

Stretched to the Limit: Scotland's Third Sector and the cost of living crisis





Contents

Summary	1
Introduction	2
Membership survey	3
Survey details - Respondents and limitations	3
Impacts of and on funding	3
Impact on services	5
Impact on staffing	8
Impact on volunteering	11
Impacts of operational costs	12
Confidence	14
Government support	15
Case Study 1: Centred Scotland	16
Context and organisation profile	16
Managing through the COVID-19 pandemic	16
Impact on services	16
Impact on staffing	17
Role of volunteers	18
Specific difficulties for rural organisations	19
Connections with and support for the third sector	19
The Cost of Cutting	20
Context	20
Case Study 2: Food Train Glasgow	20
Workshop Discussions	22
Conclusions	23
Recommendations	24
References	25
About the ALLIANCE	27

Summary

The ongoing cost of living crisis continues to have a deep impact on people and organisations across Scotland. A previous report by the ALLIANCE had described some of the difficulties facing disabled people, people living with long term conditions and unpaid carers, including limitations on the right to food and to equal participation in society.

These difficulties have been compounded as third sector organisations, which provide essential and irreplaceable support for people, have been facing their own challenges arising both directly from the cost-of-living crisis and from long term structural issues. By bringing together what the ALLIANCE heard through a membership survey, a conference workshop, and a detailed case study, this report offers a snapshot of the impacts of the crisis on our organisational members.

Funding, which was already insecure and often failed to keep pace with rising costs, has further been eroded by inflation. Organisations are struggling to offer staff adequate pay rises, exacerbating difficulties with retention as staff seek better pay in the public or private sectors. Some services are being reduced, redesigned, or cut entirely, yet demand has increased significantly. In the most difficult cases, organisations have been forced to give up office space or make redundancies to make ends meet. Confidence is at a low, and there is a consensus that all levels of government need to do more to support the third sector.

The ALLIANCE recommend that:

- The Scottish Government should progress commitments to fair funding for the third sector, in line with the SCVO definition, making fair funding including multi-year funding deals the norm by 2026.
- The Scottish Government should ensure that the Fair Work agenda goes beyond providing enough funding for organisations to pay the Real Living Wage, to pay that is comparable to equivalent statutory sector roles.
- The Scottish Government should provide tailored support for third sector organisations operating in rural Scotland, including reviewing the level of funding provided for transport costs.
- The UK Government should provide targeted support to the third sector for energy bills, and in the longer term work with energy providers to develop lower energy tariff arrangements for third sector organisations.
- Local Government and NHS commissioning should adopt a human rights based approach to procurement and grant funding, prioritising services which realise human rights and uphold dignity
- Both governments should invest in services that reduce demand for acute interventions from the public and third sectors, for example through additional social security support and home energy efficiency programmes, in line with the recommendations the ALLIANCE made in our 'Disabled people, unpaid carers and the cost of living crisis: Impacts, responses and long term solutions' report.

Introduction

In October 2022, the ALLIANCE published a report looking at people's experiences of the cost of living crisis, 'Disabled people, unpaid carers and the cost of living crisis: Impacts, responses and long term solutions.'¹ Through the engagement carried out to inform that report, we heard about the concerning situations people had been forced into, such as reducing food intake, limiting use of showers and wet rooms, and being unable to afford to charge powered wheelchairs to leave home.

These findings highlighted that the cost of living crisis has had a significant impact on the realisation of people's human rights, including the rights to food, health, independent living, and equal participation in society. To help address these impacts, we called for further significant investment in emergency cost of living payments in the short term, with longer term work to ensure the social security system is destigmatised and provides adequate support, alongside investment in renewables and a rebalancing of the economy to put less emphasis on simple GDP and more on wellbeing as a measure of success.

During the work on our report about individuals, we also heard about the increased pressure experienced by the third sector and how this was potentially further disrupting the support and services that individuals rely on to live their lives to the full. We considered that it would be worth investigating these organisational impacts in more detail. As such, this second report focuses on the impacts of the cost of living crisis on the ALLIANCE's organisational members. It brings together the findings from a membership survey, an in-depth case study, and a discussion session at the 2023 ALLIANCE Annual Conference, 'Strengthening Our Collective Voice'.²



Membership survey

Survey details - Respondents and limitations

Respondents: The survey was circulated amongst the ALLIANCE's 614 organisational members. The 54 respondents account for nearly 9% of the ALLIANCE's organisational membership.

This report conveys information provided on the current impacts of the cost of living crisis by a small sample of the ALLIANCE's organisational members and is not intended to be representative of the wider third sector. The survey was completed by a self-selecting sample, and members facing the greatest difficulties may have felt more strongly motivated to engage with the survey than those less impacted.

Impacts of and on funding

Has the cost of living crisis affected your organisation's funding in any of the following ways?



Reduction in fundraising capacity (e.g. donations, retail)



Reduction in funding (e.g. via grants)



Loss of contracts

Public sector funding

Scotland's third sector has been facing a difficult funding situation for several years now. As a whole, the sector has experienced a range of freezes, reductions and withdrawals of funding. This long-running problem has been exacerbated by the COVID-19 pandemic and now by the cost of living crisis. The Scottish Council for Voluntary Organisations (SCVO), the umbrella body for Scotland's third sector, has described the sector as being "overlooked", including in the Scottish Government 2022 Resource Spending Review that was intended to chart a course for public spending for several years.³ From responses to the ALLIANCE's survey, the following comment will be familiar to many third sector organisations:



Although we have been successful through an NHS tendering process, the total amount of cash given for the contract has not changed in 8 years, therefore it really has been a cut.

61% of respondents said they had experienced reductions in direct grant funding. Even where respondents were still receiving funding, they reported that there was no additional funding being offered despite the cost of living crisis:



Existing funders are not offering additional funding to charities to cover increased running costs due to the cost-of-living crisis.



Increases in cost that are not matched by our commissioned rates [which] is pushing us to the edge of sustainability.

Only a very small number of organisations (6%) said they had lost contracts entirely. Whilst this is a relatively reassuring figure, suggesting that organisations being commissioned to provide services are still generally maintaining those contracts, it must be understood in the context of funding pressures overall. Public sector commissioners may be renewing contracts, but without increasing the value to account for increased operation and delivery costs, which risks negative impacts on services.

