



Response from Carers Trust Scotland and our network of local carer organisations to the Scottish Parliament Social Justice and Social Security Committee's call for views to Pre-budget 2025-26 scrutiny - Third sector funding principles.

Please rank the following in order of importance for third-sector organisations (where 1 is least important and 5 is most important):

- Receiving funding for three years or more
- Funding that includes inflation uplifts and covers all costs
- Flexible, unrestricted core funding
- A streamlined and consistent process for making funding applications, reporting, and receiving payments
- Funding that enables organisations to pay their staff at least the Real Living Wage

Information about your organisation

Carers Trust in Scotland works to transform the lives of unpaid carers. Our vision is that unpaid carers are heard and valued, with access to support, advice and resources to enable them to live fulfilled lives.

An unpaid carer is anyone who cares unpaid for a friend, family member or neighbour who, due to illness, disability, a mental health problem or an addiction, cannot cope without their support.

We partner with our network of around local carer organisations across Scotland to provide funding and support, deliver innovative and evidence-based programmes and raise awareness and influence policy. Their direct quotes are included throughout this response.

Across Scotland the majority of local carer organisations received a significant level of statutory funding to deliver key services to unpaid carers. Within our network in Scotland statutory funding last year totalled £9.5 million of income for our members. This compares to a total income of £15.5 million. There has been a year-on-year increase in statutory funding for our members, reflecting the increased social care support provided by the third sector in Scotland.

Carers Trust also received central Scottish Government funding to deliver National Carers Strategy outcomes, as directed by the National Carers Strategy Implementation Plan. In Scotland we don't receive any funds from the UK

Government, Local Government or the National Lottery, but we do receive income from all these sources across England and Wales.

- Please select ALL sources of funding your organisation currently receives
 1. Scottish Government
 2. Private donations/fundraising
 3. Other (please write in)
Funding from Trusts and Grants.

Longer-Term Funding Impact: How would a shift to longer-term funding of three years or more support your organisation?

There are over 800,000 unpaid carers in Scotland, with this number set to increase with our aging population and increasingly strained health and social care systems. The challenges and barriers unpaid face are often complex and varied, impacting on all parts of their lives, including education, employment, housing, finances and their own health and wellbeing. There is no 'quick fix' to overcoming these and developing meaningful and impactful support services take both financial and time investment. Despite this being well evidenced, most of the funding for services and interventions are only committed to on short term bases.

As one local carer organisation reflected:

"We are fortunate to have a current contract with a 3+1+1 arrangement. However, that in itself does not remove entirely the cycle of 'get set up, deliver, prepare to bid/justify' that hits every funding cycle, with time inevitably lost to the impact of uncertainty on staffing and delivery."

As a national organisation supporting the delivery of the National Carers Strategy, it is challenging to design programmes and initiatives that make lasting change, knowing that these may be funded for only a year. It takes time to co-produce, resource, run and evaluate the impact of our initiatives for unpaid carers. Like the local carer organisations that we work with, we are not in a position - nor should we be expected - to self-fund the delivery of outcomes that has been committed to by the Scottish Government through the National Carers Strategy. With an annual funding cycle, we are pushed into the position of limiting the long-term improvement unpaid carers need and have a right to in Scotland.

One of the key strengths of local carer organisations is their ability to build relationships with unpaid carers-and it is through these relationships that impactful interventions happen-but this takes time. With the constant cycle of reapplying, services and staff are put at risk which can negatively impact on the building of these vital relationships.

The workforce crisis experienced by the public sector is also reflected in the third sector and one of the key challenges local carers organisations faces is

recruitment challenges. This is largely down to the financial modelling that the sector is forced to take due to short term funding arrangements. Job security can be low, with organisations only having the ability to offer fixed term contracts.

“Longer term funding would be a huge support – it would provide stability and consistency – it would allow staff to know they are a little more secure in their jobs as well and could reduce staff turnover.”

“Longer term funding would enable clearer long-term planning, enable direction to planning that can be seen by those we support, show commitment to unpaid carers, increase confidence in recruiting, longer term funding leads to confidence in the sector leading to candidates looking to third sector jobs as viable, improved standard – quality of committed staff.”

“Longer term funding would lead to improved wellbeing of staff and those we support as they can see the services are able to plan ahead, have the ability to know their finances for a longer period of time, leading to more confidence in forward planning, reducing regular need to revisit tenders of finances.”

“Longer term funding can also often lead to a higher quality of candidate applying if you have vacancies. It would also allow for some forward planning as quite often we are only ever six months away from a disaster when it is recurring funding year on year.”

