



OFFICIAL REPORT
AITHISG OIFIGEIL

Local Government and Communities Committee

Friday 26 June 2020

Session 5



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LOCAL GOVERNMENT AND COMMUNITIES COMMITTEE

16th Meeting 2020, Session 5

CONVENER

*James Dornan (Glasgow Cathcart) (SNP)

DEPUTY CONVENER

*Sarah Boyack (Lothian) (Lab)

COMMITTEE MEMBERS

- *Jeremy Balfour (Lothian) (Con)
- *Annabelle Ewing (Cowdenbeath) (SNP)
- *Kenneth Gibson (Cunninghame North) (SNP)
- *Graham Simpson (Central Scotland) (Con)
- *Andy Wightman (Lothian) (Green)

*attended

THE FOLLOWING ALSO PARTICIPATED:

- Anna Fowlie (Scottish Council for Voluntary Organisations)
- Maddy Halliday (Voluntary Action North Lanarkshire)
- Lesley Kelly (Midlothian Third Sector Interface)
- Josiah Lockhart (Firstport)
- Hector Macleod (Western Isles Third Sector Interface)

CLERK TO THE COMMITTEE

Peter McGrath

LOCATION

Virtual Meeting

Scottish Parliament

Local Government and Communities Committee

Friday 26 June 2020

[The Convener opened the meeting at 10:00]

Decision on Taking Business in Private

The Convener (James Dornan): Good morning and welcome, everyone, to the 16th meeting in 2020 of the Local Government and Communities Committee. I once again thank the broadcasting office for helping to organise our meeting. I ask everyone to ensure that their mobile phones are on silent.

Today's main business is an evidence session on the third sector and Covid-19. Agenda item 1 is a decision on whether to take agenda items 3 and 4 in private. Item 3 is consideration of evidence heard at this meeting and item 4 is consideration of our work programme. As we are meeting remotely, rather than asking whether everyone agrees to take those items in private, I will instead ask whether anyone objects. If there is silence, I will assume that you are content. Does anyone object?

As no member objects, the committee agrees to take items 3 and 4 in private.

Third Sector (Covid-19)

10:01

The Convener: Item 2 is an evidence session on the third sector and Covid-19. We will discuss how the Scottish Government is supporting the sector with its third sector resilience fund.

I am pleased to welcome our first panel of witnesses: Anna Fowlie is the chief executive of the Scottish Council for Voluntary Organisations and Josiah Lockhart is the chief executive of Firstport. I am grateful to you both for taking time to answer our questions and for your joint written submission. We have allocated just under an hour in which to discuss a number of issues with you.

I ask that committee members address their questions to witnesses by name, where possible. That will enable broadcasting staff to turn on the right microphones. If you do not do so, I will call witnesses by name in turn to answer your question. I also ask that members and witnesses give broadcasting staff a few seconds to operate your microphones before you speak. If a witness considers that a question directed to them might be better answered by another panel member, please say so.

How closely did your organisations work with the Scottish Government in the design of the fund? Was the wider third sector consulted during the design stage?

Anna Fowlie (Scottish Council for Voluntary Organisations): Are you asking specifically about the third sector resilience fund, or about all the funding that is being made available?

The Convener: Specifically the resilience fund, but you can widen out your response to include all funding.

Anna Fowlie: We were consulted at the very start about all the funding that the Scottish Government would be making available. We are a membership organisation, so, obviously, we are in touch with what our members think.

I consider that we were closely involved in the original design of the funds. We were particularly involved in the design of the wellbeing fund. We were involved to a lesser extent in the third sector resilience fund, and to a lesser extent again in the supporting communities fund.

The Convener: Josiah, do you want to come in?

Josiah Lockhart (Firstport): Yes. The speed at which the funds had to go out necessitated a quick consultation on the third sector resilience fund—it was not as deep as the consultation was on some of the other funds.

The three partners—Firstport, the Corra Foundation and Social Investment Scotland—along with SCVO consulted both the Scottish Government directly, and did a fast consultation with intermediaries—membership bodies representing community anchor organisations, social enterprise and the voluntary sector more broadly.

The Convener: Was the wider sector sufficiently involved in the design of the fund?

Josiah Lockhart: There could have been an opportunity to do more in that regard for the third sector resilience fund. The purpose of the third sector resilience fund in particular was to immediately address organisations that were at high risk due to lockdown. The fund was launched I think two days following lockdown, so there was a balance to be struck between the speed at which money needed to go out and seeking a wider response about the fund.

The other funds, however, which were focused on community response directly, involved a much broader and deeper response because they were about addressing the needs of communities.

The Convener: It was time more than anything else that impacted on the lack of consultation.

Anna Fowlie, do you have any comments on the wider groupings?

Anna Fowlie: Yes. You have to bear it in mind that the sector is huge: there are 40,000 different organisations. You would be hard pressed to consult even a small number of those so, as Josiah Lockhart said, the role of intermediary organisations—we are one example, but there are many others—is really important. We, too, did a lot of consultation via intermediaries rather than directly, because it is an almost impossible task to consult every organisation and an immediate response was needed.

The response in the form of the wellbeing fund and other funds might not have been immediate, but it was still a lot quicker than the time that it takes for most funding to be launched. The impetus was to get the money to where it was needed most, as quickly as possible.

The Convener: Okay, that is great. I have a question that is less about the third sector resilience fund and more about the future of the sector. In the report of the advisory group on economic recovery, which was published on Monday, the group recommended that

“the Scottish Government should take action to protect the capacity and financial sustainability of the third sector”.

Do you have any suggestions on how the Government should do that over the medium term?

Anna Fowlie: I really welcome that report. It echoed the report that the Scottish Parliament's Equalities and Human Rights Committee published last year, which said similar things.

It is important to recognise that although a lot of the sector has been involved in the immediate response to the virus, there is a whole swathe of the sector that needs to be ready for recovery and needs to be able to support the whole of Scotland in recovering from the virus. It is important that those organisations are still there when we emerge from this.

We also need to bear in mind what you all know already—that the sector was already in a financially precarious position, which was identified in the EHRIC's findings. People have been going on about that for quite a long time, but the situation has exacerbated that.

It is not just the role of Government to do this; it is really important that Scotland as a whole looks at how we can protect the sector and make sure that it is fit for purpose for the future.

The Convener: Thank you for that. Josiah Lockhart, on that point, has the situation given us an opportunity to see whether there are new ways that the third sector can work with local and national Government, for example, when we come out of the pandemic?

Josiah Lockhart: Yes—a lot of new ways of working have emerged through the situation. Partnership has been at the forefront of it all, with communities as well as medium-sized and larger third sector organisations coming together to do things and work quite closely with local government to respond to the situation.

We are getting a lot of the information from reading through the detail of the applications and the wider responses to some of the inquiries that have been happening across the Scottish economy over the past few weeks. There is a lot of information about how local government is working closely with third sector organisations on procurement in particular and helping to facilitate ways that organisations can be creative about working in partnership.

We have learned a lot over this time and new models of doing both business and charity have been emerging. Right now is a good time to invest together and local government has a lot of tools and vehicles it could use to help to enable that.

The Convener: Thank you both for those responses.

Sarah Boyack (Lothian) (Lab): It is good to see everybody. I will ask for some reflections from Anna Fowlie and Josiah Lockhart. The Office of the Scottish Charity Regulator has said that 20 per cent of Scottish charities are facing a “critical

threat". What do you think about the level of the fund and, from the analysis of the payments thus far, to what extent has it been able to support those organisations?

I also want to ask Josiah about lessons for improvement, but first, Anna, can I ask you about the level of the fund and whether it has actually helped those charitable organisations?

Anna Fowlie: As Josiah Lockhart said, the resilience fund was very much focused on immediate threat to viability—and I emphasise immediate. People's and organisations' viability has obviously changed—it has generally deteriorated over the past few weeks, particularly as independent fundraising and the ability to generate unrestricted income have been impacted by lockdown. That is a hugely important point.

The other funds have supported activities that have been going on, focusing on those that are addressing the immediate situation. We are now looking for some sort of transition funding or some process to enable organisations to fundraise themselves, so as to address medium to long-term sustainability.

As you will know, the sector is precarious anyway. Many organisations, especially the wee local ones, which have been important in this situation, are highly dependent on short-term, immediate bursts of either grants or fundraising activity. I am really worried about the viability of many organisations across the sector, both large and small.

Sarah Boyack: One of the things that came out in the feedback that we received was that, at a very local level or in the most rural areas, charities have felt very vulnerable. Do lessons need to be applied to potential future funding from the Scottish Government and regarding a need to ramp up the capacity to fundraise?

Anna Fowlie: I suppose that it has been a perverse benefit of the situation that the crucial importance of small local organisations in supporting their communities and community activities has been identified. One of the things that our members have consistently identified over the years has been the impact of the hits to local government funding, which is a far bigger funding source for the sector than Scottish Government funding has been. It is really important to maintain the local connections, and the ability for local government to fund its local community services is absolutely vital.

Sarah Boyack: That is really helpful. I will return to that in a future question—colleagues know me.

My second question is for Josiah Lockhart, on the lessons learned from the first and second

phases of the fund, covering localisation and access to the fund, together with issues around how to reach people in need. What changes have been made between phase 1 and phase 2, and what impact would you say the two phases have had? We have seen criticism from people who were not able to access funding and from others who were looking into why some people could not get access. Do you have any comments about the changes that were made and why they were needed?