Fundraising and other income generation

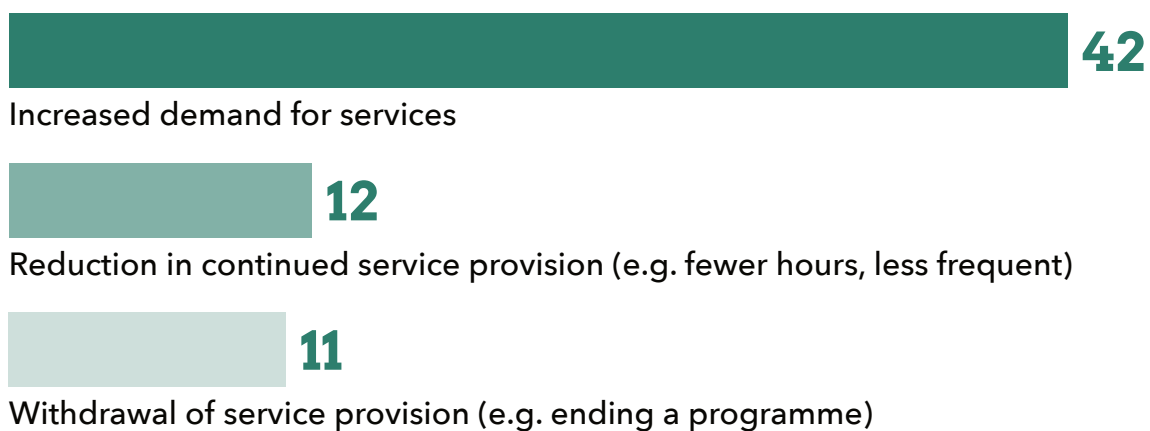
Overall, a clear majority (71%) of respondents reported a reduction in fundraising capability through areas such as donations and charity shops. Especially as the cost of living goes up for individuals, charity donations are an example of a non-essential expense that people may choose to forego. One detailed response noted that people were still giving to an organisation they felt a benefit from, which may suggest that organisations with close links to their communities may be able to count on at least some degree of continued support from individual donors.



We are still receiving donations, however, we are aware that our community are putting more thought into their giving. We have had people telling us they have had to cut down on charitable donations, however, will still give to us as our services positively impact their lives.

Impact on services

Has the cost of living crisis affected your organisation's service provision in any of the following ways?



Increased demand

In times of crisis, the third sector is always on the frontline of the response, as was seen through the COVID-19 pandemic.⁴ As stresses increase for households, people naturally seek out the additional support that is offered by the third sector. An overwhelming majority (84%) of those responding to the survey said they'd experienced increased demand for their services because of the cost of living crisis – and that this had followed directly on from the pandemic.



Unprecedented demand for services has never abated since the pandemic and is now increasing all the time yet we have no additional funding or human resources to meet demand.

Reduction or withdrawal of services

A significant minority of respondents reported having to reduce or withdraw services. Just under a quarter (24%) said they had reduced existing delivery in some way, such as cutting hours or the number of days a service runs, and just over a fifth (22%) said they'd had to withdraw a particular service or programme entirely. In total, nearly a third (30%) said they'd had to take one of these two approaches, and 8% had done both. These figures align quite closely to recent findings by the Charities Aid Foundation that 35% of charities based in Scotland have “cut services and there is no room to cut any further”, almost twice as high as the 20% figure for England.⁵

Some of the detailed comments shed further light on the decisions some organisations had to make. For example, the quality of service provided was considered particularly important by one respondent, and the need to maintain that quality whilst facing rising costs then had an impact on how many sessions they could offer:



We will not reduce the quality of our delivery, and so in some instances we have had to reduce the number of sessions being delivered.

The experiences of one organisation that provides support to unpaid carers demonstrates the complex interplay between static funding, increased demand and complexity of need:



A massive increase in carers registered (...) with us has seen an obvious increase in demand for our services. Many referrals are now for more complex needs than they've been in the past which make them often more time consuming and often more 'expensive' in terms of support. This has meant we have had little choice but to dilute what we can offer carers as funding hasn't increased at all let alone to help us cope with a 100% increase in carers registered with us over the past 3 years.

Changing services

Other respondents noted a change in the kind of services they deliver. The ALLIANCE has previously noted the flexible and responsive nature of the third sector in the context of the COVID-19 pandemic.⁶ Reflecting the increased costs for food and energy, alongside the many other cost of living pressures, one organisation noted that their members had begun accessing the service more for reasons of mental and financial wellbeing rather than physical wellbeing:



Our services have however changed. Where before our members were mostly coming for massages and oxygen therapy, now they primarily come for companionship, warm space, food share, access to free exercises and workshops as well as welfare support and attendance at appeals.



Impact on staffing

Has the cost of living crisis affected your organisation's staffing in any of the following ways?



Difficulty filling vacancies



Unable to give staff pay uplifts



Difficulty retaining staff



Laying off staff

Amongst organisations that responded, a majority (52%) said they were having difficulty filling vacancies, and 41% said they were having difficulty retaining staff. Almost half (48%) of respondents were unable to give staff pay uplifts. Some respondents identified a clear link between remuneration and their ability to recruit and retain staff.



[It is] incredibly difficult to compete on salaries and remuneration to retain and attract staff due to the pressure on individuals with interest rates and cost of living increases etc.

Pay across the third sector overall is significantly lower than the rest of the economy, with 2022 research finding an hourly wage gap of 7%.⁷

The rate of pay within the social care sector in particular has recently been a focus for political discussion in Scotland. Although there have been increases in the minimum hourly rate for adult social care workers, most recently from £10.50 to £10.90 an hour, there have been consistent calls, including from the ALLIANCE, for further progress on pay and conditions. Endemic low pay within social care, where 83% of the workforce are women, is widely recognised to be linked to the gendered nature of care work and undervaluing of women's work more broadly.⁸

The difference between rates of pay within the social care sector and the NHS for people carrying out broadly similar roles has been highlighted as a particular challenge. In February 2023, the Coalition of Care and Support Providers in Scotland (CCPS) noted that a Scottish Government funded support worker salary was £20,475, compared to an NHS equivalent of £23,914 – nearly 17% higher.⁹ This gap has widened over the past two years, having previously stood at just over 14%, and was identified by one survey respondent as a particular cause behind staff leaving third sector social care provision:



[We are] losing staff that we have funded through training to [the] NHS who offer better rates of pay.

Not all the ALLIANCE's member organisations are involved in the direct delivery of social care services but may instead provide other essential community-based support and services people rely on, on a day-to-day basis, as well as contributing to policy development and scrutiny.

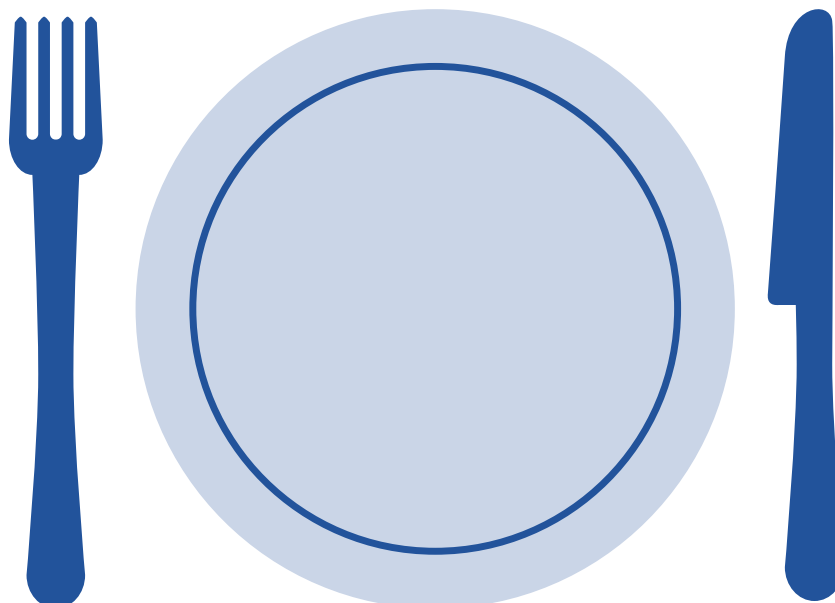
Despite the difficulties in recruiting, retaining, and paying staff, only a minority (18%) of respondents have so far had to lay off any of their employees. This nonetheless represents a significant proportion of responses and is likely to increase the level of hardship for the individuals impacted, the remaining staff, and the organisation overall. Some of the comments submitted through the survey highlighted the impacts of the crisis on staff morale and wellbeing:



[We are] invited to events to talk about [the] cost of living crisis and how our sector will support 'those' people when own staff are struggling to survive. Morale of staff [is being] impacted by cost of living crisis - but [they] continue to give the best of themselves.



