Scottish Government's Draft Budget 2015-16
Council for Voluntary Organisations

Summary

- **Can we open-up the budget setting-process?** An open budget process could bring new ideas to the table, and ensure that priorities for spending reflect the needs of people and communities.

- **Collaboration and community approaches** should be encouraged, not just in regards to the new Integrated Care Fund and the Local Energy Innovation Challenge Fund, but across all areas where the third sector contributes.

- **Tackling inequalities of any form must be the overarching driver of all budgeting decisions.** We welcome the commitment made to this in the budget, but wish to see this as a clearer driver for budgeting decisions in all departments.

- **A reconsideration of where health money is spent is essential if we are to move from a medical model to a preventative model.** We need this priority to be matched with proper resource transfer.

**Introduction**

SCVO welcomes the opportunity to respond to this enquiry. Here we focus on alternative, more participative ways of forming the overall budget and of allocating resources in general, before going on to look at specific issues that are of interest to the Committee's enquiry.

**Genuine engagement pre-budget; forming the budget differently**

With the possibility of more powers being transferred to the Scottish Parliament, we have an opportunity to consider how we develop the budget in Scotland. There should be enough time for involvement and scrutiny of the budget, and this should be brought to a level that ordinary people can engage at – not just organisations like ourselves. We welcomed the opportunity to meet the Cabinet Secretary for Finance and Sustainable Growth in a pre-budget meeting with the third sector. However meetings such as these cannot be the only way to feed into the budget process before the draft budget is published. Given the high level of democratic engagement that Scotland is now seeing, why not bring people from all walks of life into the process of planning the budget? An open budget process could bring new ideas to the table, and ensure that priorities for spending reflect the needs of people and communities.

As to how an open budget process could work, as the First Minister elect plans to hold regular social networking consultation sessions, this could be used to seek feedback on government budget and policy priorities as a first step. And, if we are to really open up the budget-making process, we also need greater clarity and transparency around the Scottish budget. For
example, what is in the many ‘miscellaneous’ columns that appear in the budget document? Clarity around where money comes from and where it goes to, so that non-parliamentarians can engage, is essential.

An open approach – however it is implemented – must also move to a local level. With evermore significant amounts of spend being decided upon at ‘locality’ level (such as at health and social care partnership level), people need to be involved in budget discussions so that genuine local priorities are met. As part of this, we advocate a participative budgeting approach to allocate a sizeable percentage share, for example 10%, of the total public budget in any locality.

By opening up the budget process at all levels to ordinary people, we will begin to involve a broad cross-section of society in budgeting conversations, widening the pool of people supported to input into budgetary decisions, and ensuring that such decisions are made on the basis of the widest possible range of experiences - not only helping people to look at the whole so that they get a greater understanding of budgetary options, but also helping people to avoid making knee-jerk reactions to local and national budgetary decisions. This, we hope, could lead to better overall budgeting decisions.

Collaboration and community approaches
Despite the possibility of creating innovative approaches and reducing spend that collaboration can often bring, many of the systems for managing budgets are counterproductive as they insist on competitive approaches. Brokering should be possible within and between sectors, but the framework is key. What is needed is a consideration of process and planning, as through an alignment of funds and organisations working together, it is possible to make money go further. We hope to see the various funds allocated to local authorities, public boards and others, used in this way.

As SCVO has demonstrated through its work on Community Jobs Scotland (CJS) and European Structural and Investment Funds (ESF), collaboration can be an effective way of producing positive results. For example, SCVO’s CJS programme has worked with 565 third sector organisations across Scotland to give jobs to over 5950 young unemployed people. CJS performs highly, successfully engaging and progressing people with significant barriers to employment including people with disabilities and long term health conditions, care leavers and ex-offenders, with 64% of young people in the programme going on to positive destinations. In terms of ESF, SCVO formed a steering group involving third sector partners to embed the future role of the third sector into the 2014-20 EU Funds programme within agreed national delivery structures. This has led to ring fenced funding for national organisations delivering employability support to some of Scotland's most disadvantaged communities, and, through our work on the Poverty and Social Inclusion strand of ESF, has ensured that resources are targeted at communities in most need. Furthermore, SCVO currently coordinates a consortium of over 20 specialist third sector organisations that provide support to some of Scotland's most disadvantaged people – a strategic third sector approach to the future delivery of employability services in Scotland. It is this
kind of collaborative working that should be encouraged to ensure progress across Scotland.

The funds assigned to the new Integration Care Fund, and the Local Energy Innovation Challenge Fund must be deployed in way that fosters collaboration, rather than competition. We would welcome the opportunity to discuss this further with MSPs and Ministers. We further recommend that such collaborative approaches become the norm in all areas which involve services for people. This includes many areas in which the third sector operates. It is through the use of budgets to foster collaboration within and between sectors that will see success.

**Tackling inequalities**

All budget spending must focus on combatting inequality. Whilst we welcome that this is a key budget theme, we need to ensure that this thread is the driver of the entire budget. And while some issues relating to inequality are affected by UK Government policy decisions, there is always scope for Scottish Government and Parliament to ensure its budget decisions work best for the most vulnerable and poorest in society. Northern Ireland’s ‘Bending the spend’ work – which seeks to target spending from all Government departments at disadvantaged communities, with departments compelled to demonstrate year on year how they target ‘social need’ (focussing on inequalities in income, the labour market, health and education, tackling employment and employability) – is one way the Scottish Government could ensure all portfolios actively work to reduce inequality and anti-poverty strategies are mainstreamed.