We cannot underestimate the amount of time it takes to apply/re-apply for funding, and - with few local carer organisations having dedicated fundraising staff - this takes organisations away from their core business, supporting unpaid carers.

“Longer term funding removes the added pressure of competitive tendering and the massive amounts of time that this takes up when we are trying to provide a service.”

Ultimately, longer term funding would allow us to have a greater impact in our work, and lead to better outcomes for unpaid carers and the services that support them. This would also lead to better value for money, as often short term funding leads to repetition of services by different providers, or inadequate time to plan strategically, with longer term goals in sight. Longer term funding arrangements would support a more sustainable third sector, which is essential to keep our health and social care systems in Scotland operating.

Longer term funding also facilitates co-production and partnership working within communities, ultimately leading to better service delivery. With increased financial sustainability over a longer period of time, services are better able to design, deliver and test interventions and innovations that support unpaid carers.

Longer-Term Funding Impact: What specific challenges do you foresee in transitioning to such a funding model?

We cannot foresee any challenges for the third sector in moving to this model. However, we do recognise that for Governments - both national and local - there may be challenges. These include, their own financial planning and instability, and potential pivoting of priorities as new policy areas emerge. A possible solution to this would be a minimum funding guarantee, which would allow flexibility to be built into three year funding commitments.

It is essential that any longer term funding commitment allows for meaningful recognition of increase in costs over a three year period. This has been incredibly challenging for many local carer organisations over the cost-of-living crisis, where they have seen astronomical increase in running costs coupled with flatline budgets. Many of these services are place based, and the cost of keeping the lights on (literally) has increased in a way that none of us could have planned for. This, coupled with increased demand for cost of living salary uplift for staff, has led to many services being required to take from reserves. Longer term funding arrangements would need to allow for realistic year on year increases.

Despite these potential challenges in transition (all of which we think could be overcome without difficulty), our local partners would *"welcome with open arms"* (direct quote from a local carer organisation) a transition to longer term funding arrangements.

Longer-Term Funding Impact: If relevant, please provide any specific examples of how your organisation has been affected by a lack of longer-term funding certainty.

Example from a local carer organisation:

"We are now in year five of a three plus one plus one - there is the uncertainty of what happens next hanging over us and it isn't nice. It affects relationships with local commissioning team that take years to build up. There is no proper planning involved around how these contracts are developed in a timely manner here so it is a frustration for us.

We are now being led to believe that it will be taken over to an additional year so they can plan, but this should have really happened before. This does impact on any posts we have in place that are short term or new posts advertised as in the length of time we are able to say we have a contract for. We are a long term trusted partner in the delivery of health and social care locally - the short term funding process does nothing to support this.

Prior to this contract period, we existed for almost two years on a 'Letter of Commitment' arrangement with the HSCP - initially for 12 months, then on a three month, then month by month arrangement. This impacted our ability to retain/recruit staff, consider appropriate accommodation, seek project-specific funding, and generally feel 'settled'."

Example from a local carer organisation:

“Good and /or experienced staff can end up leaving due to the uncertainty that can be created year on year through short term funding. For us I’d say this uncertainty has increased this year, as the local commissioning team have had two site visits wanting to talk to staff about their roles. It seems clear to me that rather than looking at increasing funding to allow us to try and cope with the demand, they are looking at ways to cut funding. The irony is more often than not the funding does eventually appear, but by the time we have confirmation of that, it can be too late.”

Example from Carers Trust (national organisation):

We have an active and successful programme of work developing the skills of education staff to better recognise and support young unpaid carers in schools. This programme evaluates well, and in the areas where it has been delivered we see an increase of young carers recorded on SEEMiS. Key to this programme is building relationships and willingness with education leads and professionals, who are incredibly stretched and managing the needs of multiple and varied priority groups. However, because of our annual reapplication for Scottish Government funding, we are restricted to how many local authorities we can approach with this programme, as we only have capacity to work with a restricted number at each time. A longer term funding arrangement would allow us to approach the roll out of this programme more strategically. For example, year one we can build relationships with the less engaged local authorities, year two we can pilot with a select number of schools, year three we can complete roll out across the whole of the local authority.

Flexibility and Core Funding Needs: In what ways would flexible, unrestricted core funding enhance your organisation's operational effectiveness and governance?

