

Local Government and Regeneration Committee
Scrutiny of Scottish Government's Draft Budget 2014/15

SUBMISSION FROM SCOTTISH COUNCIL FOR VOLUNTARY ORGANISATIONS
(SCVO)

Summary

- A lack of long-term funding for our sector from local authorities significantly hampers their ability to support some of the nation's most vulnerable people. This is not about more money, but about better use of money. Three year funding must become a reality.
- Community Planning Partnerships have not delivered on addressing the complex needs of our communities. Local authorities and other public bodies must work with the third sector to improve community planning.
- Arms-Length External Organisations are a concern for the third sector, particularly their transparency and accountability – we welcome the work to date on extending FOI to ALEOs' and recommend that the Committee continues to look into this issue.
- Local authorities must prioritise resources to deliver on the commitments that have been made under their specific equality duties. Wider issues of equality must also be considered, not just the legal 'protected characteristics'.
- Welfare reform will continue to have a significant impact on the work of local authorities. It is essential that they work in partnership with all organisations that can help them mitigate the impact of the reforms.
- Public service reform must lead to real change in how people are able to access services and support. SCVO suggests that combining the different pots of money available for care and support needs could be one way to begin this process, and suggests the Committee considers this proposition.

Our response

Long-term funding

Many within the third sector do not receive funding from local authorities over more than one year. This is detrimental to their ability to plan for the future and provide the best service they can to what are often vulnerable groups.

Long-term funding is not about more investment and more money. It is about strategic investment and long-term support to ensure the delivery of better outcomes at local and national level and ensure that public spend is having the greatest possible social impact and leading to more sustainable public services across Scotland.

SCVO believes this is not a sustainable situation. We believe that:

- It is time to move on from the 2009 Joint Statement as an approach through which to promote change.

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- Any future framework for the delivery of long-term funding must now be re-negotiated with local authorities.
- It is important to recognise that work must be undertaken to promote the rise of long-term funding across all local authorities in Scotland.
- This debate is an important one and drives to the heart of the Scottish Government's agenda of promoting effective preventative measures and ensuring we have sustainable public services in Scotland.

The current model of annual funding constrains third sector innovation but, more importantly, it is also an inefficient method of service delivery. In Scotland we have developed rhetoric around reform, but it's not being accompanied by action. Despite evidence to support long-term funding and the positive outcomes it achieves, we are still operating on an annual basis which, simply put, is unsustainable and largely ineffective.

The Christie Commission presents a clear focus on positive outcomes for communities as a focal point when deciding who delivers what service. Scotland's third sector has a proven track record of delivering under the tight conditions we have been forced to endure, but the sector is now stressed to its limits

The current funding processes within Scotland have created a disparity amongst the third, public and private sectors. Whilst public bodies and local authorities are willing to offer long-term contracts to the private sector, the third sector is expected to seek out funding on annual basis. This is astonishing considering the social value third sector organisations provide compared to the profit-driven private sector. Local authorities and public bodies are happy to offer tax-payers' money to private companies but expect not-for-profits to pay it all back rather than reinvest it into communities.

Moving forward we must understand what exactly we are trying to achieve and who we are trying to achieve it for. SCVO seeks to work with COSLA and the public sector to support all public bodies to offer long-term funding. It is not a case of more money for the third sector. It is about using existing resources more effectively, and an ambition to have more stable and sustainable services for those who have the greatest needs.

Community Planning Partnerships

The recent Audit Scotland report, *Improving community planning in Scotland*¹, highlighted a number of problems with Community Planning Partnerships (CPPs), whilst also underlining the potential they have to make a real difference to communities across Scotland.

As the Audit Scotland report states, "ten years after community planning was given a statutory basis, CPPs are not able to show that they have had a significant impact in delivering improved outcomes across Scotland". This is clearly a missed opportunity.

The findings of the report match the third sector's experiences. CPPs have not fulfilled their promise of addressing the complex, long-term needs of communities. Anecdotally, many across our sector have reported on the failure of CPPs to work with the sector to identify and address those needs.

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As the report continues, "One of the aims of community planning was to help reduce social inequality. However, stark differences in outcomes for different groups still persist in Scotland. [...] It is in these complex areas that CPPs can make a real difference if they focus their efforts and bring to bear the full weight of their combined resources, skills and expertise".

