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Common Weal Policy

# FROM WELFARE TO CHARITY?

THE SCOTTISH GOVERNMENT, LOCAL GOVERNMENT  
AND THE THIRD SECTOR

# COMMON WEAL



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## INTRODUCTION

An unintended consequence of devolution in Scotland has been an erosion of local democracy as the Scottish Government have sought to influence the outcome of their manifesto promises and legislative commitments through direct funding of projects. Understanding how this affects welfare provision and works against the spirit of current legislation is crucial to ensuring that the trend is not consolidated through a new National Care Service.

This direct funding process involves large numbers of civil servants, often with no service experience, administering funding allocation and monitoring impact through later evaluation (although this is often undertaken now by consultancies established for the purpose). Twenty years ago few such Scottish Government employees existed but they have grown exponentially as new policies have been rolled out. Whilst this is an issue in all areas of devolved government in Scotland, this paper will focus on its impact in areas of welfare provision that became duties of local government social work departments when the Social Work (Scotland) Act was passed in 1968. That starting point is useful as it offers a timeline from which changes can be traced and analysed. Direct funding now is undertaken either by civil servants or through large third sector organisations.

Two recent examples reveal the extent and implications of the issue: one was a *Sunday Herald* piece by Neil Mackay (Mackay 2023) which looked at the work of former senior police officer Niven Rennie in tackling knife crime through addressing its cause: poverty. Rennie found himself (no doubt on a large salary) leading the Scottish Government's Violence Reduction Unit (VRU). However, he became disenchanted with his position, believing that his under-resourced unit was often used for "photo opportunities for government ministers" and limited to speaking out only when it was on-message with government. More critically, Rennie felt that an industry had grown up around youth crime, with "big salaries and well-paid executives in charities" competing against each other for funding from government quangos that held great power.

The other example concerned a recent call in the author's own community to organisations who might encounter those in poverty: the local third sector umbrella organisation had secured funding from the Corra Foundation, and statutory and voluntary organisations were being invited to apply for one-off grants to alleviate poverty – the purchase of an essential for an individual or family. This, it can assured, would be welcome by the recipients and the agencies supporting them. However, these agencies (notably Social

Work) have also been denied the funds to provide such help directly and fulfil their duties in terms of welfare provision under the 1968 legislation. Power and resources, by implication, have instead been divested in the third sector, and the statutory sector reduced to asking them for funds for individuals considered in need. 'Third sector' is a generic term used to describe registered charities, voluntary associations, mutuals, co-operatives and self-help groups. According to the UK National Audit Office, what they share in common is a not-for-profit motive whereby excess income is reinvested to pursue their "value-driven goals", and that they are "independent of government" (undated NAO).

This paper will examine the impact of this trend on the workings of local government. As our Common Weal Care Reform Group looked at issues surrounding the creation of a National Care Service, and shaped our arguments in *Caring for All*, we found that one of the drivers for the Scottish Government's notion that the NCS should be taken out of the hands of local government was dissatisfaction with present arrangements. Whilst this might be expected (otherwise why create a NCS?), it struck us that much of this was understandable frustration at the limitations on local authority funded services. However, it is indisputable that this is due to austerity and continual cuts in Council budgets, so the argument that it was local government itself that was at fault, seemed shallow. The voices of "Lived Experience" seemed therefore, and illogically in our view, to be pushing service provision in the direction of centralised and ministerial led control.

Just as local government has been forced through starvation of funds to pull back to service provision based on eligibility criteria for those in most urgent need, there has been a parallel growth in the role of voluntary organisations to tackle problematic aspects of welfare provision, and address issues arising from poverty, including knife crime and drug & alcohol misuse. This paper will examine the trends that have resulted, whether intentionally or not, in a crisis for local government delivery of social work and social care services – evident through five key components:

- The reduction in social work's status since the passing of the Social Work (Scotland) Act 1968
- The introduction of neoliberal business/market models into the public and voluntary sectors
- Devolution and the pressure on the Scottish Parliament to tackle Scotland's social problems
- The consequences of the integration of health and social care
- Austerity and reductions in public spending

## The Promotion of Social Welfare

The 1968 Social Work (Scotland) Act still provides an overarching base for the plethora of social work and social care legislation that has been enacted since – 26 Acts in the twenty years from the Scottish Parliament's inception in 1999. And that's a lot: a comparison of legislation in Scotland, England, Wales and Northern Ireland found that the Scottish Parliament's output exceeded that of the other jurisdictions many times – Wales and Northern Ireland had enacted six and thirteen respectively (Turbett 2018). In fact there has been so much legislation in response to policy concerns, that overlaps have resulted and understanding the legislative framework has become increasingly difficult. Arguably the simple message of the original Act has got lost in all this, and for that reason, it is worth describing what it was, and its intentions.