One of the key challenges for all third sector organisations is securing unrestricted core funding, which means that our infrastructure and governance costs are often under resourced. Second to statutory funding, grants and trusts are the main income source for both Carers Trust in Scotland and the local carer organisations in our network. Grant and trust funding are essential enablers which help facilitate the delivery of quality, impactful services and interventions – however, often these sources will not offer unrestricted funding.

The core elements of running an organisation – regardless of sector – are essential to the overall delivery. However, services are under increased pressure to ‘find’ these costs from elsewhere, as including them in statutory tenders drives the service/project costs up and can impact on the ability to be competitive.

As one of our local carer organisation deliver partners describes:

“This [lack of unrestricted] forces a focus on full cost recovery that still places the sector at a disadvantage when costed against public sector delivery

models. Without the core functions of HR, IT, Finance, management etc., no delivery can be successful, secure or indeed of the quality we would all want to see carers benefit from."

Further comment from local carer organisation partner:

"Any unrestricted funding could either help the carers centre contribute to these costs-freeing up more for service delivery. Unrestricted funding may also allow us access to money to try new and innovative ideas where the funding to do so doesn't currently exist. At the moment it feels like we have to consolidate and not expand our services as we don't have funding to do so. Unrestricted funding could help with this."

With longer term unrestricted funding in place for core costs, we would likely see an overall reduction in administrative and governance costs, as effective systems and processes can be put in place, and less operational time spent on reapplying for funds. This would allow us to focus on our core business - supporting unpaid carers. This would also create less uncertainty and therefore more stability for the sector. A sustainable third sector benefits the whole of our society.

Flexibility and Core Funding Needs: What specific challenges do you foresee in transitioning to such a funding model?

We believe that moving towards flexible, unrestricted core funding is the best course of action, for not only the third sector, but also the health and social care services in Scotland. However, there may be challenges in this transition. Firstly, consideration would need to be given on how we ensure consistency, while simultaneously allowing for regional flexibility to meet local needs. For example, the core spending requirements of high density urban areas will look different from widely geographically dispersed rural areas.

Core funding needs exist alongside the need for outcome or project specific funding, these are not mutually exclusive, and one should not be extended at the expense of the other. Just like public sector organisations, third sector require a level of core/infrastructure investment. There is a risk that creating a more flexible funding arrangement results in more reporting or scrutiny for third sector organisations. For a change in funding principles to be successful, more understanding of the third sector by public sector funders would be beneficial. There is also a cultural shift needed, where third sector are seen and trusted partners in social care delivery. There exists a significant power imbalance between the sectors, despite the third sector increasingly providing what would have previously been seen as within statutory duty.

"The longevity of the Carers Centre delivery model really needs to be recognised as a serious partner that should not need to be worried about short term funding models. Carers deserve this."

Flexibility and Core Funding Needs: If relevant, please provide any specific examples of how your operational effectiveness and governance have been affected by a lack of flexibility in your core funding.

Example from Carers Trust (national organisation.) Our funding arrangement with Scottish Government has been flatlined for the last two years, which means that the portion of funding we are covering from other sources has had to increase. We were not permitted to increase the award request year on year to reflect a cost-of-living increase on delivery costs including salaries. This has resulted in our staff receiving below inflation cost of living increases (and below public sector increase), and this having to be found from other sources of unrestricted income. Ultimately, this has reduced the amount of support we can offer to unpaid carers and to the services that support them.

There are elements of our core/infrastructure costs that cannot be included as part of the award (as directed by the funder). To exist as an organisation-and deliver outcomes in relation to the Carers Strategy-we need these essential functions but these have to be funded from other sources. This creates a risk to our sustainability as an organisation.

There is also a significant reporting burden on our award. As well as reapplying annually, we are required to report quarterly on operational detail, including salary spend on each area of work. This significantly reduces our ability to be flexible and deploy resources in the most strategic way, depending on where we are in the internal business and external policy cycle. More flexibility-without a disproportionate increase scrutiny and reporting-would allow us to maximise resources, directing more of our time and energy to supporting unpaid carers and the services that support them, and less on funding applications and reporting. For example, we redeployed staff to ensure a particular workstream continued during a long-term absence, and this was scrutinised by the funder. With increased flexibility within the funding arrangement we could make the most of the resource we have and ensure that our agreed outcomes are delivered without disruption or delay.

Example from a local carers organisation:

"As a Carers Service within a large, national organisation, we have the 'double whammy' of having to meet the costs of our accommodation/utilities/local management and administration, as well as contributing to the core costs of the overall organisation, so we have access to the HR/Finance/IT etc as noted above. That economy of scale approach can be an asset when considered against other models, but can also lead to reduced contribution to 'overheads', because it's perceived as double funding."