Third sector organisations have decades of experience in working on just such areas in communities across Scotland. SCVO feels strongly that it is high-time to utilise the experience and knowledge of third sector organisations in CPPs as active and equal participants who can work alongside public bodies to deliver positive change. This means involving the sector in the crucial process of prioritising and setting outcomes. Community views must also carry more weight at CPPs with ways found to bring local views up to influence decisions at the strategic level.

Arms-Length External Organisations (ALEOs)

SCVO believes that ALEOs with charitable status are being used by local authorities to benefit from the tax reliefs and funding opportunities available to charities to deliver public services. By achieving charitable status these organisations appear to be part of the third sector - even though they are clearly under local authority control. There is a danger that this could create a false impression of an independent voice when in fact their views are simply an extension of those of the local authority.

ALEOs are not normally subject to the public sector duties which would apply if their services were still being delivered by local authorities. This leaves a significant accountability and transparency gap for public service delivery and scrutiny of the public pound. There are also concerns that if a local authority puts a service out to tender and the ALEO bids for the tender this could create a clear conflict of interest and an unfair competitive environment.

Whilst current charity law precludes Scottish Ministers from directing or controlling the activities of charities, it does not make the same provision for local authorities – this is of obvious concern when considering ALEOs' transparency.

SCVO feels strongly that charities must remain as a distinct voice in the public sphere. ALEOs dilute the independence that is so important when it comes to giving voice to vulnerable groups and service users. As we have significant concerns as to the transparency and accountability of ALEOs, we welcome the work to date on extending FOI to ALEOs' and recommend that the Committee continues to look into this issue.

The Delivery of the Equalities Agenda

Implementing the Public Sector Equalities Duty

Local authorities must meet the requirements of the Public Sector Equality Duty under the Equality Act 2010. In Scotland this includes a range of additional specific duties such as the requirement to publish equality outcomes and an equality mainstreaming report, and to assess the impact of their decisions and policies on people who fall under the legislation's 'protected characteristics'. However, there is concern from the sector that now that local

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authorities have published their Equalities Outcomes, they will not have the resource to implement them.

SCVO believes it is essential for priority to be given to meeting these equality duties, and for resource to be allocated to ensure that takes place. We do not wish to see the Public Sector Equality Duty becoming a mere tick-box exercise.

Need to widen focus beyond statutory duties

Also of concern is that, as local authorities seek to meet their statutory duties and focus their equality considerations on the 'protected characteristics' under the Equality Act 2010, they may fail to protect wider vulnerable groups. A recent report from the Joseph Rowntree Foundation looked at five councils across Scotland, and found that discretionary services were being subject to disproportionately large reductions in spending. They found that, as local authorities concentrated on their statutory duties, they failed to mitigate risks "to the full range of disadvantaged and vulnerable socioeconomic groups".

Based on this evidence, SCVO strongly advocates that local authorities are supported to learn how to effectively measure and take into account social impact – not just statutory equalities duties and 'protected characteristics' – when making budgeting decisions.

Cumulative effect

SCVO is also concerned that too often, local authorities think in isolation about the effect that a single decision will have on people, rather than focussing on the cumulative effect of multiple decisions. Whilst some changes may seem small and be declared to have no effect, the overall impact of these changes could be significant. This is something that local authorities must take into account when considering the impact of their decisions, particularly for vulnerable groups.

Other issues

Due to the reduction in local authority budgets from central government, many local authorities are cutting auxiliary services. This can have a significant effect on the ability of vulnerable groups to lead independent lives, goes against the idea of preventative spend, and ultimately leads to higher spend on crisis services. Local authorities must consider the long-term effects of service cuts when reconfiguring services.

Rural inequality is also a significant issue for Scotland. Due to rural locations, services to rural areas often cost much more than to urban areas, and reach fewer people – in a time of budget cuts, this can mean that rural residents lose out. SCVO recommends that local authorities take this into account when considering budgets for rural services.

Welfare Reform

The UK Government's Welfare Reform Act will undoubtedly continue to have an impact on the Scottish Government's budget during the next financial year, not to mention on the household budgets of some of the most vulnerable people in Scotland.

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Local authorities must have a clear focus on ensuring that the current UK reforms have as little an impact on the most vulnerable in Scotland as possible. SCVO's Welfare Reform Mapping projectⁱⁱ was published in May this year, based on the results of surveys and focus groups undertaken in the preceding 6 months (so before the first of the reforms had been implemented).