Staff and volunteers find covering the cost of their meals during working hours has increased with an increasing number of staff been seen to skip meals probably due to the pressures of shopping costs. This creates a hidden impact on individuals ability to function well and stay healthy in the workplace.



Some organisations have attempted to more significantly support their staff through the cost of living crisis, even when faced with financial headwinds, as one respondent to the survey explained:



We used a saving in staff costs to give staff a cost of living one off payment in October last year. It's likely we will use reserves to do the same this year.

Although approaches like dipping into reserves to provide one-off cost of living payments offer staff welcome financial support and stability in the short term, this is not a sustainable, long term solution for third sector organisations. Organisations and their staff need to be confident that fair and adequate pay can be assured over the coming years. The “4 Steps to Fair Work” campaign¹⁰ recently launched by CCPS offers some specific suggestions for how to genuinely embed fair work principles within the wider social care sector, with their recommendations generally applicable across the third sector.

Impact on volunteering

Has the cost of living crisis affected your organisation's volunteers in any of the following ways?



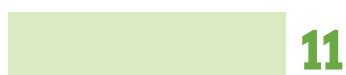
Lack of funds to support volunteers



Lack of new volunteers



Lack of staff time to support volunteers



Loss of existing volunteers

In addition to their waged staff, many third sector organisations engage volunteers, in roles ranging from supporting direct provision of services to peer support and operating charity shops. As with donating money to a charity, offering your time as a volunteer may be one of the first things people struggling with the cost of living give up to reduce the pressure.

Although only a minority of respondents (28%) said they had lost existing volunteers entirely, a clear majority (59%) were experiencing a lack of new volunteers. Funding and staffing issues are also clearly impacting organisations' ability to support volunteers, with a majority (62%) reporting they were lacking funds to do so and almost half (44%) saying their staff were short of time to work with volunteers.



Volunteer supply routes have dried up, and we have less to offer volunteers in terms of training and funded activities.

Impacts of operational costs

Has the cost of living crisis affected your organisation's administration and costs in any of the following ways?



Increased other bills (e.g. telecoms, transport, fuel)



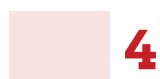
Increased energy bills



Increased rent for premises



Relinquished premises entirely



Moved to smaller premises

The cost of living crisis is being driven in large part by extreme increases in the price of energy, as discussed in the ALLIANCE's October 2022 report.¹¹ Although welcome government intervention has helped limit the impact on households, with the cap on the average bill being held at £2,500, that still represents an almost doubling compared to the average of £1,277 at the end of 2021. In addition, support offered for businesses and voluntary organisations has tended to be guaranteed for shorter periods than domestic bills.

As a result, almost three-quarters (72%) of organisations responding to the ALLIANCE's survey said their energy bills had increased. Higher energy costs have a natural knock-on effect across almost everything else, including telecoms, transport and fuel – and just over three-quarters (76%) of respondents reported that these other bills had increased. Per the findings on static, or reduced, income discussed earlier, in general these additional costs are having to be met by organisations from effectively the same funds as they had prior to the crisis.



Our rent hasn't increased, but the service charge has gone up by £1000 a year; our electricity bill will triple in April; insurance has gone up and services we purchase - IT support, HR support, audit and payroll etc are also increasing.

The experience in the previous quote appears to be comparatively widespread, as only just over a quarter (28%) of respondents said the rent for their premises had increased. Although that might suggest rent is overall a minor contributor to cost pressures, combined with the other increases it may be enough to force some organisations to reassess the affordability of their current premises. A small minority (8%) of respondents said they'd moved to smaller premises because of the crisis, and a slightly larger group (10%) said they had relinquished their premises entirely.

Although the survey did not specifically ask about travel, it was identified in some of the more detailed responses as a specific issue for some organisations:



There has been a significant increase cost in travel which impacts on staff and volunteer's ability to get to and from or between services. This is particularly challenging in that travel costs are not covered by the hourly rate paid for services and the government set rate of 45p/mile has not increased for a significant number of years, travel pass costs have increased etc.

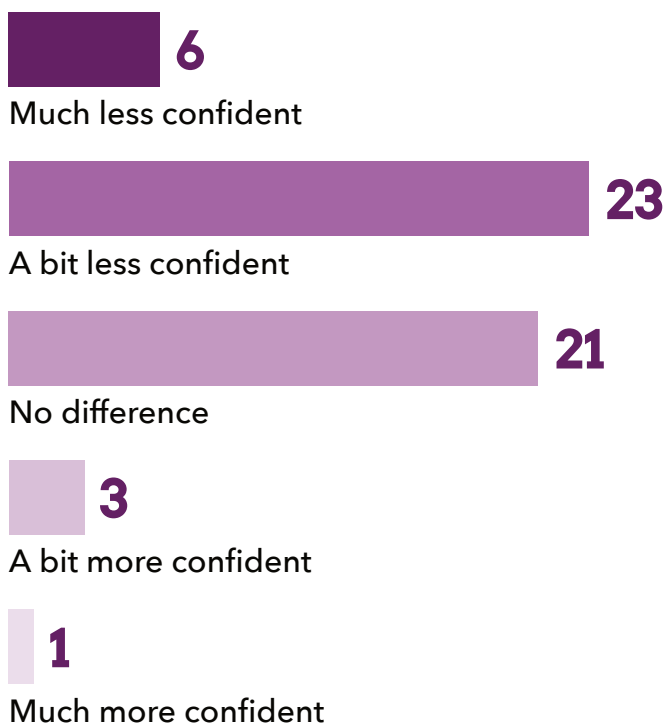
This was especially true for organisations with a national presence or serving rural Scotland, where staff, volunteers and people accessing services need to travel much greater distances than those in the Central Belt and may not have access to reliable, affordable or accessible public transport:



Travel costs has been a major factor for us. We have a national remit and funds needed for us to reach outside the Central Belt are much higher than they ever were before. We have been trying to recruit and train more local delivery staff but it [has] not been as successful as we hoped.

Confidence

Compared to in Spring 2023, how confident do you feel that your organisation will be able to manage the impacts of the cost of living crisis?