Prior to 1968, legislation governing social welfare had developed in piecemeal fashion: Children's Departments and Welfare services within local authorities, Probation and Aftercare as a central government run organisation (as it remained outside Scotland), some functions part of the NHS, and some undertaken almost entirely by voluntary/charitable organisations. Although relics of the Victorian past such as workhouses had been abolished through other reforms, there was no underlying philosophy or value base to services, and only minimal quality standards, qualification requirements for staff, and career pathways. The statutory services were little

different from the voluntary sector in these respects. Not only did the 1968 Act change all that, but it also brought forward the notion that communities were of prime importance to the welfare of the individual (see *Struggling to Care*). The central tenet of the Act was that services should be brought together and provided by local authorities - with a greatly reduced role for the voluntary sector in terms of core services. In the early 1970s when the changes in the Act commenced, local authorities were a mix of county and town councils which were streamlined into a two-tier system in 1975, within which social work sat within the new larger regional (and island) councils. The new service was based on the principles of universality, community and reciprocity (Ferguson and Woodward 2009) and represented a huge advance in the status and significance of joined-up social work services in Scotland.

The most powerful section of the new Act was that of the use of Section 12 funds to “promote social welfare” – a legislative tool that could be interpreted widely. The new power of social work was confirmed by the statutory requirement on each providing local authority to appoint a qualified Director of Social Work who would lead services in tune with the decisions of local councillors. Background direction and support was provided by the *Social Work Services Group* – a Scottish Office body who sent out regular guidance and advice to Social Work Departments. Early examples evidence a strong imperative to make community central to the provision of services (Turbett 2018).

## Mixed Fortunes for the Voluntary Sector – 1970s to early 2000s

The last twenty years of the 20th century saw great changes in the voluntary sector. Some functions such as support for those with sensory impairments were almost entirely taken over by social work departments, and organisations delivering these shrunk in size and scope. However, other third sector organisations thrived on providing quite specialised provision in both the traditional residential sector and in the delivery of personal services that were often seen as centres of excellence. This was to the extent that amongst social workers a regular

refrain was that the voluntary sector offered a freedom to undertake good social work practice denied in local authorities (who often provided the funding) (Turbett 2014). This myth was partially punctured when the long standing third sector child protection agency, the *Royal Scottish Society for Prevention of Cruelty to Children* (later rebranded as *Children First*), was heavily criticised for its practice in the Clyde Report into the removal of children from their families in Orkney.

A new dawn for the voluntary sector appeared with the roll-out of “care in the community” in the 1990s. Institutional long-term care for adults in so called “hospitals” run by the NHS, was replaced with support to enable people to reside in their home communities. This opened up massive opportunities for third sector and charitable organisations to compete to offer their services in providing packages of support: charities like the *Richmond Fellowship* who had formerly centred their activities on campaigning, now grew quickly along business lines to soak up contracts with local authorities and become larger than some of the local authorities they served. Richmond Fellowship Scotland’s accounts for the year to March 2022 show a turnover of £95,331,000, assets of £67,672,000 and a surplus of £10,907k. By comparison, Clackmannanshire, Scotland’s smallest local authority, current budget for adult social care, including contracted services, is £25m while it faces a budget deficit of £11.3m. Along with this organisational growth came large salaries for CEOs and senior managers, and very low wages alongside poor terms and conditions for those providing the actual support. This growth naturally bolstered the profile of organisations.

Other third sector and charitable organisations had emerged as a result of the identification of new areas of need not met through the statutory sector: *Women’s Aid*, *Rape Crisis* and *Gingerbread* are examples with a national centre but local resources, often user-led. Additionally, small locally based organisations, emerged through earlier initiatives within communities: the *Fare Project* in Easterhouse Glasgow (whose neighbourhood worker Bob Holman, was a former social work academic who set aside his status and income to work there), and the *Craigmillar Festival Project* in Edinburgh. By



the millennium the picture had become very complex with thousands of organisations offering services, many struggling for funding, and sometimes competing against each other in this new neoliberal marketplace. The staff who provided such services at ground level were taken on and paid off as contracts came and went. It seems ironic that marketisation in any sector of the economy is based on growth – the opposite of what a model of social care delivery should be based on – tackling need and reducing it, and security based on the public service ethos.