Josiah Lockhart: The changes between phases 1 and 2 were primarily the result of other funds and programmes from the Scottish and UK Governments coming online. In particular, the resilience fund was about three or four weeks ahead of the others.

The lessons for improvement that could come from that include closer working between the variety of funds available—both the third sector funds and those from outside the sector. Some of the work that has been going on around recovery has been trying to bring those various conversations together a bit more specifically.

One of the other major things that became apparent in the responses that you have received and in the third sector interface—TSI—report that came out yesterday was the issue of skills among some organisations, where people did not understand some of what they called "business language." They were referring to expressions such as "cash flow" and "reserves." That is a concern, particularly at this time, because those are the things that will cause such organisations to fall—if they do fall—in the coming months. It would be good to get further support or anything that comes in the future to help those organisations to understand what those things mean and to plan. That is a slightly worrying thing, looking at the financial position of much of the third sector.

Closer working with groups that operate outside Scottish Government-oriented funds is imperative. We have been considering the triggers of what caused many organisations to need resilience funding, and much of that involved stuff that is not part of the wider independent grant sector. Independent grant makers have been very good at diversifying and unrestricting their income. However, for organisations that rely locally on individual donations from people or on some sort of trading element, those were major triggers as cash flow started to decrease across the sector.

The lessons for improvement are really about joining up the funds to enable them to speak to and reach into pockets of the sector, and joining up the delivery of new and on-going support as well as helping those organisations to plan.

10:15

Sarah Boyack: That sounds sensible, but how will it actually happen? We heard some comments from third sector interface groups about the need for knowledge. How is that knowledge disseminated in a world where people cannot turn up to conferences and everything has to be online? What can be done over the next couple of months to ensure that those vital organisations remain resilient and are still in place come the end of the summer?

Josiah Lockhart: An important aspect is the speed of getting that information out and making it possible to be more agile to be able to speak to people. We are in a world where a lot—just about everything now—has to be delivered digitally, so we need to understand certain elements of digital inclusion with regard to the third sector resilience fund in particular. As has been said, the fund will continue in some form for the next couple of weeks, at least until we switch to recovery, and we are working on digital inclusion for both disabled individuals and people from ethnic minority groups to enable them to better access that support.

We will have the ability to tie into things such as Just Enterprise, the enterprising third sector initiative and the TSI networks to help to deliver some of that support as we move into some sort of recovery phase. I cannot speak too much about what that will look like, because consultations are on-going with stakeholders across the four funds, but I hope that we will be able to use that support to plan for resilience and recovery at the same time as getting proper investment into those organisations.

Sarah Boyack: Convener, do I have time to ask Anna Fowlie the same question?

The Convener: You will have to be very quick, and the answer will have to be quick as well.

Sarah Boyack: Anna, do you have any additional views on resilience over the next couple of months?

Anna Fowlie: Josiah Lockhart is correct to say that we need much more alignment across the different funding streams. We also need to work closely with independent funders; there are trusts and foundations in Scotland that are really keen to help. Both Josiah and I have been involved in very hopeful and good conversations about how independent funders can take a more collective and collaborative approach, and whether they are willing to collaborate to identify need in order to ensure that they each deal with a different gap and do not duplicate support. That is a source of hope for the future.

Speed has been of the essence, as it still is, so everybody has tried to do something with great

intentions, but we now need our approach to be much more aligned and strategic.

Graham Simpson (Central Scotland) (Con): Good morning to both of you. Can you quickly explain what each of your organisations does? We have not actually heard about that yet. We can start with Josiah Lockhart—Firstport sounds as though it deals with shipping containers rather than the charity sector.

Josiah Lockhart: Thank you for the question. Our formal name is First Port for Social Entrepreneurs Scotland. We are the main entry point for social and community enterprises that want to set up and start to develop their organisations. We work with business support across the enterprise and third sector as well as running a number of grant programmes for developing enterprises. We have worked with the resilience fund; with Corra Foundation, in taking more of a charity and communities approach; and with Social Investment Scotland. We deal with many more of the larger organisations in that regard.

Anna Fowlie: SCVO is a membership organisation. We have more than 2,000 members across the voluntary sector—they include not just charities but community groups and other organisations. We provide services to members and we are the voice of our members, but we are also funded to be the voice of the whole sector. That is a challenge, and we cannot claim to achieve it perfectly—there are 40,000 voluntary organisations across Scotland, 24,000 of which are charities. We try to lobby on behalf of the sector and to influence, but we also deliver services.

Graham Simpson: That is very useful. There are 40,000 organisations out there but, according to figures that we have seen, by the start of May—I realise that that is quite a long way back—there were just over 2,300 applications to the various funds. That is about 5 per cent of those 40,000 organisations, which is quite a low figure. Are all the organisations aware of the funds for which they can apply?

Anna Fowlie: The Government, its policy teams, SCVO, local government and many others, particularly TSIs, have done a lot of work to promote the fact that funding is available. Inevitably, we will never reach everybody, but we have all collectively tried to use all our channels to promote the funding as much as we can. We have done a lot of work through *Third Force News*—our magazine and online news service—which reaches a huge audience, but I am sure that we could do better.

We need to remember that the 40,000 organisations include wee playgroups as well as

the British Heart Foundation, for example, so we are talking about reaching very different organisations. Sometimes that is done through intermediaries. All that I can say is that, collectively, we have tried our best.

Josiah Lockhart: I agree with everything that Anna Fowlie said. We have been trying to get out information as far and wide as we can. I can give an update on some of the figures. As of last Friday, almost 3,200 applications had been made to the resilience fund. That is not the number of organisations that applied, because there were a number of multiple applications from the same organisation over the process.

We should recognise that each fund has a specific purpose, so some funds were not needed by every organisation. We need to carry out research, particularly over the next year, to dissect who accessed which funds for what reason and where gaps are emerging.

Graham Simpson: Are there too many funds? Is it all a bit too confusing for people?

Josiah Lockhart: There has been a lot of feedback on not only the third sector funds but the wider Scottish and United Kingdom Government funds. The funds were not introduced at the same time, so there was a lot of feedback that people were almost given too much information to apply. The argument that Anna Fowlie and I were making to Sarah Boyack was that some sort of consolidation or, at least, much closer working is needed.

Graham Simpson: Anna Fowlie mentioned wee local organisations. Will they not really struggle to deal with all the bureaucracy?

Anna Fowlie: We have tried to minimise the bureaucracy as much as we can, but that needs to be balanced with due diligence. Some funders probably took more risks than they would have taken in the past in order to get money out of the door, and I presume that some mistakes will come to light. It is a real learning process for us. We have tried to make the process as unbureaucratic as possible, while preserving due diligence. It is important to ensure that the organisations that receive the money can use it to best effect.

On the question of the plethora of funding sources, funding can come from different policy areas in Government with different responsibilities, but the applicants do not need to know that. They just need to be able to apply for funding. We might have to do something behind the scenes to ensure that the funding is allocated to the right cost centre—I say “we”, but that could be anyone involved in the process—but that is not a matter for the applicants. That can be taken care of behind the scenes. Applicants should just be able

to say the amount that they need and what it is for, and expect that to be assessed.

Graham Simpson: And is it that simple?

Anna Fowlie: It could be that simple; it certainly is not at the moment.

Graham Simpson: Is it that simple?

Anna Fowlie: Do you mean just now?

Graham Simpson: Yes.

Anna Fowlie: No, it is not, because, as Josiah Lockhart said, people apply to multiple funds and some people do not have the skills to fill in funding applications. That is why he and I would like the front-facing bit of the system to be simplified, even if the back end has to be complicated.

Graham Simpson: That is useful. So, at the moment, it is too complicated—

The Convener: Your time is up, Graham.

Graham Simpson: My time is up, the witnesses will be pleased to know.

Annabelle Ewing (Cowdenbeath) (SNP): Good morning. I have two questions and I will just crack on, in the hope that we can get through them within the allotted time.

How much, in total, was available to the fund? I thought that there was an initial £20 million for grants and £5 million for loans, and a top-up of £5 million around April. Can you confirm what the fund comprises?

Josiah Lockhart: Those numbers are correct. Initially, £20 million was put into the fund, along with £5 million for loans, and there was a top-up of £5 million around the start of phase 2.

Annabelle Ewing: So, we are talking about a £30 million fund. The figures from The Scottish Parliament information centre suggest that some money might be left. Of course, the figures change from moment to moment, so we cannot be entirely sure about that. Do you have any idea how much is left, as we speak?

Josiah Lockhart: As of last Friday, £21.4 million has been issued in grants and £2.5 million has been issued in loans to 27 organisations. At any given time, there is between £0.5 million and £1.5 million in assessment. That brings the total that has been distributed up to something like £23 million, so we are getting close to the end. We have weekly conversations with the Scottish Government about how the amount that is in assessment is going up and down. At some point, we will have to figure out whether to close the fund or to roll it into whatever recovery ends up happening.