Given the range of cost of living pressures outlined above, organisations in general continue to lack confidence in their ability to manage the impacts of the cost of living crisis. Over half (54%) of respondents said they were less confident than they were this time last year that they would be able to manage, with 11% saying they were “much less” and 43% “a bit less” confident.

Most of the remaining respondents (39%) didn’t feel any more or less confident than they did a year ago. This may suggest a significant number of organisations are at least able to begin to see the end of the crisis or are at least no longer worried it is going to keep getting worse. However, only a very small minority (7%) said they were explicitly more confident about their prospects, with just 2% saying they were “much more” confident.

Government support

What support do you feel your organisation would benefit from during the cost of living crisis?



Longer-term funding arrangements (e.g. for SG grant funding)



Dedicated lower energy tariffs for third sector / charitable organisations



Short-term emergency funding (e.g. crisis grants for small organisations)



Extending the energy bill support scheme (e.g. another 6 months)

Finally, the survey asked what support organisations felt they would benefit from during the cost of living crisis. By far the most selected option (88%) was for longer term funding arrangements, for example via Scottish Government grant funding. Calls for longer term funding have long been made by the ALLIANCE and wider third sector, with SCVO calling for “a long-term, flexible, sustainable, and accessible approach to funding.”¹²

Crucially, amongst the criteria for this approach would be funding that ensures paying staff at least the Real Living Wage, as well as being inclusive of inflation-based increases in costs, including core operating costs. Such an approach would clearly have been warmly welcomed during the current crisis, given the findings in our member survey. The Scottish Government have publicly stated that long term funding is their aspiration, yet SCVO describe progress so far as having “fallen far short of what is required”.¹³

A clear majority (59%) of survey respondents felt that dedicated lower energy tariffs for third sector organisations would be beneficial, whilst a significant minority (41%) wanted to see the UK Government’s energy bills support schemes continue for a longer period. A similar number (41%) would also like to see short-term emergency funding specifically targeted at addressing the cost of living crisis, with the specific example given of crisis grants for small organisations.

Whilst it is important to acknowledge and understand the financial pressures the Scottish Government is facing; it must also be borne in mind that the costs of supporting essential third sector services may prove lower than the costs of not doing so. Staff who haven’t had a pay uplift may need to access more income support payments, whilst those made redundant entirely may require even greater social security support. People who become unwell due to stress, lack of appropriate support, inability to properly heat their homes, or get enough nutritious food will only add to pressures on the NHS, other public services, and the economy.

Case Study 1: Centred Scotland

Context and organisation profile

Following the survey, the ALLIANCE contacted one of our member respondents to conduct a more in-depth interview to serve as a case study. Centred Scotland (Centred) was established over 35 years ago to support people with significant and enduring mental ill-health.¹⁴ The organisation started in Inverness but has since grown to cover all of the Highland Council area.

In addition to general support for mental health, Centred provide care at home services. Other services include a residential recovery centre with 23 beds for people not ready to live in the community, and a "Discovery College" based on the recovery college model, which allows for self-referrals and looks at wellbeing beyond mental health, including substance abuse. Centred employ around 140 staff and are also supported by volunteers.

Managing through the COVID-19 pandemic

Throughout the most intense phase of the COVID-19 pandemic, Centred told us that their staff had been remarkably resilient. Peer support between staff was particularly felt to have been very strong, especially when many were off due to illness. Staff were felt to have gone "above and beyond" in continuing to support people accessing services, even when that was limited to phone support.

At this time, there was a deliberate focus on maintaining immediate support services, rather than being able to work on longer term project development. The pandemic was challenging for the residential centre, where due to the nature of people's conditions, they couldn't necessarily keep people in the centre. There were worries this might put them at risk, but fortunately there were no cases of COVID-19 within the centre, thanks in part to a robust cleaning regime.

Overall, Centred considered themselves to have managed well through the pandemic, and to have experienced a very brief period of returning to normal before they began to feel the impacts of the cost of living crisis.

Impact on services

Although Centred haven't reduced their services directly, they have been impacted by what they recognise as reductions in central government funding for the NHS. NHS commissioners have needed to reduce the hours they commission in individual's support packages, resulting in increasing financial pressures. At the same time, the NHS have been taking longer to fill the gaps that this reduction in hours creates, despite the significant demand that exists, often due to a difficulty in attracting social workers who carry out the assessments.

This was described as creating a "revolving door of care", as a reduction in hours means people aren't properly supported and are more likely to relapse, resulting in them having to

access statutory services again, which simply further increases the cost to the public purse. That has further exacerbated financial pressures on the organisation, as it still must pay its staff even when available hours haven't been filled.

The rates the organisation is being paid for its services has also not increased in line with inflation, with a 3.2% increase in rates amounting to a 6-7% cut in real terms.



It's becoming increasingly difficult to deliver services at the rates we're being paid. All our overhead costs are increasing at double digit levels and yet we are expected to manage at single digit inflationary rises. We're a charity, we're not talking about making huge profits, all we're talking about is being sustainable. We just want to be able to provide support to people and pay our staff a reasonable wage.

David Brookfield, Centred Chief Executive Officer

Impact on staffing

These financial pressures have left Centred struggling to provide cost of living salary uplifts in line with competing sectors such as retail and hospitality. Whilst frontline staff recruitment remains healthy – and was in fact felt to be better than for other organisations in the area – managerial staff recruitment has proven more difficult. This is due to being unable to offer the same kinds of wages and inducements that such staff could receive in the private sector.

The NHS was also considered an attractive alternative employer for staff. For example, whilst pay for third sector social care is aspiring to £12 per hour at an unspecified future point, equivalent roles in the NHS are already paying £13 per hour. This sits alongside often more attractive contract terms, including the pensions that the public sector can offer. This has naturally led to the loss of staff, trained at the expense of Centred, to the NHS.

