

# **NCIA Inquiry into the Future of Voluntary Services**

## **Working Paper 12 What is happening in Scotland?**

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### **Foreword**

This paper has been produced as part of the NCIA Inquiry into the Future of Voluntary Services. The Inquiry is specifically concerned with those voluntary and community organisations that deliver *services* in local communities, especially those that accept state money for these activities. These are the groups that have been particularly affected by successive New Labour and Coalition Government policies regarding the relationship between the voluntary and statutory sectors, and attitudes and intentions towards the future of public services. In this and other papers we refer to these as Voluntary Services Groups or VSGs.

It has long been NCIA's contention that the co-optive nature of these relationships has been damaging to the principles and practise of independent voluntary action. The nature and scale of the Coalition Government's political project – ideologically driven - to degrade rights, entitlements and social protections, and to privatise public services that cannot be abolished is now laid bare. This has created new imperatives for VSGs to remind themselves of their commitment to social justice and to position themselves so that they can once again be seen as champions of positive social, economic and environmental development.

Our Inquiry is a wide ranging attempt to document the failure of VSGs, and the so-called 'leadership' organisations that purport to represent them, to resist these shackles on their freedom of thought and action. But it is also an attempt to seek out the green shoots of a renaissance that will allow voluntary agencies to assert their independence and reconnect with the struggle for equality, social justice, enfranchisement and sustainability.

This paper is one of a number that has been produced through the Inquiry and presents a brief summary of how the concerns of this Inquiry are being played out in Scotland, with its different political and legal environment. It has been prepared for NCIA by Nicola Gunn to whom we offer grateful thanks.

For more information on the NCIA Inquiry please visit our website – [www.independentaction.net](http://www.independentaction.net).

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# What is happening in Scotland?

This paper has been commissioned by the National Coalition for Independent Action as part of its Inquiry into the Future of Voluntary Services. Unlike some papers in this series, it is not based on a body of prior research but on a small number of interviews<sup>1</sup> and a limited range of desk research. The findings should therefore be treated as impressionistic and open to varied interpretations or as an invitation to further investigation.

A major additional element of conditionality is presented by the approaching independence referendum; this colours all other discussions and it is impossible to construct a clear picture of the near future until there is greater certainty about the position of Scotland within or outwith the UK, and, either way, with what economic and social consequences. These issues are currently being publicly debated with little consensus about the scale or the precise nature of change, apart from a common acknowledgement of social rather than exclusively commercial values. Neither is there any transparent and quantified discussion concerning the sources of finance for any prospective change, with the possible exception of North Sea oil. This suggests that the austerity agenda will return, re-contextualised, to centre stage after the referendum.

## 1. The Current Situation:

### Devolved powers in Scotland

Scotland retained its own legal and education systems after the Act of Union in 1707. Since devolution in 1999, the only powers still reserved to the UK government are foreign policy, immigration, the constitution, defence and, most significantly for this paper, benefits and social security<sup>2</sup>. Everything else is devolved.

### The Voluntary Sector

#### Infrastructure

- There are no CVSs anymore; these have been merged and regionalised, with some pain, into TSIs – ‘Third Sector Interfaces’.
- Scottish Council for Voluntary Organisations (SCVO), like NCVO in England holds centre ground but with a slightly more assertive stance towards political paymasters.
- ACOSVO (Association of Chief Officers of Scottish Voluntary Organisations) plays a similar role to ACEVO and addresses governance issues chiefly.

#### Public Sector Funding Relationships

As in England, funding relationships have moved towards contract rather than grant. It is the terms of the contracts that are put out to tender that are often seen as problematic, rather than the contract/grant differentiation. Some organisations have offered passive

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<sup>1</sup>Shirley Otto, Edinburgh based consultant and trainer; Annie Gunner Logan, Director of CCPS – Coalition of Care and Support Providers in Scotland; John Dalrymple, Campaign for a Fair Society/Neighbourhood Networks/Thistle Foundation; Ruchir Shah, Policy Manager, SCVO; Professor Ian Cunningham, University of Strathclyde – research interests include employee relationships in the Voluntary Sector

<sup>2</sup> See <http://www.scotland.gov.uk/About>

resistance through not tendering where pricing made it impossible to deliver a quality service. The Coalition of Care and Support Providers in Scotland (CCPS) surveyed its membership and found that 80% had declined to tender on at least one occasion<sup>3</sup>.

When bids are put in the problem is sometimes less a matter of predatory organisations coming in to take the work, rather existing organisations lowering their costs in order to retain connections with clients they have been supporting.

Some work that was once directly supported by the Scottish Government has been moved out to grants through grant-making charity, The Voluntary Action Fund (VAF).

Some interviewees felt that the Scottish Government made an effort to listen to the views of the voluntary sector, perhaps because some of the first MSPs came from a background of community activism. However, they were not always as confident that the listening would translate into action.

## **The Voluntary Sector and public service delivery**

Where public money funds work carried out within the voluntary sector, the greater part is paying for staff and a high percentage of this is in social care where it competes with the private sector. There is some pressure to move from grant funded service level agreements to contracts.