Anna Fowlie: Those figures relate specifically to the third sector resilience fund. There is also £50 million in the wellbeing fund, £40 million in the supporting communities fund and £70 million in the food fund. I do not have the exact figures in front of me—my technology is not as sophisticated as Josiah’s—but the situation with those funds is similar to the situation with the third sector resilience fund, which is to say that around two thirds to three quarters of the money has been allocated, but there is still some left, and we hope to get that out over the next few weeks. Of course, that is a matter for Government.

Annabelle Ewing: So, there is still some money left, and we will see what happens over the next few weeks. I guess that the request would be that, if the money is not spent in relation to current provision, it will be rolled over for future provision.

What are the repayment terms with regard to the time in which loans must be repaid?

Josiah Lockhart: I am probably best placed to answer that question. The terms are extremely generous for what the loans are: 0 per cent interest over three years, with a repayment holiday at the front end.

Annabelle Ewing: Yes, indeed. I am sure that many of us would appreciate being able to access loans on that basis. That gives us an idea of the whole picture.

In the time that I have left, I turn to questions on another area; perhaps Anna Fowlie can answer first. I note in the joint submission the comments on looking at future funding and the proposition that more money will be needed for recovery. The submission states that additional funding should not be about simply meeting resilience needs, but should

“include recovery and new service design and delivery.”

10:30

I have two questions. First, what activity is under way as we speak to look at how fundraising will take place in the new normal, and how we cascade information down to individual member bodies as quickly as possible so that they can crack on with that job?

Secondly, one feature of the process has been a focus on delivery and flexibility rather than bureaucracy and red tape, which has led to a much better outcome. Looking to the future, is that among the points that you would consider in developing the new design and delivery mechanism?

Anna Fowlie: Yes—absolutely. On your point about fundraising, the Institute of Fundraising, with which we are hooked in, is doing quite a lot of

work on that. We have seen more online fundraising, which has been great for the bigger organisations in particular; I am talking about events such as the kilt walk and the replacement for the marathon, which involve big organisations with marketing departments.

Smaller community organisations rely on physical community action: people being able to do things in their local community to generate income. That activity is very much dependent on coming out of lockdown, so I am sure that a lot of community organisations will have welcomed the First Minister’s announcement yesterday, but there is—rightly—no clarity in that regard because we do not know what will happen with the virus. That makes things really difficult for small local organisations.

On your point about flexibility and the design of a new service, a lot of voluntary sector organisations have found that they can do things differently and do more things online, although that is obviously not ideal for a lot of areas. They need a wee bit of investment to be able to achieve their aims in that respect. They are doing things differently, but we would like to see some transition support to enable them to continue that work.

The focus on delivery, which you mentioned, is probably the most important aspect. We have seen real agility—I do not particularly like that word, but it has been around for a while—from public sector and independent funders in respect of what money can be used for. There has been more trust and less emphasis on reporting and monitoring, and we would really like that to continue.

Annabelle Ewing: That is very encouraging to hear.

On fundraising ideas and innovation, Maci Fotheringham, who is a young primary school girl in my constituency, has raised around £1,800 for the Benarty food bank by painting rainbows. There is a lot of desire to fundraise out there, and a lot of really good ideas, so things are not as bleak as some people might paint them. There is also a lot of desire on the part of the public to support those efforts.

Anna Fowlie: Absolutely. We have seen quite a lot of public support around funding for the national health service, somewhat to the detriment of local organisations and charities. The messaging is important, of course, but we would like people to remember that their local community organisations also need funding.

The Convener: Thank you for that, Anna—although I cannot see that there will be a campaign any time soon that says “Don’t support

your NHS.” [Laughter.] I know that that is not what you are suggesting.

Andy Wightman (Lothian) (Green): Josiah Lockhart mentioned the latest TSI “Coronavirus Survey Report”, which was published yesterday. I note that there were 1,171 respondents to the survey. While 36 per cent of those organisations agreed that

“Our financial position is likely to worsen, and this will cause us challenges”,

only 16 per cent of organisations had received any funding through the third sector resilience fund. Do you have any sense of the scale and nature of the financial challenges that the sector will face over the next two years or so, or is it too early to assess that?

Anna Fowlie: We do not have an exact sense of that. We have reports from OSCR as well as information from intermediary organisations and our own surveys, which all suggests that perhaps 20 to 50 per cent of organisations are in really difficult circumstances, and that everybody will face challenges. It is definitely not the time to expect robust figures. We are all working on those, but we do not have them quite yet. I do not think that anyone will be in a comfortable position.

Andy Wightman: Do you have anything to add, Josiah?

Josiah Lockhart: I will add only that, from the financial data that is coming through the third sector resilience fund, it seems that we are likely to see a multisector approach, with a five, six or even seven-speed recovery. Certain sub-sectors of the third sector will recover differently. Right now, some parts are talking about delaying recovery by even a year. Organisations that are affected by tourism are starting to delay. Many organisations whose trading income is based on tourism or the residual effects of tourism as a result of there being more bodies here have lost 50 per cent of their high season. Therefore, they are likely to recover more slowly than others, such as organisations in the health and social care sector, which might come back a little faster.

That is a big issue that we need to recognise. We cannot see clearly what the issue is, but the data that we have shows that it will be a multispeed recovery, depending on what sectors organisations are in.

Andy Wightman: Anna Fowlie said in response to an earlier question that there is a need for a more strategic approach in the future. Are there other lessons that we have already learned about the role of the third sector? That might be vis-à-vis local government, or it might be about how the sector relates to itself, the duplication of services or the need for more resilience and more working

together and efficiencies. Are there any lessons in respect of the ways in which the sector is structured and goes about its business? Some ways of working might have been perfectly sustainable in normal times, but will not be so in the future.

Anna Fowlie: There are a lot of lessons. We have seen organisations working together that would not necessarily have worked together previously, which is really powerful. That includes joint working at local level, with local authorities.

Obviously, the situation is different across the country and the sector. The sector is diverse, and organisations are structured and constituted in many different ways. However, we have an opportunity to open up that area and consider how we might do things differently. The sector is now being recognised—probably for the first time—as really important with regard to areas such as tourism, for example, as Josiah Lockhart mentioned.

We need to consider how we ensure that the sector is fit for purpose, and the approach will be different in all the different areas. Now is absolutely the time to consider changes, and to look at where there is duplication and where new things have emerged. Over the past few weeks, a lot of new things have emerged that we have not seen before. We need to think about how we build on those and ensure that we have a 21st-century sector that is attractive to young people and that young people understand how the byzantine governance works. It is absolutely the right time to do that.

Andy Wightman: We have heard concerns and criticism that funding has been distributed in an overcentralised way that is not responsive enough to local circumstances. Are those criticisms valid?

Anna Fowlie: I understand where those criticisms are coming from, but I do not think that they are valid. In distributing the wellbeing fund, we have worked closely with the local third sector interfaces; they have been able to provide input based on their local knowledge, which has been crucial to the allocation of the money across communities. We have engaged really well on that.

I am less knowledgeable about the other funds, so Josiah Lockhart might want to comment on them.

Josiah Lockhart: Like Anna Fowlie, I understand the concerns from communities that are asking questions about the third sector resilience fund. The fund has probably been the most centralised in its delivery, largely because it is focused on cash-flow recovery as opposed to direct community need.

If we try to apply that critique to ourselves, we can look at the data and see the same success rates across almost all local authorities and sectors. Despite the fund having been distributed in a somewhat centralised way, the data suggests that the success rates, and the amount of money and awards going into communities, are almost balanced across Scotland. That can be seen in the information that has been published by us and by the Scottish Government to date.

Andy Wightman: In appendix C of your joint submission, you helpfully give us a breakdown of applications by sector and by beneficiary location. Do you have, or could you do, any other analysis about the nature of the communities that the organisations serve? Are they classified as urban or rural? What is the extent of deprivation? Have you captured any of that data?

Anna Fowlie: The data is being captured, and it is being analysed with regard to how it relates to the wellbeing fund, which is something that we are keen to see. We have not yet extracted all the data, but we want to be able to identify any cold spots where communities of interest have been missed. At present, as Josiah Lockhart said, the applications look quite diverse. Our data is not as advanced as his data, but we are getting there.

Josiah Lockhart: We are trying to go back through time and dig into all those things. We are working closely with the Scottish Government's data science team, to which we are actively passing data once a week so it can analyse those deeper questions. If there is something specific that the committee wants to know, please pass those enquiries to me and I can work closely with that team to find the answers for you.

Jeremy Balfour (Lothian) (Con): My colleagues have dealt with a lot of the issues already. Looking forward, it is clear that we are moving into a difficult time for the economy. From your experience, who do you think will face the biggest struggle? Will it be the medium-sized charity or the small local one?

As you have said, the larger charities have better and larger infrastructures, which I presume may get them through the next 12 to 18 months. Leaving those organisations aside, do you think that the smaller charity, the local charity or the medium-sized charity will come under most pressure?

Josiah Lockhart: We are frequently asked that question. I am not sure that size necessarily dictates stability over time, in particular over the coming period. It is less about reserves and more about cash flow, and how charities can meet their daily needs as they move through.

Larger organisations may have the infrastructure to enable them to develop plans

faster, when it becomes difficult for them to access support and investment, whether that is through grants or donations or in any other way. The data from the resilience fund shows that the two main factors that dictate a charity's stability in this period are how much it relies on individual donations—from people or corporate organisations—rather than grants, and how much it relies on trading.