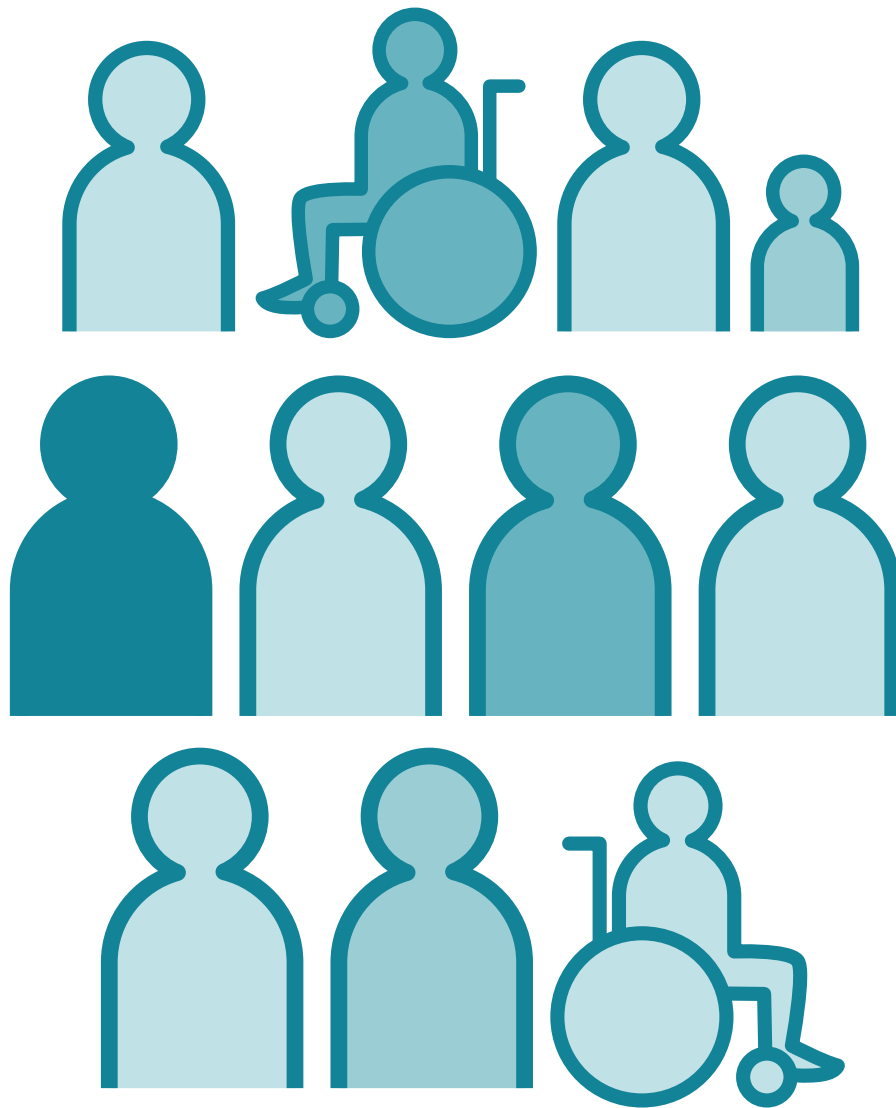
The difficulties employees are having with their own finances has led to around 10% of the organisation's staff being subject to arrestment orders, where money to repay debts is being taken directly from their salaries, when this had previously been below 1%. At the same time, more staff have taken second jobs to get by, and the increasing price of food has forced some staff into poverty and reliance on food banks.

Centred have also found themselves having to cut back on the number of back-office staff they employ, replacing those functions through outsourcing that was acknowledged to be cheaper yet possibly less effective. Whilst the organisation would prefer not to have to make such decisions, they are concerned about their sustainability, and have chosen to prioritise front line service delivery roles to ensure continued support for people accessing the service.



We haven't been able to offer the types of salaries that are being paid within competing sectors such as fast food restaurants... I always say that people value the price of a burger more than the price of human life, which is what we're seeing in terms of the salaries the care and support sector offers for the level of training and experience, relative to that required for competing roles.

David Brookfield, Centred Chief Executive Officer



Role of volunteers

Within Centred, volunteer roles have included supporting front line staff on callouts requiring two people and running the organisation's charity shop. They stated that although they used to have many volunteers, this had reduced over the years to a handful, in part due to volunteers no longer having the capacity to do something for free at a time when there is a clear need to maximise their incomes. The shop has become reliant on two individuals, both of whom are quite elderly, and there is an open question as to whether they would be able to continue running the shop if they lost those volunteers.

Specific difficulties for rural organisations

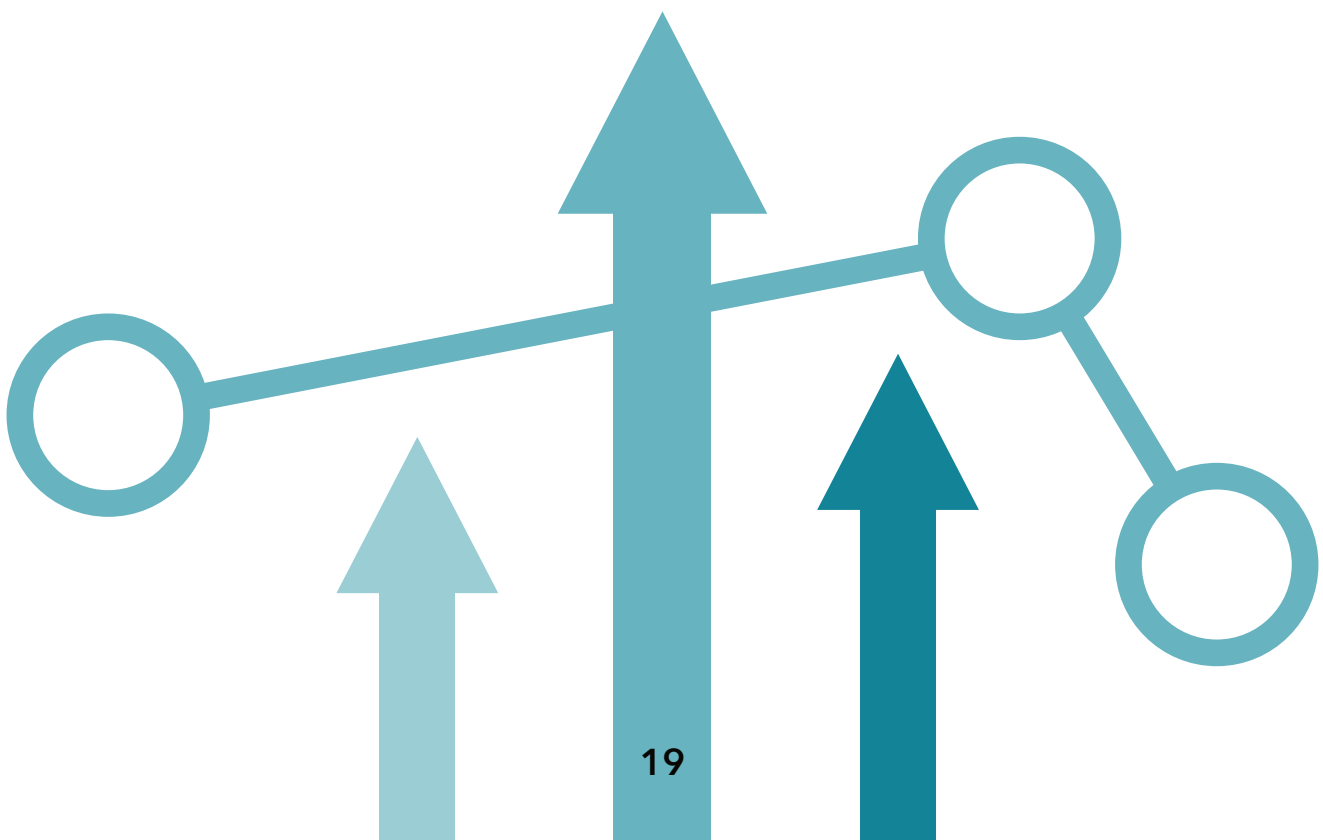
As an organisation covering a large rural area, the high cost of service delivery poses specific difficulties, with those costs especially associated with transport. Although in some cases it can take over an hour to reach someone in receipt of care, only the contact time is paid. Centred explained they had found themselves reluctantly having to refuse contracts to some of the most remote areas as the costs of meeting those needs would have been unsustainable for the organisation.