## Integration and the Decline of Social Work's Status

At the same time as this growth of the voluntary sector came a sudden decline in the status of local authority social work departments. Local government organisation in the 1990s was introduced by a Conservative Westminster government with the tacit aim of tackling the power and authority of Scotland's large Regional Councils – particularly Labour led Strathclyde. Its Director at the time of the 1984-85 Miners Strike, Fred Edwards, had incensed the Tories by giving Section 12 funds to striking single miners who were unable to claim any state benefits to alleviate their destitution. Although he was taken to Court and forced to enact measures to recover the money, Edwards' action, backed by Councillors, had shown how powerful a tool local government could be in challenging from a local perspective the decisions of a distant central government. The message was not lost and the 1995 reform of local government in Scotland split the Regional Councils into 32 smaller combined authorities, ending the statutory appointment of Directors of Social Work. Now social work departments could be led by individuals without social work qualifications, although a Chief Social Work Officer had to be appointed as a qualified individual responsible for upholding standards of practice and service delivery: these individuals sometimes lacked authority due to their management position within the hierarchy of councils and social work departments – leading to a diminution in social work's status (Turbett 2021).

of the collapse of the banks in 2007-08, and the measures taken by Labour and Tory Westminster governments to bail them out of the mess of their own creation and “save” the economy from further crisis. This itself had consequences. Rather than force the banks to pay for their mistakes, both governments decided on the basis of belief in the supremacy of the finance sector for the success of British capital, to reduce public funding spending. This hit local government hard from 2010 and it has never recovered – by 2019 more than £30 billion had been stripped from welfare spending, housing subsidies and social services in the UK (Mueller 2019). In fact the situation has worsened with the more recent issues of the pandemic and the war in Ukraine. The convenor of the Scottish Parliament finance committee, Kenneth Gibson MSP, estimated that in real terms the loss in 2022 amounted to 5.2% at a time of spiralling costs (Daily Record 6th June 2022). The Institute of Fiscal Studies estimate that Scotland's funding allocation fell by 6% between 2010 and 2018, and was estimated to still be the equivalent of 2% lower per person by 2021-22 (IFS 2021).

The final factor that made for the gathering storm was the Scottish Government's policy imperative to integrate health and social care services (a trend across the UK). This started in the early 2000s with “Joint Futures” – and who could credibly argue against the notion that coordinating services between health and social care could lead to better outcomes for individuals and avoidance of duplication of service and wasting of resources? Under these measures, and amongst other things, it was said that people would not need to be asked the same questions by the professionals offering them services. The problem, however, was that this was not a marriage of equal partners: the culture and special qualities of relationship-based social work would be subsumed by the giant of health. Inevitably it would end up giving priority to easing the NHS's ever-growing needs with an ageing population, and increasing demands on its services. The perceived failure of integration on a voluntary basis resulted in this becoming compulsory after 2015, with the establishment of *Integrated Joint Boards* (IJBs) in each local authority area, and differing models alongside them of Health and Social Care Partnerships providing services. With reduced budgets and

increasing pressures, the results have not been spectacular, and the process of diluting social work's presence has increased: now social work qualified senior managers are a minority within many local authorities, and some IJB directors are accountants – a sign of priorities – but one which results in the outsource of what were once local authorities services to the “cheaper” voluntary sector.

## Devolution and Its Consequences

The devolution settlement of 1999 that created the first Scottish parliament for 300 years, gave the new body more powers than were initially given to Wales and Northern Ireland. The parliament was designed to be a consensual body who would arrive at collective decisions through government coalitions and committees representing all the political parties (it was not envisaged that any Party would achieve a majority through the constituency and regional voting mechanism although this did happen in 2011 when the SNP won a majority). Not unnaturally, and with policies being developed through this system rather than (apart from 2011) by a single Party, there was pressure to prove the parliament's worth – and that of its competing interests. So policies, and legislation to guide them, flowed out with more regularity than had been seen under Westminster rule, and social work and social care were no exception. As stated earlier, it is therefore no accident that Scotland has seen more legislative change in welfare matters than anywhere else in the UK.

The history of government in Scotland has always seen tensions between local and national government, and these have continued with devolved government through the Scottish Parliament. Given pressures arising from the need to demonstrate commitment to manifesto promises, it is no surprise that government ministers should want to exercise some control over how their budgets are spent on meeting desired goals. This is bound to be an issue when their overall allocation from Westminster has been reduced in real terms, and when their capacity to raise funds through measures of their own is constrained by the cost-of-living increases being felt just now by the electorate.