We previously encouraged charities to diversify their income by developing trading. It is slightly perverse, therefore, that the organisations that have done so in the past few years have been the least resilient in the current crisis, whereas those that have been working with helpful and non-restrictive funders have been more stable, at least in the short term. The resilience fund data shows that charities at each end of the spectrum—those with a greater reliance on trading and those with a greater reliance on individual donations—are most at risk.

10:45

Jeremy Balfour: Thank you—that is helpful.

Anna, my next question is for you. You have talked about having a different, more open approach. There are lots of charities out there, and your organisation represents lots of individual organisations. Is there an opportunity for charities to come together and formally merge? Is there an appetite for that within the sector? Is there an appetite for charities to see the bigger picture and come together in a formal way rather than more informally?

Anna Fowlie: I think that there is an opportunity for them to consider that, but organisations should be able to make their own choice—that is for them to make a call on. I would not like that to be imposed on them by public funders or others. I think that it is up to the sector itself and the organisations in it to work that out.

There is a difference between merger and collaboration. We have definitely seen more collaboration. The talk about mergers is interesting. It has happened in many organisations already—the Simon Community Scotland and Streetwork have come together in a highly successful merger. That has worked. However, the approach is one that applies to the larger organisations or the ones that are contracted and whose services are procured. It is probably less relevant to small community organisations, such as sports clubs and youth work organisations, which provide something specific for their area but which do not have a large turnover or big backroom overheads. It is a case of horses for courses.

Jeremy Balfour: Josiah, do you have a comment on that?

Josiah Lockhart: I do not have much to add to what Anna Fowlie said. Earlier, I stressed the importance of helping organisations to go through planning support. Merger comes in many guises. It should be an option, but it can be a complicated process, and organisations should be supported to go through it, where necessary. Saving services for communities and jobs is probably a priority for us. In certain circumstances, the best way to do that might be a merger, but that definitely will not be appropriate in all circumstances. We cannot force any organisations to merge.

Jeremy Balfour: My final question is for both of you. Within the constraints of where we are financially and socially, what is the one ask that you would have of the Scottish Government and local authorities? If you had a magic wand, we would not be where we are but, within the confines of reality, what would you ask the Scottish Government and local authorities for?

Anna Fowlie: I would ask them to take a longer-term view. I would have said that before the coronavirus, but the need to look at sustainability has been thrown into sharper relief by the current situation. There needs to be much less short-termism. The sector should be recognised as playing a vital role in our society and our communities, rather than being seen as just an add-on. It should be funded on a longer-term basis rather than funded from year to year. Instead of organisations having to rely on short-term projects, a systemic approach should be taken, whereby the sector is seen to be part of the overall ecosystem.

Josiah Lockhart: My ask would be for flexibility and a joined-up approach. I want departments across the Scottish Government and funders in areas such as tourism and health and social care to engage with the third sector and communities. I also want there to be flexibility in the support that is provided to organisations and in the way that we work with them. Over the next 12 to 18 months, plans will undoubtedly evolve on a weekly or monthly basis as the recovery changes.

Kenneth Gibson (Cunninghame North) (SNP): Good morning. Anna, you have just said that it is important that we take a long-term view, but it seems to me that organisations that have taken a long-term view have been penalised. Organisations with more than four months of reserves—that was subsequently amended to 12 weeks of reserves, which I understand is what is recommended—have been penalised and have been unable to secure a grant. How is that looking to the longer term?

Anna Fowlie: I do not regard that as being penalised. That is the situation with regard to the third sector resilience fund only. All the other funding looks through a different lens. The resilience fund was for rescuing people who were in immediate danger. As I said at the start, that is changing. Organisations that felt more secure at the beginning of the crisis are no longer secure, so they might meet the criteria. That is why we are looking at different criteria. They are very much set by Government. We can influence that and speak with the Government about it, but we then have to implement what ministers decide.

Some organisations that do not have substantial reserves just have that as their business model. Some of them have been really successful for decades without reserves because they have learned how to navigate the sector and how it works. That is not ideal, but it is not really a sign of an organisation's robustness, or lack of it.

The criteria are set by Government and we influence that, but the immediate need was to help organisations that were struggling at that point.

Kenneth Gibson: On the third sector resilience fund, Andy Wightman touched on the issue of variance. I would like to expand on that a wee bit.

I have been looking at some of the figures. Inverclyde had only four grants awarded, whereas Edinburgh had 54. Edinburgh is, of course, very prosperous and Inverclyde is not prosperous. It received at least twice as much per capita.

There was also a huge number of rejections in Edinburgh. The total number of applications in Inverclyde was only seven; there were 145 in Edinburgh. Of course, many national organisations are based in Edinburgh, so we would expect the capital to benefit further.

What has been done to elicit applications from areas that we know have high levels of deprivation? There might be capacity issues for submitting applications, but we should be sure that we get the fair geographic spread that we would all want to see.

Josiah Lockhart: There are a couple of different ways to answer that question. I have with me the data for local authorities in particular. The success rates of applications versus rejections are largely balanced across every local authority area. The rate is between 35 and 45 per cent, regardless of the local authority. The only outliers are those places where there were very small datasets, such as the Western Isles and Inverclyde. As would be expected, large geographic areas have higher levels of awards and rejections than other areas have.

On targeting specific communities, we have done a couple of things to make sure that the

resilience fund gets to as many places as possible. In addition to the general blanket work with intermediaries to get information out using social media and through people speaking to their communities, we have been giving weekly insights to a variety of intermediaries, including third sector interfaces. That list has grown as the fund has gone on. We have been giving live data and information about what is working and what is not working and where the gaps are on a weekly basis. We are trying to spread information as far and wide as possible.

If the committee is interested, I can send those updates from back through time so that it can see how the awards were given out. As I say, the sector is very broad to try to take in.

In addition, when questions have come in about specific sub-sectors, such as community learning and youth work, or certain communities specifically, because the resilience fund has a really big dataset, we have been able to respond and address certain needs when they have arisen, on an as-needed basis.

Kenneth Gibson: Thank you. That is helpful.

We talked earlier about the arts. Do you fear for the viability of any sectors and think that additional funding should be targeted at them specifically?

Josiah Lockhart: It is still too early to name specific sectors that need something additional. For the time being, I would probably argue for not excluding any sector and not prioritising any until we can see what emerges.

There are some specific sectors that we have questions about, given the data on the resilience fund. They seem to have more risk, and their plans seem not to be as resilient. They include organisations that rely either directly or indirectly on an influx of visitors to Scotland, such as tourism organisations, halls, museums and community facilities, particularly in rural communities. Another group will comprise anything that relies on groups of people being in the same place at the same time. Community centres are an obvious example, but the same applies to co-working spaces and arts facilities.

Because we do not yet know or have sight of what releasing of the lockdown there will be or what will be possible, I would guard against choosing additional measures until we can identify where the needs are. However, we should be agile enough to spot them as they emerge.

Kenneth Gibson: The chief executive of Voluntary Action North Lanarkshire, Maddy Halliday, who will be giving evidence soon, has said of the resilience fund:

“The fund is insufficient by a very long way”.

Do you agree? If so, why? If not, why not? If you agree, how much should the fund be increased to?

Josiah Lockhart: If it were seen in isolation, it would probably be insufficient. I also believe that, as a short-term fund, it would be insufficient if there was no look at recovery or things such as the wellbeing and communities funds. That criticism is extremely valid.

We need to decide as a community—I am talking about all of us across the third sector—how we will build that recovery, because those insufficiencies come down to the long-term question that we are all talking about. If we begin to build what that will look like 12 to 18 months from now, we will be able to address any of the insufficiencies that come up.

Anna Fowlie: I agree. There was never going to be enough money. I am sure that, if you spoke to small businesses, people in education or whoever, they would all say the same thing. It is really important that we now make a collective effort for the future so that we can absolutely ensure that there is funding. It is not going to come through short-term funding from the Scottish Government.

The Convener: Andy Wightman and Sarah Boyack have supplementary questions. I ask for brief questions and responses, please, as we are up against the clock.

Andy Wightman: Is an evaluation of the third sector resilience fund planned to see how the money has been spent and what it has achieved?

Josiah Lockhart: Yes. The Scottish Government has already passed to us some of its thoughts on how that should be done. The fund is on-going—it has not had a deadline since it began—but I think that that work will be towards the end.

Sarah Boyack: My question is for Anna Fowlie. It is about the huge loss of income from donations and retail, and her side comment about the NHS. Is it time for a Scottish Government campaign to make us all aware of the contribution that the voluntary sector makes in our communities? We all know what the NHS is doing, but we are not as aware of our third sector. Is that a possibility?

Anna Fowlie: I would ask people to join in with the campaign that we are running, which is called #nevermoreneeded. In that campaign, which we are running on social media and through various other outlets such as Third Force News, we are highlighting stories that show that the sector has never been more needed and that it has made a huge contribution. I think that it is more visible than it has ever been. We are trying to curate and collate all of that and raise awareness. I would ask people to join in with the #NeverMoreNeeded

campaign, but all support is really welcome, wherever it comes from.

The Convener: That completes our questions and concludes our evidence session with our first panel. I thank you both very much for taking part in the meeting.

10:59

Meeting suspended.