Centred also conducted their own research to get an insight into the issues of rurality and how that impacts their work. They found that for particularly for young people there can be greater pressures than there would be in cities, in part due to the “everybody knows everybody” nature of rural communities, lack of things to do, and cuts to local infrastructure. This means that people in rural areas often need greater mental health support than their urban counterparts, which available services can struggle to meet.

Connections with and support for the third sector

During the interview, it was also pointed out that third sector organisations haven’t been included in the NHS Agenda for Change. Although the support provided by organisations like Centred is often doing similar work to the NHS, and indeed there is heavy reliance by the NHS on the third sector, there was a sense they were being treated as “second class citizens” due to lack of pay parity.

Centred also wanted to see more work within the third sector itself, including from the ALLIANCE, to bring organisations together to put pressure on the government to provide adequate support for the sector and improve the rate of pay, noting that avenues of direct dialogue with government weren’t open to the third sector in the same way they are to public sector staff. The lack of a central, sectoral organisation with union recognition to raise issues and for government to work with to negotiate issues such as pay and funding was felt to be a missing piece of the puzzle.



The Cost of Cutting

Context

The ALLIANCE's 2023 annual conference, 'Strengthening Our Collective Voice' took place on the 31 May online and at the Radisson Blu in Glasgow.¹⁵ One of the conference workshops, 'The cost of cutting: a way forward for the third sector in crisis', was held to disseminate the early findings from the survey, share a case study of a third sector service that was under threat, and offer an opportunity for further input and discussion from attendees.

Around 20 people participated in the workshop, which was chaired by Sarah Latto, Policy Officer at Volunteer Scotland. In introducing the session, the chair highlighted Volunteer Scotland's own research in the impacts of the cost of living crisis on volunteers, 'Testing our Resilience',¹⁶ which found an increased demand for volunteering services yet a potential reduction in people's willingness and capacity to volunteer. This was followed by a presentation of early ALLIANCE survey findings by Allan Faulds, Policy and Information Officer, after which Tilly Robinson-Miles, Food Train's Policy and Parliamentary Engagement Officer spoke about her organisation's recent experiences.



Case Study 2: Food Train Glasgow

The Food Train is a third sector organisation which is focused on supporting older people, primarily through supporting access to food.¹⁷ Food Train make hundreds of grocery deliveries every week, as well as providing other services such as social contact through "Meal Makers" and befriending services. Founded in 1995 to support people throughout Dumfries and Galloway, the organisation has expanded to other areas of Scotland including Dundee, West Lothian, Stirling and Glasgow.

On 10th January 2023, officials at Glasgow City Council recommended that due to budget pressures, funding for the Glasgow Branch of Food Train should be ended. The following day, Food Train wrote to all Glasgow City councillors asking them to protect funding for the service.¹⁸ The next day again, it was confirmed that funding would end for the service in the new financial year starting 1st of April 2023.

Food Train then began an intensive period of awareness raising and campaigning. This included seeking donations to prolong the service as long as possible; a petition¹⁹ with the aim of encouraging the Glasgow Health and Social Care Partnership to secure funding for the service, which received over 5,000 signatures within the space of four weeks; and engagement with media outlets including STV,²⁰ the BBC,²¹ Glasgow Live,²² and Third Force News.²³

In addition, Food Train produced a range of content including graphics²⁴ and videos²⁵ that were circulated on social media. Some of these were shared as part of the presentation during the ALLIANCE Annual Conference workshop. In one video, a volunteer talked about getting to know a largely housebound older man over the course of three years, who didn't have family nearby, and being worried about how he'd manage without Food Train deliveries. In another, a staff member explained there were members he would have sleepless nights worrying about if it wasn't for the fact he knew Food Train was there for them, and emphasised the degree of responsibility he felt he was bearing to speak up for them. A striking quote came from Catherine, a member of the Glasgow Food Train, who said in one of the graphics shared:



I have nobody here. I'm diabetic and I need the right food. Who's going to speak up for me? I need Food Train to speak up for me so I can get food.

Catherine, a member of the Glasgow Food Train

It was clear from the contributions of Food Train members, staff and volunteers that the service is a lifeline for hundreds of older people across the city. Many of the people relying on the service were deeply worried about being able to get enough food - a fundamental, basic human need - if the service had to close. Staff and volunteers too were deeply affected by the fear and worry for the people they support. What was an undoubtedly difficult funding decision for Glasgow City Council had the potential to have a catastrophic impact on hundreds of people's lives.

After operating on donations built up through the campaign for nearly two months, on 24 May it was announced that the National Lottery Community Fund had stepped in with £75,000 of funding.²⁶ Although Food Train Glasgow were relieved to have secured funding, Robinson-Miles emphasised how exhausting the process of fighting for the future of the service had been, and the negative impact this had had on the wellbeing and mental health of staff, volunteers and especially people using the service. The funding secured is also only for a year, meaning that the process of identifying funding for the following year will have to begin promptly.

Despite coming to a relatively positive, if temporary, conclusion, the circumstances that had been facing Food Train Glasgow were illustrative of the severe pressures across the third sector. Over a decade of local government funding squeezes have left councils struggling to provide financial security to organisations, putting essential services that people rely on at risk. Even where funding is granted, it isn't necessarily secure or provided on a long-term basis. All of this has been worsened by the cost of living crisis, which has put further pressure on government, organisational and household budgets.

Workshop Discussions

Following the presentations, the second half of the workshop was spent with participants divided into three groups to discuss what they had heard, share their own experiences, and identify possible ways forward for the third sector. Unsurprisingly, funding issues were the common dominant thread throughout.

Some participants echoed the comments from the survey to the effect that although their funding hadn't changed in cash terms, in real terms they had experienced significant cuts due to increased costs. Long term, sustainable and adequate funding was considered vital to the survival of organisations and their ability to provide essential support and services. Although positive messaging from the Scottish Government on fair funding was acknowledged, there was scepticism as to whether that was being followed through with meaningful action. There was a concern that there had been a focus on efficiency savings and not on person centred delivery of services.

Some participants in the discussion felt that although the Food Train Glasgow situation had been concerning, it had also shown the importance of mobilising across the sector, as many other third sector organisations had offered their voice to the campaign to save the service. However, there were questions about how to impactfully influence government decisions in terms of funding when the message has generally been "there is no money", with the suggestion that it was important for conversations to emphasise the innovative nature of the third sector, and how it works differently, albeit with the caveat the innovation in itself relies on a solid funding base.

At the same time, there was also some frank discussion around duplication and competition in the third sector. It was felt to be important that organisations identify what is already being done, and how, and identify where they can build upon that, rather than seeking to replicate systems and services already in operation.

Many of the organisations taking part noted the range of pressures on staff. Again, some of this discussion underlined the early findings from the ALLIANCE survey, with talk of staff leaving the third sector for better paid work in the statutory or private sectors, and concern about protecting staff wellbeing at a time of great difficulty. Being able to offer adequate cost of living pay uplifts and dedicated time for staff to take care of themselves were seen as ways organisations could help support their staff – if they have the resources to do so.