The project found that gaps in provision already existed and organisations did not have the resources to fill them. Particularly of interest given the discussion of long-term funding above, over 40% of respondents cited a lack of long-term funding and inability to plan ahead as a critical issue for them when trying to support people through welfare reform.

Demand for support and services provided by third sector organisations had also increased according to 72% of survey respondents due to the impact of welfare reform, and was expected by 88% of organisations responding to the survey to increase further in the coming months. This was true of all types of organisations, across all areas of Scotland.

Finally, several third sector organisations reported unprompted that a key factor in the increase in demand for their services was due to the public sector's inability to meet growing demand, with five specifically highlighting cuts to public services as a driver for increased demand, and four reporting an increase in referrals from statutory organisations.

SCVO recognises that there is currently significant emphasis placed by the Scottish Government on the role of local authorities in tackling welfare changes. Local authorities have an important part to play, but they will not always be able to manage the changes on their own. To better support people and deliver more effective mitigation, local authorities will need to work effectively with the third sector and others. Indeed, the role of the third sector in mitigating the reforms was recognised by Mr Swinney in his recent Draft Budget with the announcement that Scottish Government will provide a further £2.5 million over 2014/16 to build the capacity of local communities and the voluntary sector to respond to the worst effects of welfare reform. Local authorities must then ensure that they work with the third sector in this area.

Local authorities must also be aware of not focussing too much on the role of advisory services in tackling the impact of welfare changes. Many people only seek advice when their circumstances have considerably deteriorated, so local authorities must also focus attention on upstream interventions. By adopting a more preventative approach, both statutory and third sector organisations will be able to support and help people before their problems reach crisis point.

In conclusion, SCVO strongly recommends that local authorities look to work more with the third sector and others in supporting people through welfare reform and finding ways to mitigate the impact of the changes.

Public service reform

As SCVO discussed in its recent response to the Regulations and Statutory Guidance to accompany the Social Care (Self-directed Support) (Scotland) Act 2013ⁱⁱⁱ, the danger with Self-Directed Support (SDS) legislation, health and social care integration and newer

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developments like the Scottish Welfare Fund is that we tinker at the edges and reinforce existing processes, approaches and models. Rather, we need to tackle compartmentalisation of policies, legislation and funding. By doing so, we can seek to shift power towards people and communities, and produce the kind of public services that are needed to tackle continued and deep inequalities and poverty.

SCVO suggests that we combine any monies devolved through the Independent Living Fund, Community Care Grants (which currently sit within the Scottish Welfare Fund) and any investment relating to SDS implementation to drive real change in how people access social care. Then organisations, local authorities and individuals would not have to navigate different funding pots for different awards, all of which essentially support quality of life and independent living. We suggest the Committee considers this proposition.

Conclusion

It is clear that there are multiple issues that local authorities will have to deal with over the coming months. Many of them are in areas where the third sector can help, working with local authorities to improve the lives of people across Scotland. It is essential that local authorities work with the third sector to enable it to plan for the future through three-year funding. Local authorities can also work better with the third sector in terms of community planning, and recognise that the third sector is keen to work alongside local authorities to mitigate the effects of welfare reform. Local authorities should also ensure that they themselves deliver on equality duties despite pressures on budgets. Ultimately, this will ensure that the most vulnerable in our society get the kind of support they both want and need.

We also suggest the Committee considers our proposal to combine any monies devolved through the Independent Living Fund, Community Care Grants (which currently sit within the Scottish Welfare Fund) and any investment relating to SDS implementation to drive real change in how people access social care. This would free local authorities and others from navigating different funding pots for different awards, all of which essentially support quality of life and independent living.

Finally, we remain concerned about the status of ALEOs, and urge the Committee to continue to look at this issue.

ⁱ http://www.audit-scotland.gov.uk/docs/central/2013/nr_130320_improving_cpp.pdf

ⁱⁱ <http://www.scvo.org.uk/wp-content/uploads/2013/05/welfare-reform-mapping-report2.pdf>

ⁱⁱⁱ <http://www.scvo.org.uk/wp-content/uploads/2013/07/SCVO-response-Social-Care-Self-Directed-Support-Act-2013-Draft-regulations.pdf>