11:02

On resuming—

The Convener: I am pleased to welcome our second panel of witnesses: Lesley Kelly is chief officer of Midlothian Third Sector Interface; Maddy Halliday is chief executive of Voluntary Action North Lanarkshire; and Hector MacLeod is chair of Western Isles Third Sector Interface.

Thank you all for your submissions. We have allocated about an hour for this session and, as I said to the first witnesses, we have a number of important issues to get through. If you hear another witness giving a very complete answer to a question that you agree with, feel free to simply say that you agree, and we can move on to the other issues.

Again, for the benefit of broadcasting staff, I ask members to say who their question is addressed to. If they do not do that, I will call the witnesses in order. Also, please give broadcasting staff a few seconds to operate the microphones before you speak.

I will now move to questions. What impact has Covid-19 had on the communities that you represent?

Lesley Kelly (Midlothian Third Sector Interface): Obviously, it has had a huge impact on communities, many of the more disadvantaged of which had already been impacted by austerity. We have seen a lot of isolation. We have been surprised by the huge demand for hot food that there has been in our most disadvantaged areas. At the moment, we are trying to establish whether that is a reaction to the cafes closing and all the healthy eating projects not being able to go into people's houses, or whether we have uncovered unmet needs. Our community councils have stepped up and led on the response to that.

People are isolated because they are not able to get out. The geography of the area that I represent is quite isolating, because it features a series of market towns. Obviously, because of the issues around public transport, people find it difficult to go to places where they might previously have gone to shop.

We work with a lot of the most disadvantaged people through our local advice agencies. There are certain challenges around providing people with, for example, benefit advice at the moment. In situations in which there are issues with literacy and so on, someone would usually sit next to the client and discuss whatever benefits claim they were trying to make. Now, that all has to be done remotely and, although our organisations have risen to the challenge of delivering services digitally, it is not quite the same as being able to sit next to someone and speak to them.

Maddy Halliday (Voluntary Action North Lanarkshire): I support what Lesley Kelly said about the increased number of people relying on food support. The data that we capture from the organisations that provide food support shows that the demand has gone up every week, and that the majority of food support has been required by people who cannot afford to buy food.

The other thing that has gone up significantly is the number of people requesting and receiving remote wellbeing checks and befriending calls. The sector has responded rapidly to the need to go from offering face-to-face, in-person support to remote support. However, that highlights the issue of the digital exclusion challenge. Obviously, face-to-face support delivered through an audio-visual package such as the one that we are using for today's committee meeting is much better than phone support, but many people do not have the necessary devices or sufficient broadband. That has always been a big issue in North Lanarkshire, but it has now become an acute issue.

There is also a growing challenge around people who are struggling with a loss of income due to being furloughed or made redundant. A further challenge that has been well documented across Scotland concerns mental health, particularly that of children and young people, because they are not able to undertake their normal activities, meet friends and so on.

Those challenges represent a cluster of impacts that everyone is probably experiencing. However, I would say that the challenges are not spread equally. North Lanarkshire is one of the most deprived areas in Scotland, with the fourth-largest population. It is important to emphasise that the challenges are far greater in deprived areas, where people might not have gardens in which they can take fresh air, and where people have fewer resources and less social support.

I would say that the community and voluntary sector, as we call it in North Lanarkshire, has been absolutely amazing with the speed and scale of its response and its commitment. I want to emphasise that that response has involved existing staff and volunteers and that only now are we beginning to find that we need new volunteers.

It is important to emphasise the role that volunteers have played in the support that has been provided.

The Convener: Hector Macleod, would you like to respond?

I am sorry, Hector, it looks as though your device is muted. We will get back to you. In the meantime, I invite Sarah Boyack to ask her questions.

Sarah Boyack: The points about the increasing need for support, as well as the amazing work that is being done by the third sector and charities in our communities, and the role of volunteers, were well made.

I have a question about local experiences of applying for the third sector resilience fund. We just heard from the SCVO and the administrators of how it works, but what is your perspective and how would you like to see the process change? We have seen examples such as having any reserves at all meaning automatic exclusion and changes in service provision meaning that support not being available. Lesley Kelly, what has been your view in the Midlothian context?

Lesley Kelly: [*Inaudible.*—that came up for us. I echo what was said on the previous panel about people being confused about what they could and could not apply for and which fund was most appropriate for them. The fund started slightly before furlough, so people were trying to work out what their business model was going to be for a few months. I understand entirely that we probably got a few inappropriate applications at the beginning.

I also echo Anna Fowlie's comments that applicants do not need to know which fund they are applying to. They just need to know that there is a fund that they can apply to for their needs and the rest can be sorted out at the back end. There was quite a lot of confusion and most of the calls that we got about the funds were from people trying to work out which one to apply for and then needing help to put the budget together for that, and obviously we were happy to support that.

Any criticism that we are making of the fund is with the benefit of hindsight and we pay tribute to the fact that funders were so flexible and so good at getting money out the door in a timely fashion, and I am sure that they worked all the hours that God sent to be able to do that.

Our other criticism is about reserves. We spend a lot of time as a TSI trying to promote best practice. A minimum of three months' worth of reserves is absolutely necessary to get through fluctuations in grant funding, dips in trading income or something unexpected. Nobody could have anticipated this situation, but there can be

unexpected events such as weather conditions, for example, that can impact the business models. We would say that 12 months reserve is the absolute minimum.

Putting up artificial barriers meant that the issue was shoved further down the line, because people had to dip into their reserves to be able to fund activity and those reserves are obviously being used up; they are not being refunded at the moment. It is difficult for organisations to build up substantial reserves if they are not trading, because grant income is always given for a specific purpose. Trying to build up reserves from a bit of money here and a bit of money there is difficult. The demographics of our voluntary organisation are largely grant dependent. We have one of the largest social enterprises in the country in Midlothian, but otherwise it is mostly grant-funded organisations that will find it very difficult to recover reserves from this. Those are the two issues for us.

Sarah Boyack: That is very helpful.

Maddy Halliday: Was your question about the ease of applying? I apologise: I forgot to write it down as I was so engrossed in Lesley Kelly's answer.

Sarah Boyack: My question was about lessons learned, what was problematic, what has been changed and what you would want to change if more funds come out of the pandemic.

Maddy Halliday: I have a foundational point to make: it is not just about funding the voluntary sector but about getting funding to its beneficiaries. If we are really serious about meeting need equitably, we need to consider how we allocate resources by local authority population based on deprivation.

We do not do that, even with on-going funding. For example, look at the way that third sector interfaces are funded. I commend the intention of the resilience fund and all the others and the pace at which it was set up, but third sector interfaces were not consulted properly and were not involved. We are the organisations—there are 32 of us—that have local intelligence and engagement. SCVO has 2,000 members. In North Lanarkshire alone, there are 1,800 voluntary community groups on our database.

In its recently published research, OSCR indicated that in areas of deprivation, which are always known, there is less social infrastructure and fewer voluntary groups per head of population, which means that there will be fewer applications to those funds however open they are. I feel very strongly that funding should be delivered through local intermediary bodies, which should get a proportionate amount of funding

based on their population. You mentioned lessons learned—

The Convener: Excuse me, Maddy. This is all very important, but I ask for shorter answers, because we have a lot to get through and I might have to cut off poor Sarah before she is able to ask another question.

11:15

Maddy Halliday: Okay. My answer is that the approach is fundamentally wrong. We need to distribute resources proportionately to organisations that know the local sector.

The Convener: Thank you.

Sarah Boyack: Is Hector Macleod back on the call with us yet? I am interested in the perspective from the Western Isles on funding.

Hector Macleod (Western Isles Third Sector Interface): Yes. I hope that you can hear me now.

Sarah Boyack: My question is about problems with the resilience fund, such as those relating to the principles and how it was distributed. There have been comments about rural communities in particular, so I am keen to get your perspective.

Hector Macleod: As has been said, the resilience fund was the first one to be rolled out, and we have now moved on to the wellbeing fund and so on. Perhaps because of the timescales that were involved, there was not a lot of information about the resilience fund. It was based on sustainability. That was the fund that we, as a TSI, had least involvement in.

However, we received quite a lot of feedback on applications. We got involved post-application, mostly in cases in which applications were refused. It seemed to us that, in some circumstances, organisations and groups that had prudently built up reserves, which they are obviously obliged to do, were punished for having those reserves. That is not to say that smaller groups should not also benefit, but groups that had resources and had restricted funding seemed to have the most difficulty in accessing the fund. We had a lot of such cases.

Jeremy Balfour: Based on your local experience, what groups are you most concerned about for the next few months and into next year? Is it small local food banks and charities with volunteers, or is it medium-sized charities that work in your areas? What feedback are you getting?

Hector Macleod: There is concern about organisations of all sizes and all activities: they have all been challenged in different ways. Western Isles Third Sector Interface covers four island groups—Lewis, Harris, Uist and Barra—and

there are different circumstances and landscapes on each. In relation to food distribution and food need, the communities have stepped up to the plate fantastically well.

I think that organisations with social enterprise or trading arms will be challenged most in the midst of the tourist season. Although we have a nominal starting date of 15 July, the tourist season has probably been written off in the Western Isles. I am concerned about organisations in tourism and in health and social care that have trading arms. We have to remember that the pressures on the third sector in health and social care delivery existed before Covid-19, which has exacerbated the pressures.

