/ACF135_Foundation_Giving_Trends_2017_SP_FINAL.pdf)

Procurement Reform (Scotland) Act 2014. Available at  
<http://www.legislation.gov.uk/asp/2014/12/contents>

Scotland Funder's Forum. 2018. *Funding for the Future Conference Report*. Available [here](#).

Scotland Funder's Forum. 2018. *Funding for the Future Survey Report*. Available [here](#).

Scottish Government. 2016. Procurement Strategy January 2017 to March 2019.  
Available at <http://www.gov.scot/Resource/0051/00512641.pdf>

SCVO. 2014. *Third Sector Funding and Spending*. Available at  
[http://www.scvo.org.uk/wp-content/uploads/2016/03/third\\_sector\\_funding\\_and\\_spending\\_november\\_2014.pdf](http://www.scvo.org.uk/wp-content/uploads/2016/03/third_sector_funding_and_spending_november_2014.pdf)

SCVO. *Briefing: public sector funding*. Available at <http://www.scvo.org.uk/long-form-posts/briefing-public-sector-funding/>

SCVO. *Implications for Scotland and the third sector on leaving the EU*. Available at  
<http://www.scvo.org.uk/wp-content/uploads/PDFs/Implications-for-Scotland-and-the-third-sector-on-leaving-the-EU.pdf>

SCVO. *Scottish Third Sector Statistics*. Available at <http://www.scvo.org.uk/news-campaigns-and-policy/research/scvo-scottish-third-sector-statistics/>

## Section 2: Overview of funding for third sector organisations in Scotland

### 2.1 Grants

360 Giving Standard funding data. Available at: <http://www.threesixtygiving.org/>.

MacKinnon, I. 2017. *Building on strong foundations: charitable trusts gave £300m last year (SCVO blog)*. Available at <http://www.scvo.org.uk/blog/building-on-strong-foundations-charitable-trusts-gave-300m-last-year/>

NCVO. 2017. *Civil Society Almanac 2017*. Available at: <https://data.ncvo.org.uk/>.

Pharoah C, Walker C, Goddard, K. 2017. *Giving Trends 2017*. Association of Charitable Foundations. Available at: [http://www.acf.org.uk/downloads/publications/ACF135\\_Foundation\\_Giving\\_Trends\\_2017\\_SP\\_FINAL.pdf](http://www.acf.org.uk/downloads/publications/ACF135_Foundation_Giving_Trends_2017_SP_FINAL.pdf)

The Good Exchange website. Available at <https://thegoodexchange.com/>

Traynor, T. and Walker, C., 2015. *Sector Insight: UK Grant-making Trusts and Foundations*. London, Directory of Social Change.

### 2.2 Loans

Life Changes Trust and Community Enterprise. 2017. *Briefing on Social Enterprise in Scotland*. Forthcoming, link to follow (includes latest data from Social Enterprise in Scotland Census).

Life Changes Trust and Community Enterprise. 2017. *Community and Micro Enterprise Practice Stories*. Forthcoming, link to follow.

Robinson, M., 2016. *Social Investments Insight Series: The size and composition of social investment in the UK* [online], Big society Capital. Available from: [https://www.bigsocietycapital.com/sites/default/files/attachments/The%20size%20of%20and%20composition%20of%20social%20investment%20in%20the%20the%20UK\\_3.pdf](https://www.bigsocietycapital.com/sites/default/files/attachments/The%20size%20of%20and%20composition%20of%20social%20investment%20in%20the%20the%20UK_3.pdf)

Social Investment Scotland website. Available at <http://www.socialinvestmentscotland.com/support-and-advice/>

### 2.3 Contracted Services

SCVO. *Briefing: public sector funding*. Available at <http://www.scvo.org.uk/long-form-posts/briefing-public-sector-funding/>

Report ends

## Appendix A: Data from Scottish Local Authority External Funding Officers Group members on third sector spending in 2017/18