Example from a local carer organisation:

"Core funding that is set with short term application times but where time is required to put together a specific tender or potential project. For example, Creative Breaks fund. The use of this funding being available over a longer period would enable time to be spent producing a viable and realistic project that would see immediate impact such as a cared for daily respite on a

regular basis, which would also lead to the unpaid carers having short but regular periods of respite. Such a project requires a heavy level of planning and serious commitment from the third sector organisation to plan, build, recruit and bring to life. Such a project could not be put together over a three-month period, with the knowledge it would need to be reapplied for the following financial year."

Example from a local carer organisation:

"We have found funders are willing to be flexible in how funding is spent if they get a good reason for any change requested. However flexible core funding would mean you didn't have to spend time 'asking for permission'. It would also allow give you a bit of freedom to try new things or adapt existing services to see if there is a better way of delivering things."

Comment from a local carer organisation:

"Unfortunately bills have to be paid and if these are going up without increases in funding to match these increases then this money has to come from our budgets through the service delivery pots or from donations or reserves (if you have any) which could be better spent supporting carers."

Sustainable Funding and Inflation Adjustments: How critical are inflation-based uplifts and full cost covering, including core operating costs, to the sustainability of your organisation?

For Carers Trust and the local carer organisations in our network this is essential to our sustainability, and our ability to provide high quality provision for unpaid carers. Throughout the cost of living crisis Carers Trust and many of our members have been forced to cover inflation costs from our limited unrestricted funds. This puts the sector at great risk, and threatens vital services for Scotland's unpaid carers. We cannot underestimate the vital role that third sector organisations play in our health and social care ecosystem, and our economy.

As a result of increased running costs and flatline budgets (which are a real time reduction) we-and local carer organisations-are forced to reduce services at a time where carer numbers and needs are rapidly growing. Third sector organisations are being forced to fundraise to 'fill the gap' rather than to increase service provision.

One local carer organisation told us,

"We have entered a new 3+1+1 contract period with no inflation uplifts throughout. Having held the contract here since 2009, with no inflation uplifts at any point, the Service has had to bear the cost of all salary/NI/other increases within the overall budget available, with an inevitable squeeze on resource, reducing the numbers of posts available, and the ability of the available budget to meet all costs. At the same time, the numbers of carers coming forward, and the expectations of the commissioners for delivery targets and outcomes, have

increased year on year, to the point where we are clear, we have no more flex left to give."

Another local carer organisation said,

"It feels like everything has gone up over the past few years and there was a short period where funders recognised this and gave small cost of living increases to help. These have all stopped now and so the costs have to be fully met by the organisation. In conversations with statutory funders and most external funders they say they don't have any additional funding to give and in fact many now ask you cut back on your requests for 'management and support costs' if applying to them for funding. It used to be 15% would be seen as an acceptable ask for these costs but its probably near half that percentage now. So like most things just now, costs are increasing whilst the funders are decreasing the amount you can ask for to help cover these."

Sustainable Funding and Inflation Adjustments: What impacts have you observed or anticipate without these adjustments in your funding?

Without adjustments to funding, we will inevitably see the closure of many third sector organisations across Scotland, including local carer organisations, examples of which can already be found in England and Wales. It is not sustainable for any organisation—regardless of sector—to absorb increasing costs and demand with decreasing resources. Carers Trust, like all third sector organisations, will need to decide where we deprioritise, and inevitably reduced to amount of support we can offer to unpaid carers and the services that support them if funding continues in this trajectory.

Despite the vital role of the third sector in health and social care delivery, without adjustments to funding there will be an increasing gap between pay and conditions in the third and statutory service, which will inevitably lead to support reduction for unpaid carers.

Comments from local carer organisations:

"The bottom line is if you can't support your staff in the same way that they are supported the wider Health and Social Care Partnership around uplifts to salaries etc they are not going to stay."

"We have already made it clear any attempt to reduce the current budget would mean we could not sustain delivery and would hand back the contract."

Sustainable Funding and Inflation Adjustments: If relevant, please provide any specific examples of how your organisation's sustainability has been affected by a lack of inflation uplifts and/or full cost covering.