Maddy Halliday: We are undertaking a survey of the voluntary sector in North Lanarkshire. We have received only interim results, but those match the picture that is emerging from national surveys, such as the one that was carried out by OSCR. We have not done analysis based on size, but about a third of respondents so far say that they have insufficient funds to get them through to the end of the financial year ending next March. Those organisations are in crisis. About 50 per cent of respondents say that they have uncertain income, and only a small percentage say that they are confident about their funding position until March 2021. We are facing a challenge across the board, which seems to match what we see from other data.

On Jeremy Balfour's specific question about the size of groups that we are most concerned about, I say that it varies, but I suspect that some of the medium-sized organisations might struggle. Small community groups are generally run by volunteers. As we know from the Office of the Scottish Charity Regulator's data, most of the small volunteer-led groups have an income of under £10,000 a year. However, as the resilience group has indicated, such groups can often form, deliver work with volunteers and survive in quite difficult times. At the other end, the larger organisations tend to have reserves. However, it is a bit early to say.

Lesley Kelly: I echo the points that have been made. We are most worried about our trading organisations. Childcare is at the top of the list of areas that we think will really struggle, largely because those businesses are dependent on what happens with schools, where a lot of them are based. In addition, they have to maintain a certain ratio, which—as we know from experience of providing childcare for key workers—means that the service is much more expensive to deliver—for example, because equipment has to be cleaned every hour.

Our other organisations that are currently grant funded are not sure what the future will hold. Grant

funders have been incredibly flexible so far, but we are aware that there will be many demands on funding from independent grant funders and from local authorities, which are a key funder of our sector. People are worried and do not quite know what the future holds.

Jeremy Balfour: We do not know what is going to happen over the next few months, into the beginning of winter. If we have another outbreak and we go back to a situation that is similar to the one that we experienced in April, what would you want to be done differently? Hindsight is a great thing but, forgetting that for a moment, what are the major lessons about how we get money to charities most efficiently?

Maddy Halliday: Are you asking everyone to answer?

Jeremy Balfour: Yes—we can start with you, followed by Hector Macleod then Lesley Kelly, and that will be me done.

Maddy Halliday: My strong view is that third sector interfaces that know their local communities and voluntary sector well should be central in the design of future funding and, where they are able to do so, in distributing it. We could then take a strategic approach, rather than an ad hoc approach that is based on applications. National bodies and funders do not know the local landscape; they can only evaluate each application on its merits. When you know the local area, you can look at whether there are groups in the area that provide the same service and could collaborate. We could do some convening behind the scenes and make decisions—perhaps some painful ones—about which groups are more effective.

It would be good to take a local strategic approach to investing in the resilience of the voluntary sector, keeping in mind that most voluntary and community organisations are local.

Hector Macleod: From a Western Isles perspective, we might be fortunate in that we have not really come up against the first wave yet. We have had only eight cases to date and—thankfully—no deaths. However, island communities are moving into a different phase; we are obviously in a different phase from the rest of Scotland. We will open the islands to transport and tourism in the middle of July. From our conversations with local public health officials, we know that we might be challenged first at the end of July and into August.

In response to Jeremy Balfour's question, over the past few weeks during the pandemic we have had good experience of working in partnership with local agencies, by which I mean local government and health boards. We also sit on various resilience groups and have seen that input

has been sought from the third sector and has been appreciated. We are pleased to be involved in that process, and we have had good feedback on our involvement.

The Western Isles is not alone in being a very rural area, but we have several island groups, and we feel benefit from being a partnership TSI, comprising six partners across the islands, because we can actually get into the community. We are part of the community on a very local basis, and we have found that to be a benefit that agencies and resilience groups have sought. We will continue that, whatever lies ahead of us after July and August.

Lesley Kelly: I can reassure the committee that we are planning for the possibility of a return to lockdown. We have produced a scenario-planning pack for third sector organisations to work through to identify the resources that they need at each phase. It has been stressed that we could go back a phase, as well as going forward. If we were to go back to an earlier phase and there was a need for additional funding, that could involve applying to one consolidated fund.

I also stress that we have identified a huge increase in cases of mental ill health because of the strains that people are under. If people have to go back into lockdown, having come out of it, we will see another spike in mental health issues. We are a bit better prepared for that now, because there has been some investment over the past few months. However, that will put a big strain on organisations.

Andy Wightman: I welcome the witnesses. The third sector interface Scotland network published a national survey report yesterday, with findings from 1,171 respondents about the situation that people currently find themselves in. I am not sure whether you have all read the report. I understand that local versions of it will be produced in due course; I am keen to know when. Having read the headline figures, has anything surprised you?

Lesley Kelly: No. The survey report pretty much reflects what we expected and had been finding out on the ground about social enterprises having been worst hit and most likely to have furloughed staff.

Maddy Halliday: I have not had time to read the survey report, as I have joined the panel today while I am on annual leave. However, I will read it on Monday. In addition to the national survey, which we distributed in North Lanarkshire, we will do a local survey to supplement the data.

In online surveys we have found that smaller groups that are volunteer led generally do not respond in the same way as organisations that employ staff. We have an online survey for North Lanarkshire, for which we invested in utilising staff

and volunteers to phone round and get data so that we get higher level of response. That will complement the national data.

Hector Macleod: The contents of the survey report were not a surprise. We are currently in the midst of a survey in the Western Isles, and the initial findings very much tally with what has been found nationally, particularly when it comes to social enterprises, as Lesley Kelly said.

Andy Wightman: I want to ask about the medium to longer term. Many of the organisations that you work with are volunteer led. I suppose that volunteers are the one resource that we have that can grow, that will be there and that is not affected directly. We still have people. Are you finding that there has been an increase in volunteering? What key issues do we need to consider regarding the longer-term resilience of local third sector networks?

Lesley Kelly: I will talk about volunteers first, before I move on to what we need next.

Volunteers represent a very interesting question. As you are aware, we were given a large number of Ready Scotland volunteers. To be honest, there is very little for them to do. Our community councils and other front-line organisations have been fantastic, and they already had a large number of volunteers. Our existing voluntary organisations that use volunteers have begun a process of changing their work to digital stuff—phoning people and doing online work with existing clients, for example. That is working surprisingly well—certainly, with adults. It is much more difficult to offer online support for young people and children. We are looking at the possibility of organisations doing activities outdoors, which would be slightly less risky.

11:30

However, I absolutely agree that we have to harness all the people who offered their time but whose offers we were unable to take up. I cannot think of anything worse than offering your time but being told that it is not needed at that moment. We do need it; we are going to need it in the future, so we have to come up with ways of involving people. We are working very hard on that across the sector.

Foundation Scotland, which is one of the funders, recently published an evaluation of its three Rs—response, recovery and resilience—fund. It made recommendations for the future, and was absolutely spot-on about what we need, which is

“core funding and capacity building”

for organisations. It also said that we need to tackle poverty and inequality, which have

obviously risen as a result of the crisis, and that we need to support mental health projects—which we have all reported as being a huge issue—and to support organisations to

“adjust to a ‘new normal’”.

It is not as simple as being just about recovery; it is about renewal. We are not going back to what we were; we are moving to a new model and we do not know 100 per cent what that will be. We need to collaborate more than ever before.

We need to harness the things that have worked really well. For example, just about the entire population has upskilled itself on using things like Zoom and Houseparty. The tolerance for communicating over the internet has increased. Volunteers would be much more receptive now than they would have been six months ago if I were to suggest that they do a face-to-face WhatsApp call, rather than trekking all the way to the office. That is good for people because it saves time, and it is good for the environment because people are not getting in their cars to drive to see me.

Those are my wishes.

Andy Wightman: That was very useful.

You mentioned the RRR report; I am not sure whether the committee has seen that. Could you please send the details of it to the committee clerk? That would be very useful.

Lesley Kelly: I will.

Maddy Halliday: There is an interesting picture on volunteers, numbers and capacity.

Sadly, Ready Scotland’s campaign was launched without consultation of the local sector interfaces that co-ordinate and support volunteers. Therefore, as Lesley said, we ended up with almost an excess of volunteers who wanted to help. For the first few months we could not place them; we are now beginning to place some of them and have kept in touch with them. Many of them will be people who have been furloughed, however, and might therefore not be available, going forward.

The picture around volunteering is very mixed. There was a lot of spontaneous informal local volunteering that I would call neighbourliness. We want to encourage that. People have not necessarily gone through formal channels to register to volunteer, but have spontaneously volunteered at local groups. That is wonderful testimony to what people want to do. We need to encourage that, and we need also to support formal volunteering.

There are a number of things to consider. One is that the trend in volunteering is that older adults are volunteering less, which seems to be

counterintuitive because, theoretically, people have more time when they have retired. I think that that is because of people of retirement age having additional caring responsibilities for grandchildren. We need to do something very active—perhaps nationally, as we are doing locally—around older adults.

It is interesting that the trend is that younger people are volunteering much more, which is very welcome. Adults of working age are also volunteering, including on parent councils, children's groups and youth groups. There is work to be done on intergenerational volunteering and older adults.

Finally, I have two more points to make. The first is on volunteering. Neighbourliness is free, but if we want to support volunteers in voluntary organisations, resources are needed. Staff time is needed to co-ordinate, train and support them, and travel costs are normally needed—

The Convener: Thank you.