There is also some involvement in delivering offender services in relation to restorative justice and rehabilitation. This is not usually competitive but the resources available are not generous so that additional funding has to come from fundraising.

## **Local Authorities and cuts**

Local authorities in Scotland, have, as in England, been the first in line for public spending cuts, and the direction of travel is similar. However, the process lags England by a year or two and cuts to date have been modest by English standards.

In 2008 all ring fencing was removed from budgets and funding terms moved to 'Single Outcome Agreements' by which the local authorities got a lump sum and could spend it as they pleased but had to deliver specific outcomes. This position allows the local authorities wide discretion as to where and how funding is reduced and practice among local authorities has varied: Glasgow receives a near universal bad press<sup>4</sup>, whereas North Lanark and Clackmannan are pointed out as examples of good practice with others in between. This appears to have little to do with which political party is in power locally, for instance both Glasgow and North Lanark are Old Labour. One interviewee pointed out that in some local authorities retention of local authority provision could be seen as the dead hand of bureaucracy rather than the demonstration of any principled motive.

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<sup>3</sup>Interview with Annie Gunner Logan 12/2/14

<sup>4</sup>See <http://www.heraldscotland.com/news/home-news/personalisation-of-care-leads-to-more-anger-over-budgets.22506341>

One difficulty of the Single Outcome Agreements is that it is very hard to track spending as all that is reported are the outcomes. In practice, social care has been a primary loser but it is difficult to argue with decisions and local authority spending priorities without the missing information. The Convention of Scottish Local Authorities (CoSLA) does talk to the voluntary sector and has this information gap on its agenda but as an organisation it has been suffering with its own problems<sup>5</sup>

The larger and more painful cuts have still to be experienced in Scotland but are now coming over the horizon<sup>6</sup> and will become critical, in practice, some months after the independence referendum – the poisoned chalice that the winners will have to pick up.

## **Privatisation and marketisation of public services**

The language and approach is different from that south of the border; the neo-liberal position of “the government as just an enabler” and the insistence on profit are much less in evidence, even if marketisation is still happening. So far the NHS, in particular, has not been subjected to large scale privatisation although Unison has views on the financing of capital projects<sup>7</sup>

Nevertheless, various forms of privatisation are present in most areas of service both direct from Holyrood and through local authorities, although the language is of “a mixed economy” of public, private and third sector. This is not generally seen as controversial, and particularly not in sectors where it has always been common e.g. in social welfare, and elsewhere the Voluntary Sector may be seen as the acceptable face of privatisation.

Large scale commercial involvement was a feature of the Work Programme and was a major learning experience for the VSGs that were involved with them, not least the problems associated with payment by results. SCVO and some of the sector umbrella bodies did anticipate some of these difficulties.

Social impact bonds have failed to be taken up although there is a variant in Perth where the YMCA piloted a scheme with a DWP community impact bond. However this project engaged local businesses, organisations and individuals with very small amounts of money and it seems that they gave these because they could see the local impact i.e. they had a genuine stake in the outcomes rather than a primary interest in the financial return.

## **Health and Social Care**

The government policy on social care has been similar to other UK administrations, i.e. recognition of a ‘mixed economy’, and the SNP seem to be happy with this. There are government funded programmes such as Just Enterprise<sup>8</sup> extolling the virtues of the voluntary sector and social enterprise as delivery vehicles. On the other hand, health services are still direct delivery without privatisation or outsourcing. This will be interesting in the context of the upcoming integration of health and social care; the questions that this

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<sup>5</sup> See <http://www.bbc.co.uk/news/uk-scotland-glasgow-west-26766459>

<sup>6</sup> See <http://www.scotsman.com/news/leaders-scotland-s-budget-all-female-shortlists-1-3087725>

<sup>7</sup> See [http://www.unison-scotland.org.uk/briefings/b016\\_PolicyBrief\\_PPPFlinScotland\\_December11.pdf](http://www.unison-scotland.org.uk/briefings/b016_PolicyBrief_PPPFlinScotland_December11.pdf)

<sup>8</sup> <http://www.justenterprise.org/>

raises have not been addressed as yet. “Re-nationalising” social care will not be seen as an option since local authorities are minority suppliers and the private and third sectors are large.

CCPS<sup>9</sup>, the umbrella group for voluntary sector care providers, and Scottish Care<sup>10</sup> the private sector counterpart, share views on many issues in terms of costs, incompetent tendering and lack of parity with local authority in-house delivery. CCPS promotes the idea of a public service work force with comparable terms and conditions for workers, regardless of the sector employer. The Procurement Reform Bill (passed May 2014) should go some way towards enabling this with the removal of compulsory competitive tendering for care services and the topic of the living wage, although defeated as a compulsory feature of public tenders<sup>11</sup>, is still very much a live issue.

## **The Justice sector**

There are two privately run prisons - Kilmarnock (Premier Custodial Group) and Addiewell (Sodexo) and other services such as prisoner transport and monitoring services (e.g. tagging) are also outsourced to Premier, a wholly owned subsidiary of Serco.