The Scottish Government's answer has been to establish funds for particular projects and then either allocate them by competition from bidders, through an agency, or through an office of central government. Whilst local authorities can and do bid for these tranches of money, unless they are intended as the destination, they are likely to lose out to the third sector whose costs may be lower (e.g through lower staff costs as their wage levels are often not determined through collective bargaining). Of course many different factors will be considered – local authorities for instance, may have better infrastructures to support projects; however the lobbying power of the largest charities will also play a part in decisions.

The point being made here, regardless of efficiencies that might be perceived through such operational methods, is that local government might expect to carry out their welfare duties through receiving such government funding direct as part of their annual settlement. Instead, this is kept to a minimum to meet their statutory requirements, and their ability to fulfil the promise of s12 Social Work (Scotland) Act 1968 in communities, is eroded through this central government control through the direct targeting of finances. The impact at ground level in social work, is to cast social work teams in the role of firefighting crisis situations, and deprive them of the opportunity to engage in the type of supportive community based and relationship-centred activity we outlined in *Struggling to Care* and *Caring for All*. The impact of this is constant turnover of staff, impossible workloads and creaking morale – as evidenced in the recent Social Work Scotland reports *Setting the Bar* and *Taking the Wheel* (2022).v

## Scotland's Third Sector

The Christie Commission which reported in 2011, called for reform involving better integration between the various arms of the public sector and the third sector in order to reduce duplication, improve outcomes generally, and empower communities and individuals. On their website the Scottish Government state support for the sector through:

- core funding,
- support and regulation to charities,
- support for social enterprises,
- funding the community capacity and resilience funds which enable the sector to provide direct support,
- investment in public social partnerships which enable the sector to participate in designing and commissioning public services
- funding third sector interfaces supporting collaboration between the sector and local authorities
- encouraging volunteering through funding for awards and voluntary organisations

(Scottish Government 2014)

Whilst the number of civil servants involved in these processes is not published, employment in the third sector in Scotland in 2014 (ibid) amounted to over 80,000. These work for or support 45,000 organisations including 23,700 registered charities (SCVO 2022). By 2018 the workforce had risen to over 107,000. Of these 78,000 staff were working for large organisations with a turnover of over £1 million -representing just 0.3% of total organisations. 48,000 staff were involved in the “social care and health” sector (SCVO 2020). In terms of workforce, over half of the sector is involved in social care and working for a small number of large organisations: in the top thirty for staff numbers were the *Richmond Fellowship* with 2941, *Cornerstone Community Care* with 1939, *Enable Scotland* with 1782, *Quarriers* with 1622 and *Turning Point* with 1395 (ibid).

Whilst wages for the majority (support workers, care assistants etc) are at living wage level, some third sector CEOs earn salaries that compare very favourably and sometimes exceed those found amongst CEOs in the public sector. Amongst large UK national organisations these vary – the £930,000pa paid to *Nuffield Health's* Steve Gray in 2020 being the highest known, six figure sums being common, and

the *Salvation Army's* Anthony Cotteril being a creditable low at £15,500pa. Actual figures are available through the ACEVO (the organisation representing third sector CEOs) in a book costing £70 to non-members, beyond the budget of this author. However, a Scotsman article in 2016 named several Scottish social care voluntary organisations with CEO salaries of £100,000 or so; these included *Quarriers*, *Capability Scotland* (937 staff) and *Scottish Association for Mental Health* (SAMH) (501 staff). Although not obviously accessible, data published by the charity regulator OSCR reveals much of this information: Austen Smyth, CEO and trustee of Richmond Fellowship, had benefits paid which included salary, pension contributions and car benefit in relation to his employment services to the charity - in 2021 these totalled £178,510 (OSCR 2022). Clearly chasing competitive contracts demands a high price in salary from the social entrepreneurs of the third sector! Many of these individuals spend much of their time getting familiar with ministers – the idea that they are “independent” of government (as per the National Audit Office guideline quoted earlier) stretches the imagination when they depend on their funding. As another example of the huge salaries that accompany third sector organisations associated with government, the CEO of *The Promise Scotland*, with a staff of 20 professionals (according to their website), Fraser McKinlay (background in audit and strategic leadership), was appointed in mid-2022 on a salary of £95,000 pa.

As the size and influence of the Third Sector grew, so did the Scottish Council of Voluntary Organisations (SCVO) as its representative national organisation. Their current CEO, Anna Fowlie, is paid between £110-120k. The SCVO, under a previous CEO Martin Sime, led a campaign to exclude charitable organisations from the provisions of the Lobbying Bill before it became law in 2016.