Andy Wightman: Hector, do you have any brief comments?

Hector Macleod: Yes, although my colleagues have touched on the main points.

At the start, in some ways, the Ready Scotland campaign caused a bit of confusion, because, in our area, which is the Western Isles, the local authority had already started its own volunteer bank, whereby organisations and individuals could register their volunteering intent and requirement for volunteers.

In the Western Isles, we are grateful to have the highest percentage of volunteers per population of any area in the country. The volunteer organisations mobilised quickly and almost before anybody else—they just sprang up. As people came forward, the voluntary organisations were grateful but, in the initial phase, they seemed to have enough volunteers to carry out the activities, which underlines the level of volunteering where we are. However, we have been very aware of and have focused on volunteer fatigue, because we are now into the third or fourth month of the pandemic.

We have our own befriending and social isolation activities, and we are keen to keep an eye on volunteers. Initially, a lot of people came forward as volunteers but, in order to maintain the supply going forward, it is important to capture and retain younger volunteers.

Annabelle Ewing: On the issue of volunteering, I take Maddy Halliday's point about what she terms "spontaneous volunteering". In my constituency, emergency response groups were set up in Benarty and Lochgelly, and existing third-sector organisations stepped up to the plate, with

a particular focus on food and supplying hot food—for example, Oor Wee Cafe in Kelty and the EATS Rosyth project. There was a mixture of responses, including the activities of countless individuals. I am pleased to hear that the Ready Scotland databank of volunteers who are surplus at the moment will not be lost, because, as has been said, if people offer to volunteer, their offer should at some point be taken up and mobilised. That is an important point.

Are the panel members aware of the extent to which organisations that were not successful with the third sector resilience fund might have been successful in applying to the wellbeing or supporting communities funds? We do not seem to have that data.

Maddy Halliday: There is an analysis of all the different funds. I have looked at each fund separately, but I am not aware that there has been cross-analysis about whether an organisation that was rejected from one fund was successful in another. Organisations might have had to apply for something different, because the criteria are different, depending on the purpose of the funds.

In addition to the Scottish Government funds, independent funders have been in the mix. It is a complicated picture. We are asking locally about who has received funding from what organisations for Covid-19, but it will be difficult to say that X organisation that was rejected from the resilience fund definitely got funding from elsewhere.

Annabelle Ewing: I want to find out where the gaps are. Do Lesley Kelly and Hector Macleod have any further comments?

Lesley Kelly: We were aware of only two organisations that struggled to fit into any of the funding streams; two of our childcare organisations seemed to fall between the gaps, either because of what they were or what they were asking for.

It is important to remember that, at the beginning of the situation, organisations were making difficult decisions about whether to furlough staff or pursue funding to keep trading. There are probably organisations that opted to furlough staff although that would not have been the first choice; they would rather have had an input of money to keep going. From the responses from TSIs, we know that smaller organisations were put off from applying, as they might be by any big formal application process.

Hector Macleod: Yes, I firmly agree with that. As has been said, the criteria for the various funds are entirely different. The resilience fund was probably for larger organisations.

However, I am aware that larger organisations that were successful and unsuccessful in getting

resilience funding also applied for wellbeing funds for individual projects relating directly to Covid-19. Obviously, they took that decision based on their cash flow and on the use of their reserves, and I am aware that some organisations did that on the basis that they considered that they had the resilience to carry out individual Covid-19 projects even without the funding. Therefore, my answer to your question is yes, we are aware of that.

Annabelle Ewing: We heard from the first panel and in the joint submission from the SCVO and the co-managers of the third sector resilience fund that any additional funding to help with recovery should have regard to new service design and delivery, taking into account all the good things that we have seen in the response during the past months. That includes the greater flexibility with decision making, the focus on delivery, less bureaucracy, cross-working on the part of a whole series of different groups and perhaps less duplication.

What would you like to be included in the new service design and delivery? What would be your key asks? Given the time constraints, please provide two asks and respond in the same order: Maddy Halliday, followed by Lesley Kelly and then Hector Macleod.

Maddy Halliday: Are you asking about how local voluntary organisations should work together, or about how the funding pot should be designed?

Annabelle Ewing: Given the make-up of the panel, I want to know how you would interpret that locally on the ground.

Maddy Halliday: In North Lanarkshire, we are looking at recovery alongside a discussion about strategic investment that tries to correlate the local needs for support with the existing capacity of the voluntary sector to meet those needs while focusing on critical anchor organisations. That could be quite a painful journey, because we might have to make tough decisions about the organisations that we prioritise. Of course, that does not necessarily influence how they apply to national sources of funds. Therefore, the other issue is about national funding processes and local strategic discussions about how we invest in our voluntary sector.

Given that most of the voluntary sector is small—it consists of local groups with small pots of money, and a number of anchor organisations—it is not likely that mergers at a local level are an issue. I suggest that that is a bigger issue for national-level organisations. Some of those organisations have merged, and discussions about the issue are on-going.

Lesley Kelly: The crisis has brought home to everyone the power of local. In the first few weeks of the crisis, all the responses were local by

default. As I mentioned, the geography of Midlothian means that transport is an issue for us. We need to give serious consideration to whether we should be encouraging people to volunteer if that involves their getting on public transport, which still remains quite a risky activity. On the other hand, if people cannot use public transport, that becomes an equalities issue, because the only people who can volunteer are those using cars.

We would welcome investment at a local level to let us address those issues. We must also harness the different way of working that technology enables, particularly given people's greater familiarity with it now.

Hector Macleod: I again emphasise the local element of any future service delivery. Consultation with agencies and voluntary organisations, large and small, is key.

I have an example that has arisen in the Western Isles during the past few months. Community landlords, who, after private buyouts of public land, have been embedded in the community for a long time. They have come together, acting as anchor organisations and pulling together the smaller organisations from the third sector and other sectors, which might be across a large area. That is an example to follow of joint and partnership working in which inputs on all aspects of service delivery, such as transport, are kept at a local level.

Annabelle Ewing: The consensus is to have a focus on the local.

Graham Simpson: It is good to see the witnesses, and I thank them for taking part. We have covered a lot of ground, and I want to mop up a few issues that I have noted down. I think that Maddy Halliday said earlier that she needs new volunteers in North Lanarkshire. Did I hear you right, Maddy?

Maddy Halliday: No; plenty of volunteers have registered, from the Ready Scotland appeal and prior to that. What I said earlier was that we could not initially place those who were newly registered from Ready Scotland, and we are starting to do that now, in the fourth month.

11:45

Graham Simpson: So there are enough volunteers; you are just trying to find places for them.

I occasionally volunteer in a local group for Sustrans, the cycling charity. Basically, we have been told not to do anything during lockdown. Has that been an issue for other local groups?

Lesley Kelly: Funding is one way in which the Scottish Government can help. Another way is in the provision of clear guidance about when things should and should not happen, by adding to the route map.

It has been an issue for us, too. We have had to make a lot of decisions on the ground about when volunteering is and is not appropriate, and we try to do that against the route map, as things move on. We need to do individual risk assessments for each activity, with coronavirus added on top. Each organisation has made that decision about volunteering, and it would have been good to have had a bit of national guidance, rather than us all reinventing the wheel—that was not meant to be a pun.

We too have been encouraging cycling. A Rural and Urban Training Scheme—RUTS—local project has repaired 50 bikes, to get people out and on to the cycle routes.

Graham Simpson: Maddy, what have you found in North Lanarkshire?

Maddy Halliday: Some activities were suspended, because they could not be done remotely. For example, the sorts of thing that some of the conservation charities do, such as allotment work, conservation and tree planting, could not happen, as you can imagine. However, I have been impressed by the adaptability of the voluntary sector and volunteers. Befriending has been done remotely. Rather than people using cafes and lunch clubs, food support has been delivered to homes.

Depending on the activity, there has been a mixture of things going ahead, being adapted or being postponed.

Hector Macleod: A lot of activities have been curtailed. In our area, we have a project to provide cycles to those in social isolation or for cycling to work. We were able to manage that safely, with risk assessments and so on. That continued, and was very popular, because at that point the roads seemed to be a bit safer for cyclists—not that they are overly busy in the Western Isles anyway.

Another important one is befriending. Our befriending service has grown an awful lot. We are doing telephone befriending, and we have had recruits coming forward from all over Scotland, as they have island connections. That has been very well received.

Some things have been restricted, but we have been able to deliver some activities.

Graham Simpson: Would you agree that clearer guidance is needed?

Hector Macleod: It is needed generally on all activities but, as I said, we were able to manage certain activities through internal risk assessment.

Graham Simpson: I go back to Maddy Halliday's point about the way that money is allocated. Can anyone tell me who decides how the money is allocated?

Lesley Kelly: Some funding that went out from the Government, such as the money that was connected to food, was done on the basis of population. However, for these particular funds, there were eligibility criteria to weed out people who should not apply, then it came down to the quality of the application. As with all such things, that benefits people who are good at writing applications—mainly the bigger charities.

Graham Simpson: Are you saying that the bigger charities fare better, because they are more used to making applications?

Lesley Kelly: Yes, and it was more difficult for us to support the smaller ones, because the process was online. I would recommend that any funder that is doing an online application process produces a PDF of the questions, so that smaller organisations can talk through their answers before they have to input them.