One specific strand of discussion picked up on the importance of meaningful professional fair conditions, development and progression for social care workers. A participant from a third sector social care organisation in a rural area reflected on the difficulty of developing the skills base of their staff due to a combination of not having the resources to provide adequate training, staff being able to take time off work to take up that training or sit professional qualifications, and there not being any meaningful increase in pay for those who did.

In general, the tone of the discussions was frank and honest. Participants were worried about the long term sustainability of their organisations, the stability and wellbeing of their staff and people they support, and did not feel government support through the cost of living crisis, or dating back to the COVID-19 pandemic, had been sufficient.

Conclusions

Running through the ALLIANCE survey, case studies and Annual Conference workshop discussions are several common threads, suggesting a significant degree of shared pressures across the third sector. Organisations reported that funding, which had already been stagnant for several years, was failing to keep pace with inflation. Costs, including for energy, rent and transportation have increased significantly. At the same time, demand for services has increased significantly, as the sector attempts to support people through a difficult period.

This not only has consequences for direct service delivery by third sector organisations but makes it difficult to provide employees adequate cost of living pay increments, with resulting impacts on retention and recruitment. Some organisations noted their concerns about staff wellbeing because of the current crisis, including reports of skipping meals and having to access foodbanks. In addition, we heard that fewer people were volunteering, and that organisations were less able to support those who are doing so.

Confidence is low across the sector, as organisations continue to believe they will struggle to manage during the cost of living crisis. Many feel that they have not received enough support from either central or local government, and that warm rhetoric from the Scottish Government about the value of the sector has so far not been matched with appropriate action and investment.

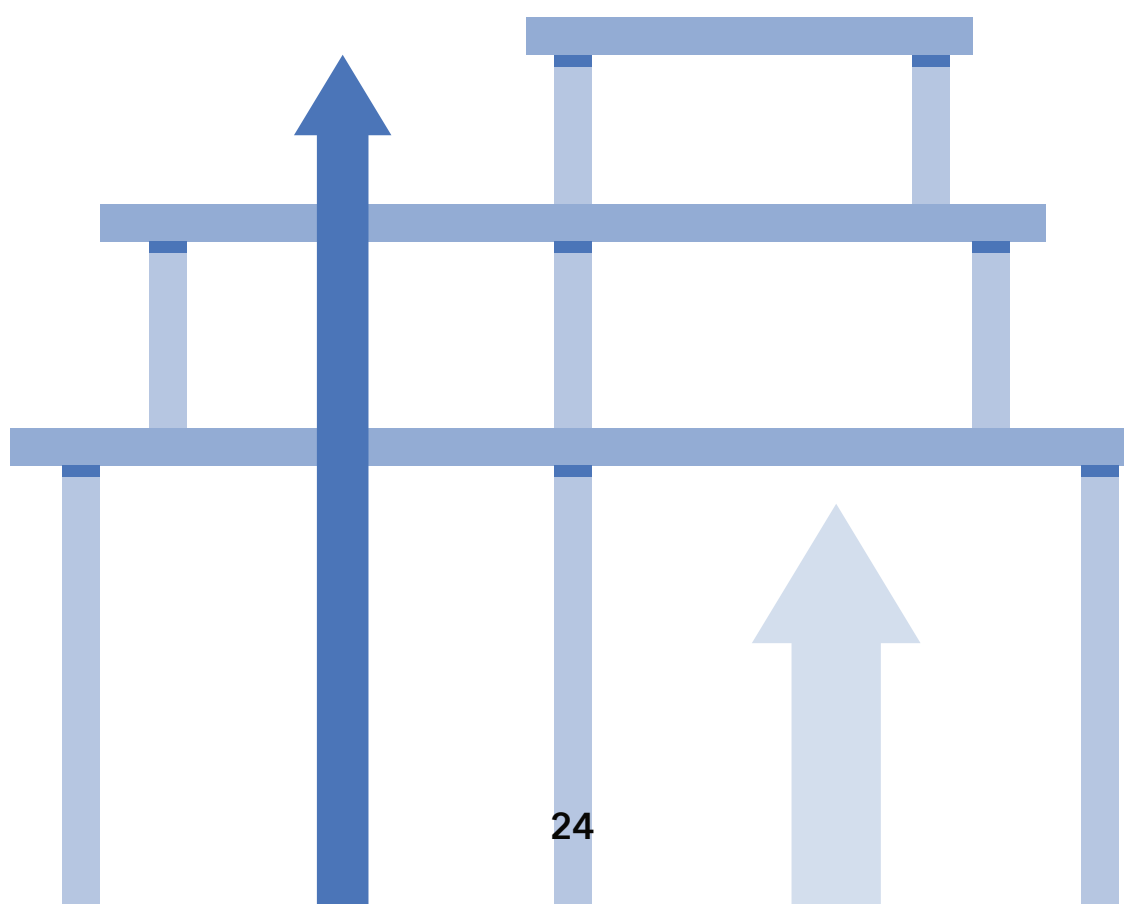
The third sector plays a vital role in our society. For many struggling through the cost of living crisis, including disabled people, people living with long term conditions, unpaid carers, its support and services can be a lifeline. At the same time, the sector provides employment for approximately 135,000 people in Scotland,²⁷ many of whom are themselves experiencing significant difficulties because of the crisis.

Providing greater support for the third sector to help it through the cost of living crisis should be seen as an investment, not a cost. Ensuring continuity of provision for the services people rely on to help them live well and better pay for people employed within the sector will help to improve wellbeing and keep people out of poverty. As a result, people will be less likely to need more costly emergency interventions from the statutory sector, whether via the NHS or the social security system, saving money in the longer run.



Recommendations

- The Scottish Government should progress commitments to fair funding for the third sector, in line with the SCVO definition, making fair funding including multi-year funding deals the norm by 2026.
- The Scottish Government should ensure that the Fair Work agenda goes beyond providing enough funding for organisations to pay the Real Living Wage, to pay that is comparable to equivalent statutory sector roles.
- The Scottish Government should provide tailored support for third sector organisations operating in rural Scotland, including reviewing the level of funding provided for transport costs.
- The UK Government should provide targeted support to the third sector for energy bills, and in the longer term work with energy providers to develop lower energy tariff arrangements for third sector organisations.
- Local Government and NHS commissioning should adopt a human rights based approach to procurement and grant funding, prioritising services which realise human rights and uphold dignity
- Both governments should invest in services that reduce demand for acute interventions from the public and third sectors, for example through additional social security support and home energy efficiency programmes, in line with the recommendations the ALLIANCE made in our 'Disabled people, unpaid carers and the cost of living crisis: Impacts, responses and long term solutions' report.