The main umbrella organisation for the not-for-profit social care sector is the *Coalition of Care and Support Providers in Scotland* (CCPS) which was established in 1999 to “..... identify, represent, promote and safeguard the interests of third sector and not-for-profit social care and support providers.” (CCPS undated)). As with other organisations that are in business



to influence government policy in Scotland, it receives government funding for a variety of projects: the Housing Support Enabling Unit, the CCPS Workforce Development Network, the Criminal Justice Voluntary Sector Forum, their core programme of on commissioning procurement and self-directed support, and their work on digital transformation (CCPS 2022a). These grants amounted to £524,413 in the year to March 2022, over double the income from membership subscriptions according to their published financial statement (CCPS 2022b).

With Government supporting the third sector directly, and through the direct financing of “Third Sector Interfaces”, local organisations claiming to organise the third sector have also taken on a different character. Their Boards/ Executive Committees are more likely to be composed of local business people (or retirees with business experience), than people from a social work or community development background. Their staff are often untrained in either of these disciplines, but often attach grand titles to their roles – even the smallest local organisations who have paid staff call the salaried manager “CEO” in this new third sector world where there is often a direct connection to Scottish Government. There is a difference in our view, between community created organisations that grow locally through response to need, and those that emerge to accommodate the culture of centrally held and allocated pots of funding.

Amongst the largest organisations, a significant player in Scotland is the Corra Foundation, mentioned in the introduction to this paper. Corra was established in the 1980s as the Trustee Savings Bank Foundation for Scotland – taking inspiration from the Reverend Henry Duncan who was a 19th century philanthropist and founder of the TSB. In 2017 it changed its name to “Corra” – a word they advise comes from Scots mythology meaning “knowledge and change”. In 2010, the TSB, by now merged with Lloyds Bank, gave notice of withdrawal from funding, and their last payment was made to Corra in 2018 (Corra undated). However, TSB appears to have endowed the foundation with an investment fund, which according to its last accounts (December 2021) stands at over £26m and produced investment income of over £700k.

Corra employed 48 staff and its CEO was paid £90-100k.

Corra, a registered charity, projects itself as Scotland’s premier grant making organisation and in recent years has been used by Scottish Government (SG) to dispense monies on its behalf through the SG Enabling Neighbourhoods Fund, the SG Food Fund, the SG Challenge Fund, the Drugs Services Fund and the SG Families and Communities Fund. Although it manages some bequests and funds privately generated, its main role is to act as an arm of government in dispensing public money. On this basis it is not accountable to elected representatives as it would be if it was part of the Civil Service, but to its own Board of trustees with close connections to the Scottish Government: Christine McLaughlin is now Co-Director of Population Health at the Scottish Government after a career in finance while David Johnson is a former civil servant.

The various funds from Scottish Government running on differing timescales, account for the £33 million that Corra’s accounts show as having been granted by them in 2020 (Corra 2021). The detailed accounts on their website show the hundreds of local third sector organisations that have benefited from these grants. The power of Scottish Government to allocate such funds (including through a secondary organisation like Corra) owes its origins to s10 of the Social Work (Scotland) Act 1968 – a power also given to local authorities, but now it seems totally assumed through the powers of government ministers. This marks a shift in emphasis since 1968 and it seems doubtful that the architects of the act envisaged an organisation substituting for government like Corra, or that such vast sums of money should be involved in meeting government targets through the not-for-profit and voluntary sectors.

Corra’s example illustrates an increasing blurring of boundaries between the third sector and civil service in Scotland. It is common for third sector employees to be co-opted into Scottish Government for particular tasks – Fiona Duncan of Corra is a high-profile example: from CEO of Corra, to chair of the *Independent Care Review for Children*, and chair of *The Promise Scotland*, the company set up to implement The Promise

(rather than the Civil Service), and also adviser to the long running *Scottish Child Abuse Inquiry*. The Independent Care Review website states there are “robust governance arrangements in place to ensure Fiona’s independence in her roles as the Chair of the Care Review and as the Chief Executive of the Corra Foundation.” Another individual who has moved between high-salaried roles in government and the third sector is Anna Fowlie with a background in local government HR, formerly CEO of the Scottish Government organisation, the Scottish Social Services Council, and now head of the SCVO. We are not questioning the skills or abilities of these individuals, just their powerful positions and movement between government and third sector across various roles in Civic Scotland where different interests might be involved.