Local Authority	Total Amount awarded in 2017/18 £	Comments
Aberdeen	£2,262,000	<ul style="list-style-type: none"> <li>• Common Good Fund - £472,000</li> <li>• Fairer Aberdeen Fund - £1,625,000</li> <li>• Culture Grants - £85,000</li> <li>• Crowdfunding - £10,000</li> <li>• Active Aberdeen Partnership - £70,000</li> </ul>
Angus	£82,217	<ul style="list-style-type: none"> <li>• Angus Community Grant Scheme £12,400</li> <li>• Crowdfunder £26,200</li> <li>• LEADER - £24,241</li> <li>• Scottish Landfill Community Fund £19,376</li> </ul>
East Ayrshire	£1,958,076	<ul style="list-style-type: none"> <li>• Community Grants £100,000</li> <li>• SLA's £1,718,076</li> <li>• PB £150,000</li> </ul>
East Dunbartonshire		
East Lothian	£2,457,109	<ul style="list-style-type: none"> <li>• TSI ( Strive) £28,359</li> </ul>
East Renfrewshire	£152,000	<ul style="list-style-type: none"> <li>• £18,000 Community Grant Funding and Community Council Funding</li> <li>• £134,000 Strategic Funding contribution towards the cost of voluntary or community organisations which can offer partnership of a strategic nature, in line with the Councils' key objectives.</li> </ul>
Fife	£12,234,828	Recurring grants (excludes Health and Social Care Awards and Non-Recurring Grant Awards)

Local Authority	Total Amount awarded in 2017/18 £	Comments
Glasgow	£28,000,000	Integrated Grants Fund
Highland	£1,555,363	3rd sector culture and leisure awards
Inverclyde		
Midlothian	£948,000	<ul style="list-style-type: none"> <li>• Small grants (up to 3k) £100k</li> <li>• PB Grants £40k</li> <li>• Large grants £680</li> <li>• Rental grants £128k</li> </ul>
North Lanarkshire	£1,315,236	<ul style="list-style-type: none"> <li>• Grant Awards Programme £860,847</li> <li>• Community Grants £189,814</li> <li>• Direct Service Awards 3rd Sector Interface (VANL) &amp; clubsportnl – total of £264,576</li> </ul>
Orkney	£1,136,900	
Shetland	£1,091,663	<ul style="list-style-type: none"> <li>• Community Grants £79,682</li> <li>• 3rd sector contracts £971,981</li> <li>• 3rd sector awards £40,000</li> </ul>
South Ayrshire	£567,634	<ul style="list-style-type: none"> <li>• PB events £554,000</li> <li>• TSI support £13,634</li> </ul>
South Lanarkshire	£1,979,000	<ul style="list-style-type: none"> <li>• Grant Awards Programme £1,300,000</li> <li>• Community Grants £159,367</li> <li>• Small Grants £100,000</li> <li>• Direct Service Awards 3rd Sector Interface – total of £395,605</li> </ul>

Local Authority	Total Amount awarded in 2017/18 £	Comments
Stirling	£161,740	<ul style="list-style-type: none"> <li>• 2 x community grants programmes - £76,740;</li> <li>• community events funding - £19,000;</li> <li>• community engagement funding for Community Councils - £20,000;</li> <li>• Hall Revenue Grants to support the running of halls and community centres - £46,000.</li> </ul> <p>These are the grants programmes with application process; in addition SLAs and Contracts which haven't been included.</p>
West Dunbartonshire	£576,981	
<b>Total</b>	<b>£56,478,747</b>	







The Scotland Funders' Forum is a gathering of funders in Scotland, including statutory bodies and independent grant making trusts, who are committed to best practice in funding the voluntary and community sector and to maximising the impact of funding for the benefit of Scotland. We come together to share information, to identify and address areas of common interest and to share best practice and learning.

<https://scotlandfundersforum.org.uk>



Established in 2000, the Association of Chief Officers of Scottish Voluntary Organisations (ACOSVO) is a membership organisation for third sector leaders and senior staff in Scotland. We have a growing membership of over 400 leaders and this membership ranges from those who lead smaller, community-based organisations to those who head up some of the largest charities in Scotland.

ACOSVO exists to support, strengthen and inspire leaders. We do this by providing a wide range of topical events, development opportunities and relevant services.

<https://www.acosvo.org.uk/>  
[office@acosvo.org.uk](mailto:office@acosvo.org.uk)

Published March 2018