At Carers Trust, we are now subsidising a proportion of work previously fully funded by Scottish Government as part of the Carers Strategy implementation plan. This includes (but not limited to) the Scottish Young Carers Festival and the

hosting of Scottish Young Carers Services Alliance. Currently, both of these programmes are accessible without cost to young carers organisations, supporting them to build their capacity and the services they offer to Scotland's 30,000 young carers. However, it is not sustainable for us to run these at a deficit long term and means that other areas of work have been forced to be deprioritised.

Comments from local carer organisations:

"I worry that our costs have increased such a lot since our last tender that visibility of full cost recovery has been lost. They [local government] have to date assisted with extras here and there to enhance our service-in response to the huge increases in referrals and demands made on us-through local Carers Strategy funds on a year to year basis but if this goes our service will not be what it is today."

"The Service is currently operating at a deficit, and will continue to do so throughout this contract, unless any inflation uplift can be offered."

Many local carer organisations have seen a significant impact on their ability to recruit and retain staff:

"Our staff have had 2% pay increases now for the past 3 years. That's 2% on an already low starting point. All the while support workers with our statutory colleagues are getting 6 or 7% on an already higher salary scale."

Real Living Wage Commitments: What challenges does your organisation face in ensuring all staff are paid at least the Real Living Wage?

At Carers Trust all our posts are above the Real Living Wage. This is also true for the majority of the local carer organisations who contribute to the consultation. The following comments come from these organisations:

"Fortunately, we only have one post currently at RLW level, but maintaining that commitment is important to us, so there is no plan not to offer scheduled increases." Without any uplift though, the scheduled increases will need to be found from other sources of funding for local carer organisations.

"Varying tenders across local authorities means as an organisation any commitment to same wage levels across all localities can lead to large differences in service design and delivery."

"Expectations to rightly commit to Real Living wage. the impact of this across the service's financial stability and of course the reality of encouraging future employees to join teams."

Real Living Wage Commitments: How would improved funding arrangements support your organisation to meet this commitment?

Improved funding arrangements would mean that Carers Trust and local carer organisations can sustainability and securely commit to implementing Real Living Wage increases for the relevant staff posts.

One of the local carer organisations reflected that it would be helpful if the funding received reflected the Real Living Wage increase at point of increase, rather than at the start of the next financial year, as they will be left to carry the cost in the meantime.

Efficiency in Funding Processes: What improvements in the application, reporting, and payment processes could make the funding system more efficient for your organisation?

For Carers Trust, there is currently a reasonably heavy reporting burden as part of our funding arrangement, with a level of operational detail requested. We report against many outcomes from within the Carers Strategy implementation plan every quarter. With regards to improvements, reporting twice per year would feel more proportionate (particularly when we are required to reapply annually).

When it comes to applying for funding, longer-term commitments is the biggest improvement that could be made. If we are to continue with an annual funding cycle, a lighter touch application would be beneficial, with the ability to focus on the suggested changes to activities rather than ongoing activity from the previous year.

There is also a cultural shift that would improve the funding process. We have a wealth of 'live' evidence pertaining to the issues that unpaid carers in Scotland experience, and the expertise and networks to design and test initiatives to meet these needs. Trust in this expertise would allow for innovation within the application process, and a more agile response to the changing needs of carers.

For local carer organisations, there is a great deal of variance between local authorities in the application and reporting requirements, as well as funding arrangements and timelines for funding. For organisations working across localities, this can create a significant application and reporting burden. More consistency may be beneficial and give improved data on the support, improvements and other trends that are being seen as a result of local service provision. It would also be useful to have more visibility and longer lead in times of the funding available across localities. Local carer organisations told us:

“Longer term, directed funding would lead to an organisation being able to identify and fund at same levels across various Local Authorities”.

“Direct funding would remove the middle organisation, there would be clear knowledge of funding available that would enable better cohesive planning that meet the needs of the locality and not be at the call of local authority varying priorities.”

“Knowledge in advance of funding leads to more accountable use of funds, longer term abilities to plan services and a knowledge of finances in advance enabling financial flexibility, cost benefits of change, less administrative time required once initial projects and planning set up.”

The other issue raised by local carer organisations is reporting requirements changing mid-contract. This causes a huge administrative burden on already stretched services. Monitoring outcomes agreed at the start of the contract and these being set would reduce the amount of time taken on reporting, time which can be spent on providing services to Scotland’s unpaid carers.

“Since our contract started in January, we’ve had one set of monitoring templates mid-Jan, an update late March, and a further change in June. Now we’re being told the report template will be ‘tweaked’ again for this current quarter. None of the changes are major, but there are different detail requirements being identified. Its hard to see how the information can be comprehensive and useful with such variable consistency.”

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