References

- ¹ The ALLIANCE, 'Disabled People, Unpaid Carers and the Cost of Living Crisis: Impacts, Responses and Long Term Solutions' (October 2022), available at: <https://www.alliance-scotland.org.uk/blog/news/alliance-cost-of-living-report-calls-for-further-emergency-support/>
- ² The ALLIANCE, 'ALLIANCE annual conference report 2023' (August 2023), available at: <https://www.alliance-scotland.org.uk/blog/news/alliance-launches-2023-annual-conference-report/>
- ³ SCVO, 'SCVO welcomes Scottish Government's latest commitment to progress Fairer Funding' (April 2023), available at: <https://scvo.scot/p/59273/2023/04/19/scvo-welcomes-scottish-governments-latest-commitment-to-progress-fairer-funding>
- ⁴ The ALLIANCE, 'Community in Action Learning Report' (April 2021), available at: <https://www.alliance-scotland.org.uk/blog/news/community-in-action-publishes-learning-report/>
- ⁵ Charities Aid Foundation, 'Charity Resilience Index' (April-May 2023), available at: <https://www.cafonline.org/about-us/publications/charity-resilience-index>
- ⁶ The ALLIANCE, 'Briefing Paper – Impact of COVID-19 on the Third Sector' (June 2020), available at: <https://www.alliance-scotland.org.uk/blog/resources/alliance-briefing-paper-on-the-impact-of-covid-19-on-the-third-sector/>
- ⁷ Commission on Civil Society, 'The price of purpose? Pay gaps in the charity sector' (August 2022), available at: <https://civilsocietycommission.org/publication/pay-gaps-in-the-charity-sector/>
- ⁸ Scottish Women's Budget Group, 'Towards a transformative universal adult social care support service for Scotland' (January 2023), available at: <https://www.swbg.org.uk/content/publications/Towards-a-transformative-universal-adult-social-care-support-service-for-Scotland.pdf>
- ⁹ CCPS, 'The Scottish budget for third sector social care: is it all costs, no value?' (February 2023), available at: <https://www.ccpscotland.org/ccps-news/the-scottish-budget-for-third-sector-social-care-is-it-all-costs-no-value/>
- ¹⁰ CCPS, '4 Steps to Fair Work Campaign' (June 2023), available at: <https://www.ccpscotland.org/ccps-news/4-steps-to-fair-work-campaign-launched-to-bring-step-change-in-social-care/>
- ¹¹ The ALLIANCE, 'Disabled People, Unpaid Carers and the Cost of Living Crisis: Impacts, Responses and Long Term Solutions' (October 2022), available at: <https://www.alliance-scotland.org.uk/blog/news/alliance-cost-of-living-report-calls-for-further-emergency-support/>
- ¹² SCVO, 'Fair Funding for the Voluntary Sector' (January 2023), available at: <https://scvo.scot/p/56732/2023/01/16/%E2%80%8Bfair-funding-for-the-voluntary-sector#>
- ¹³ SCVO, 'SCVO welcomes Scottish Government's latest commitment to progress Fairer Funding' (April 2023), available at: <https://scvo.scot/p/59273/2023/04/19/scvo-welcomes-scottish-governments-latest-commitment-to-progress-fairer-funding>

- ¹⁴ Centred, Homepage, available at: <https://centred.scot/>
- ¹⁵ The ALLIANCE, placeholder space here for Conference Report link when published, available at:
- ¹⁶ Volunteer Scotland, 'Cost of Living Crisis: Testing our Resilience' (October 2022), available at: <https://www.volunteerscotland.net/news/research-evaluation-blog/cost-of-living-crisis-testing-our-resilience>
- ¹⁷ The Food Train, Homepage, available at: <https://www.thefoodtrain.co.uk/>
- ¹⁸ The Food Train, Facebook status (11 January 2023), available at: <https://www.facebook.com/GlasgowFoodTrain/posts/3314624585416311>
- ¹⁹ The Food Train, Change.org, "'Save Glasgow Food Train from Closure'", available at: <https://www.change.org/p/save-glasgow-food-train-from-closure>
- ²⁰ The Food Train, Facebook status (13 January 2023), available at: <https://www.facebook.com/GlasgowFoodTrain/posts/3315831941962242>
- ²¹ The Food Train, Facebook status (2 March 2023), available at: <https://www.facebook.com/GlasgowFoodTrain/posts/571277225033939>
- ²² Glasgow Live, 'Lifeline Glasgow charity helping to feed elderly crowdfunding to stay open' (March 2023), available at: <https://www.glasgowlive.co.uk/news/glasgow-news/lifeline-glasgow-charity-helping-feed-26593564>
- ²³ Third Force News, 'Glasgow charity in race against time to secure survival' (March 2023), available at: <https://tfn.scot/news/glasgow-charity-in-race-against-time-to-secure-survival>
- ²⁴ The Food Train, Facebook status (3 February 2023), available at: <https://www.facebook.com/GlasgowFoodTrain/posts/553000156861646>
- ²⁵ The food Train, Facebook status (7 February 2023), available at: <https://www.facebook.com/GlasgowFoodTrain/videos/ian/1851390291911065/>
- ²⁶ Glasgow Live, 'Lifeline Glasgow charity that faced closure rescued by National Lottery help' (May 2023), available at: <https://www.glasgowlive.co.uk/news/glasgow-news/lifeline-glasgow-charity-faced-closure-26980950>
- ²⁷ SCVO, 'State of the Sector 2022', available at: <https://app.powerbi.com/view?r=eyJrIjoiMDUzY2ViYTctMzZmYS00NzBhLTkyZWltNzUwNWVkNzkzZTVliiwidCI6ImMyOTQ5NGY5LTNhY2EtNGE3MS05NWUyLWw4ODBiNWE1ZThmOSIsImMiOjI9>

About the ALLIANCE

The Health and Social Care Alliance Scotland (the ALLIANCE) is the national third sector intermediary for health and social care, bringing together a diverse range of people and organisations who share our vision, which is a Scotland where everyone has a strong voice and enjoys their right to live well with dignity and respect.

We are a strategic partner of the Scottish Government and have close working relationships with many NHS Boards, academic institutions and key organisations spanning health, social care, housing and digital technology.

Our purpose is to improve the wellbeing of people and communities across Scotland. We bring together the expertise of people with lived experience, the third sector, and organisations across health and social care to inform policy, practice and service delivery. Together our voice is stronger and we use it to make meaningful change at the local and national level.

The ALLIANCE has a strong and diverse membership of over 3,500 organisations and individuals. Our broad range of programmes and activities deliver support, research and policy development, digital innovation and knowledge sharing. We manage funding and spotlight innovative projects; working with our members and partners to ensure lived experience and third sector expertise is listened to and acted upon by informing national policy and campaigns, and putting people at the centre of designing support and services.

We aim to:

- Ensure disabled people, people with long term conditions and unpaid carers voices, expertise and rights drive policy and sit at the heart of design, delivery and improvement of support and services.
- Support transformational change that works with individual and community assets, helping people to live well, supporting human rights, self management, co-production and independent living.
- Champion and support the third sector as a vital strategic and delivery partner, and foster cross-sector understanding and partnership.



ALLIANCE
HEALTH AND SOCIAL CARE
ALLIANCE SCOTLAND
people at the centre