Digital inequality also has a massive impact on people’s ability to participate fully in society in our digital age, with more than a million people in Scotland lacking basic online skills. Fast broadband is not enough – people need the confidence and skills to benefit from everything that the web has to offer. SCVO is working with partners across Scotland to help everyone to participate in our digital world, bringing an economic benefit to Scotland by helping people to have better access to the modern workplace, as well as individuals and society benefitting from the income and health inequality reductions that having a job can bring. Digital allows us to use creative ways to support people into employment, enabling jobs to meet people, as well as helping people to be ‘job ready’.

This example, along with the others in this submission, help to show how third sector organisations are often the link between Government departments and local communities. Local authorities and much of the NHS often fail to support local communities to develop community-based and community-led prevention projects. Whilst Government is good at legislating for and procuring for communities, the third sector is good at gaining the trust and involvement of local communities. The third sector offers the space within which people can support each other through life’s challenges. In turn, this offers a conduit through which government at all levels can channel their support for people and their communities.
Health-specific considerations
We have breached the £12bn mark in health expenditure – that is not quite half of all expenditure. We must start asking questions about the impact of such spend. As poverty and inequality increase in Scotland, what can we do better to ensure that significant expenditure is making a real difference? The impact of austerity measures, a fractured labour market and benefit cuts is leading to: almost one million people unable to afford adequate housing; 800,000 people unable to take part in basic social activities; and over 250,000 adults and children being unable to eat properly. III We must consider the impact of this on demand for public services, including health. More widely the continued impact of policy on demand for the third sector support must also be considered. Reports by SAMH IV, HIV Scotland V and others paint a bleak picture.

A reconsideration of where health money is spent is essential if we are to really move from a medical model to a preventative model. If, as the Scottish Government’s 2020 Vision for health and social care says VI, the aim is to have a healthcare system that focuses on prevention, anticipation and supported self-management, with the person at the centre of all decisions, then we need these priorities to be matched with proper resource transfer. As an example, the Reshaping Care for Older People (RCOP) projects have been extremely successful but they have not been funded through mainstream budgets; the change to the system hasn’t happened. We really must use the budget as a lever and a driver for structural change. The RCOP projects have proven to be effective, so they must be properly supported – even as this will lead to disinvestment in other areas. Whilst we welcome the recognition given to the third sector in the draft budget with regards to the sector’s important role in the area of creating innovative approaches to prevention, the new Integrating Care Fund, which is designed to ‘build upon’ RCOP, is not sufficient – it is a fundamental change in budgets that is needed.

As it stands, one third (£1.6bn) of the annual income of the third sector in Scotland is for activities and services related to health and social care activities and services. Meanwhile, 55% of the third sector’s paid workforce – 76,000 people – is employed in health and social care VII. As an example of the innovative work of the sector, the Building Healthier and Happier Communities has provided funding, support and connections to help local projects deliver change, identifying clear outcomes and indicators to capture evidence of the change they make. Projects include themes of food, advocacy, carers, asset mapping, environment & healthy lifestyles and tackling social isolation, engaging with communities to develop and deliver a programme of support. Projects such as these must become the norm, rather than a sideshow, in health and social care.

At the moment the NHS and other Government departments, local authorities and so on function best in a crisis intervention role, whilst the third sector performs best in a community capacity building role to prevent people getting to the crisis stage in the first stage. Unfortunately, much of the funding for third sector alternatives to acute intervention comes not from protected NHS budgets, but from local government, resources for which are diminishing. The
third sector due to its particular expertise in building trust with communities however must be a part of health and social care planning, including budget planning, with the sector treated as an equal partner as integration of health and social care moves forward.

Challenges within social care continue to push families into further poverty or serve to increase isolation\textsuperscript{viii}. The impact of welfare reform on health services will be one of themes emerging from research to be published by SCVO in the next few weeks. Ensuring the continuation of preventative projects and providing proper investment for it is essential if we are to truly move to prevention in health.

**Conclusion**

As we have discussed above, an open budget process could bring new ideas to the table, and ensure that priorities for spending reflect the needs of people and communities.

Furthermore, SCVO and others in the third sector have demonstrated the benefits of collaborative and community approaches, and these should be encouraged, not just in regards to the new Integrated Care Fund and the Local Energy Innovation Challenge Fund, but across all areas where the third sector contributes.

Moreover, tackling inequalities of any form must be the driver of all budgeting decisions. We welcome the commitment made to this in the budget; this must be as a clearer driver for budgeting decisions, relevant to all departments rather than a peripheral consideration.

Finally, a reconsideration of where health money is spent is essential if we are to move from a medical model to a preventative model. We need this priority to be matched with proper resource transfer, and hope to see much of the newly announced Integration Funds prioritise support for community-based intervention.

**Scottish Council for Voluntary Organisations**

**References**

Scottish Voluntary Sector Statistics 2010, SCVO


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\textsuperscript{ii} http://www.publications.parliament.uk/pa/cm200304/cmworpen/85/8523.htm ; http://www.ofmdfmni.gov.uk/tsn.pdf

\textsuperscript{iii} http://www.poverty.ac.uk/editorial/scottish-poverty-study-calls-governments-tackle-rising-deprivation

\textsuperscript{iv} http://www.samh.org.uk/our-work/policy-campaigns/welfarebenefits

\[^vi\] http://www.scotland.gov.uk/Topics/Health/Policy/2020-Vision


\[^viii\] Review of CoSLA guidance on Community Care Charging – Independent Living in Scotland, 2011