Probation, post devolution, has been coordinated through local authorities with social work input and partnerships with voluntary sector organisations as outlined here<sup>12</sup>. However, the terms of voluntary sector involvement are not clear and this website information may not be fully up to date as it makes no mention of the Reducing Reoffending Programmes that have been running since 2009 (2009-12 RRP1; RRP11 from 2012)<sup>13</sup>, nor the MAPPA framework for sex offender management.

## **Social enterprise**

The idea of social enterprise is quite popular and the Scottish Government has funded organisations that support them e.g. Senscot<sup>14</sup> and Just Enterprise which is a consortium of support agencies.

Respondents have said that this is not particularly controversial. Some of the demand to develop social enterprise has come from communities needing employment, especially in the Highlands and Islands where it is linked to the “who owns the land” debate.

## **2. Battlegrounds and new perspectives**

### **The Bedroom Tax**

Welfare ‘reform’ in general is hated in Scotland and causing worry. However welfare and

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<sup>9</sup><http://www.ccpScotland.org/>

<sup>10</sup><http://www.scottishcare.org/>

<sup>11</sup> See <http://www.bbc.co.uk/news/uk-scotland-scotland-politics-27386503>

<sup>12</sup> See <http://www.sfiuk.com/about/nations/scotland>

<sup>13</sup><http://www.scotland.gov.uk/Topics/Justice/policies/reducing-reoffending>

<sup>14</sup><http://www.senscot.net>

social security come under reserved powers; they are not devolved. So any Scottish work-  
rounds or ameliorations can only be limited. A 'yes' vote in the Independence Referendum  
would give freedom to deal with this some other way but there are no suggestions or  
guarantees that there would be any funding for this, other than assumptions about North  
Sea Oil and, in the extreme long term, the potential of renewable energy. However, as a by-  
product of the independence debate, the Scottish Government has recently been given  
formal powers to mitigate the universally unpopular Bedroom Tax (effectively abolishing it  
in Scotland), but the funds to do this will have to be found from elsewhere within the  
Scottish budget<sup>15</sup>

## Local Resistance

Resistance to welfare changes and cuts at the local level exists e.g. Edinburgh Against the  
Cuts<sup>16</sup>, but there is no fully coherent and coordinated overview although there have been  
some successes. The personalisation issue is an example of where user representation has  
been particularly vocal<sup>17</sup>

## New perspectives

A positive aspect to the independence debate is the imaginative space provided for  
discussion and design of possible futures which is being carried out in many forums. In  
particular, the Jimmy Reid Foundation<sup>18</sup> has coordinated the production of a series of papers  
and a book<sup>19</sup> from a perspective which has some resonance with positions held by NCIA.

## Sustainability and Labour markets

There is an overall lack of jobs in Scotland and some interviewees felt that people stay  
where they are because there is nowhere else to go. There are questions about  
sustainability e.g. 'burnout' as organisations get leaner<sup>20</sup> and wages remain low; points that  
apply to all sectors affected by reducing public finance, regardless of the sector of the  
delivery organisations although terms and conditions in the public sector still tend to be  
better than those in the voluntary or private sector. Employers and Unions<sup>21</sup> are aware of  
these issues and CCPS<sup>22</sup> and SCVO campaign vigorously around them. In the care sector this  
is also a gender issue as the labour force is overwhelmingly female and the work is  
undervalued<sup>23</sup>.

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<sup>15</sup> See <http://www.theguardian.com/society/2014/may/02/holyrood-power-end-bedroom-tax-scotland>

<sup>16</sup> <http://www.edinburghagainstcuts.org.uk>

<sup>17</sup> See <http://www.heraldscotland.com/news/home-news/personalisation-of-care-leads-to-more-anger-over-budgets.22506341>

<sup>18</sup> <http://www.reidfoundation.org/common-weal>

<sup>19</sup> <http://www.allofusfirst.org/resources/library>

<sup>20</sup> Interview with Professor Ian Cunningham 19/3/14

<sup>21</sup> <http://www.unison-scotland.org.uk/news/2014/mayjun/0513.htm>

<sup>22</sup> <http://www.ccpscotland.org/hot-topics/cuts-and-austerity/> and <http://www.ccpscotland.org/news/latest-ccps-provider-optimism-survey-reveals-increasing-concerns-welfare-reform-agenda/>

<sup>23</sup> Interview with Professor Ian Cunningham 19/3/14 and  
<http://www.strath.ac.uk/hrm/staff/profiancunningham/publications/>

## The Author



Nicola Gunn has worked, for the past 20 years, as an organisational consultant and facilitator specialising in smaller, start-up and not for profit organisations. She is also an associate lecturer for the Open University Faculty of Business and Law and has been a visiting lecturer at the universities of Westminster, Falmouth, Brighton and London Metropolitan.

Nicola completed her MA in Area Studies (Latin America) at the University of London Institute of Latin American Studies (1976), and her MBA at the Open University (1993). Prior to consultancy she worked in criminal, family and civil rights legal practice, marketing, and arts management; she has also held voluntary posts as a community mediator and as a charity trustee.

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