Graham Simpson: Do you have anything to add to that, Hector?

Hector Macleod: Do you mean about who decides where the money goes?

Graham Simpson: Yes, and about whether that should change.

Hector Macleod: It depends on the main funders. Our main involvement was through the wellbeing fund. The TSIs were involved in the earlier evaluation process, which I thought was a good example of joint working. To go back to the previous question about ways forward, that kind of working would be welcomed by TSIs and local communities.

Graham Simpson: Maddy, you had quite a bit to say earlier. Do you want to expand on that?

Maddy Halliday: I feel very strongly about the issue. There is structural inequality: OSCR has recognised that areas of greater deprivation have fewer charities, which can cause a real problem. It is not just a case of supporting local charities to apply. If you want to build up local infrastructure to support need, there must be investment and capacity building.

We must look at funding differently—by area. There should be a formula—as we have to a degree for local government—that is based on population, deprivation and rurality. Funds should be allocated in that way. I would like to see a partnership in which TSIs, which have that

intelligence and engagement, and local authorities work with a national funder that has the infrastructure for funding management.

North Lanarkshire is a funding manager. We have a large grant management programme, but not all TSIs do. That kind of partnering might help us to balance speed, process and assessment to get money out, using local intelligence. The wellbeing fund was a good example of that, but it has not happened with the other funds.

Graham Simpson: Do any of you have a sense of the scale of digital exclusion, which was mentioned earlier?

Lesley Kelly: Connecting Scotland is trying to get tablet devices and wi-fi to people who are excluded. There is an allocation for each local authority area. In Midlothian, we are getting 120 devices. I phoned VOCAL—Voice Of Carers Across Lothian—which is our local carers organisation and asked how many of those 120 devices it would go for if it was bidding. It said, “We could take all of those off your hands.” That would enable the carers with whom it works with and the people for whom they are caring to get online access.

It has never been more important to be online. If you look at the system for general practitioner appointments, or at GP consultations happening over the internet, you see that we have a huge upskilling job to do with people who are not used to online services, and it is far more complicated trying to do that online. Trying to teach someone to use a computer over a computer is very difficult.

Graham Simpson: Maddy Halliday spoke about this issue earlier, so we will go to Hector Macleod.

Hector Macleod: We are aware of the Connecting Scotland offer. There are even fewer machines for the Western Isles. Grants were awarded for information technology from the wellbeing fund and through other applications. One of the biggest challenges for the Western Isles is broadband connectivity and general connectivity. I have colleagues who are working from home in lovely places such as Uig, Lewis and Harris, who cannot get the connectivity that they need to attend a meeting like this. That is an on-going challenge.

Connectivity is key to what is happening at the moment. When we were getting information out in the early stages about good practice and Scottish Government guidelines, we knew that we could not depend solely on online sources, because a lot of our population just do not have access to them. We got additional funding to do simple things such as leaflet drops, because a lot of people in our community were not being reached by the online facility. There are big gaps, but we are moving forward. That must continue, Covid or no Covid.

The Convener: The final questions are from Kenneth Gibson.

Kenneth Gibson: Good morning, panel. When you are last, much of what you want to ask has already been stolen by your colleagues.

I want to follow on from what Graham Simpson said. Maddy Halliday and others spoke about something that is fundamental, which is how funds are distributed. The local government funding formula takes into account rurality, deprivation and so on, but we do not have that for the voluntary sector. Is there any consensus within the sector that we need to take such a step? Some areas of Scotland will do relatively well out of the current situation, and they might not be so keen to change things unless the pot is expanded considerably.

Maddy Halliday: That is of course a challenge: if the pot remains the same and there is a reallocation based on deprivation, population and rurality, some will get less. That might be insufficient, but it would be equitable. I believe that what we have now is fundamental structural inequality—it is a human rights and equalities issue. I would obviously much prefer to see the pot grow, so that the equitable distribution does not disadvantage those who currently have disproportionately more, but the principle needs to be argued for robustly.

There was a review of TSI funding by the Scottish Government third sector unit, with a report to the Cabinet Secretary for Communities and Local Government suggesting a formula such that the status quo was retained. However, more deprived and rural areas are disadvantaged under the current allocation. That is a challenge, but it is one that we need to address.

Lesley Kelly: Altering any funding formula is always difficult, and people will be resistant to it. The matter of where organisations are based and where their beneficiaries are is always nuanced. As I think was referred to earlier, most funders have gone down the route of trying to identify cold spots to ensure that areas do not miss out because of not having the necessary capacity in their organisations. Funders have been good at putting in additional funding to try and address that.

Hector Macleod: There have been differences of opinion even in our TSI network. We are working with a historic formula. I could not honestly put my hand up and say how well the numbers were initially drawn up, but the third sector unit touched on it last year, and I would like to think that the unit will return to it this year. There needs to be fundamental reform on the actual numbers. In fact, consultation with the TSIs is needed, too.

Kenneth Gibson: There are a number of national organisations in the third sector. Councils are allocated their budgets but, if we were to do something like that with regard to the third sector, there would still be overarching national organisations, which might be more likely to spend money in Edinburgh, Glasgow and other obvious locations. Community capacity is a particular issue in some deprived areas, including in my constituency. How do we address that in particular? Also, is there a real consensus within the third sector that we need to move towards tackling structural inequality in funding, as Maddy Halliday mentioned, or has that issue not yet raised its ugly head, so to speak?

Hector Macleod: We have to agree and concede that there is structural inequality within the third sector, certainly in the funding of it. One thing that has caused a lot of discussion is the role of the national organisations. It might be a case of who shouts loudest when it comes to funding. In our TSI and in the network, we keep touching on the need for locality. We sometimes feel that the nationals do not have that local connection for groups and individuals, and certainly for their activities.

Although we work very well with the nationals, such as SCVO, the social enterprise networks and so on, we feel that the nationals need to take a more local view on some activities.

Lesley Kelly: There is definitely not consensus on the issue, and I think it will be a very difficult issue on which to get consensus. I can only really speak from the Midlothian point of view. We are the most rapidly growing local authority in Scotland. Even the figures used by the Convention of Scottish Local Authorities for the distribution of funding are based on historical data and out-of-date population figures. Therefore, we in Midlothian would be happy if there were a reconsideration of where funding from the Scottish Government goes, across the board.

12:00

Maddy Halliday: You mentioned community capacity building. I am passionate about local, bottom-up responses to local need, but that does not mean that there is not a place for nationals. Many of the nationals, which have evolved over a long time—decades or, in some cases, a century or more—and have their own legitimate agenda, often deliver services locally but they are not of the place or the community.

A TSI is funded to support local community capacity building that involves local anchor organisations and small community groups and enterprises. It can also provide support—if it is needed—to nationals that are delivering locally,

although I believe that the focus should be on investing in community capacity building with a focus on the local. That could go some way to tackling the structural inequality. However, we also need to look at the funding formula.

We understand that nationals have their own purpose and organisational drive—of course they do. I do not think that people would disagree, in principle, with the aspiration to tackle structural inequality; it is just that organisations play a different role and have a different relationship to local-level work, and so they are probably not advocating for it locally in the same way that we are.

Kenneth Gibson: I have one final question, which is on a positive note. Obviously this has been a challenging time for the third sector, and fundraising is at the core of what you all do. Are you aware of any innovative ways of fundraising that have emerged, and could you share those not only with the committee, but further afield in the third sector? Has anything completely new or exciting and innovative happened in terms of fundraising, or has it all been the same as before but less of it?

Lesley, you are looking kind of quizzical; do you want to kick-off on that?

Lesley Kelly: I was looking thoughtful, and I am not sure if I can think of anything off of the top of my head.

There has been a huge amount of innovation in the sector on service delivery. There will be innovation, and we will definitely see a lot more partnership working. Particularly as our organisations are smaller, we are keen to look at having consortiums that can work together on procurement and so on. I think that we will see that innovation developing in the next few months.

Maddy Halliday: We have seen nothing that is absolutely new and innovative because the voluntary sector has been very adept at fundraising over—[*Inaudible*].

Locally, I have been impressed with how quickly local Covid-19 resilience groups have been set up and how they have set up fundraising pages on which they have taken cash donations and donations of food and other essential supplies from local people and businesses. Although that is not new, because people have done that type of fundraising before, I have been really impressed with the speed at which they have been able to pull money and resources in from local communities. That is testament to people's local commitment.

We have had active approaches from corporate foundations that want to invest directly in local areas through us as the TSI. Again, that is not a

new thing, because corporate foundations donate money all the time. However, their desire to work with us collaboratively to get that money out to local communities and areas that have the greatest need has been very welcome.

Kenneth Gibson: Hector, have you been developing new connections in the Western Isles with organisations that were, perhaps, not involved in the third sector before for fundraising or new service developments?

Hector Macleod: There are probably no new fundraising activities other than virtual or online ones around people running and cycling and so on.

However, we have seen new partnership working across the islands. There was a question earlier about organisations coming together and possibly merging, and we have seen organisations coming together at a local level to think about where they could share resources not only now but in the future. There is definitely more thinking about how to make resources go further as a result of this period.

The Convener: That completes our questions and concludes our evidence session, which was very useful. I thank our panel members, and all I ask them to do now is hang up.

12:05

Meeting continued in private until 13:18.

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