Such closeness of operations between government and a third sector dependent upon them, is bound to blunt the campaigning activity which brought many into existence. We are told that objections by some children’s organisations to the Children and Young People (Scotland) Bill (which eventually became law in 2014), raised at an early stage, were effectively silenced. To their credit the CCPS were critical of aspects of the SG National Care Service Bill, but one wonders how muted this was given the extent of their funding operation.

Some government funds channelled through the mechanisms described end up supporting volunteering activity – increasingly plugging gaps in services formerly provided by Councils. Whilst volunteering is good and helps build community life and resilience, it should not substitute for secure paid employment – there is nothing empowering about expecting third age volunteers (the group most typically involved) to run complex services – providing all their own administration, time (much of which is spent chasing grants) and hard work.

There are other Trusts, large (like the *Prince’s Trust* at UK level, and the *Robertson Trust* in Scotland) and small, who give grants to organisations, some of which are long standing throwbacks to Victorian philanthropy, and their activities are beyond the scope of this paper. However, one Trust that has significance because of its origins, funding and purposeful

use, was the now dissolved *Life Changes Trust* (LCT). This was set up in Scotland in 2013, with a projected ten-year lifespan, and a £50 million *National Lottery* investment. This source is of course controversial in itself: the National Lottery was created by the Tory Government of John Major in 1993-94 to raise funds for “good causes”, the franchise being won through tendering by a private company, Camelot – whose contract is due to end in 2024. Offering cash prizes for ticket buyers with twice weekly draws, the fund has been criticised for taking money from the poor and giving it back in the form of services that might otherwise be paid for through normal taxation – the burden of which falls on the better off because they earn more i.e. the National Lottery is in effect a tax on the aspirant poor who are its main ticket purchasers – the carrot being the chance to become a millionaire overnight.

The Life Changes Trust set out with the worthy aim of improving the quality of life for three specific groups in Scotland: young people with care experience, people living with dementia, and unpaid carers of those with dementia. Unfortunately, the information about how the LCT worked and dispensed its sums was accessed through reports on their website- which was taken down when they dissolved eighteen months early (due, they say, to the pandemic) in 2021. In 2019 the LCT gave a grant of almost £500,000 to Stirling University to evaluate its work, a large sum, but this report too seems unavailable online but was obtained by informal means by the author. The final report and evaluation documents both demonstrate good outcomes, although also suggest that the early closure of LCT put the sustainability of several projects in jeopardy (University of Stirling 2021a, 2021b). We would also comment that the rise in organisations, many private sector profit-making enterprises, dedicated to evaluations of funded projects has also become a major industry in Scotland. Whether they are really independent when they are funded by the organisations under scrutiny is reported as an issue at national level so we might assume it is at local level too (Guardian 2019).

The eventual beneficiaries may well have used their grants well (even if the evidence is hard to locate) but our question concerns the

methodology of both raising and dispensing the monies involved; whilst this involved non-profit organisations, profit went to Camelot - £95.2 million in the year to March 2021 on sales worth £8.4 billion - £1.8 billion of which went to 'good causes' (Camelot Group 2021). Like the Corra Foundation, LCT made the decisions as an unelected non-public body.

Local authorities do still have some grant making facility – the trend now is to dispense quite small grants to third sector local organisations through *Participatory Budgeting* (PB) – a mechanism whereby organisations showcase their need in front of an audience who then vote on who gets what (Scottish Government 2021). Whilst this has become popular and a movement in its own right, it is criticised as a façade hiding the real face of austerity and the minimal sums available to local authorities to promote public welfare. It does of course fit some notions of “community empowerment” promoted by the Christie Commission and enacted through the 2015 Community Empowerment (Scotland) Act. The dispensing of small grants also takes up a huge portion of councillor time given the amounts involved – like PB, arguably a sop to local democracy.

## Summary and Thoughts About a Way Forward

The purpose of this paper has been to draw attention to the impact of gradual change in the government's approach to welfare that has taken place since the passing of the 1968 Social Work (Scotland) Act. Despite a huge amount of legislation in the past twenty years, these fundamental changes have not taken place through statute, but rather through the creeping effect of neo-liberalism, some of which has been consolidated in law. The impact has been a diversion of social work and social care funding away from local government control and decision-making process, to central government disbursement to whoever is judged to be in the best position to meet particular target areas that meet policy objectives – in particular a burgeoning third sector dependent on Scottish Government for their existence.

assuming the role it fulfilled prior to 1968, central government funding plays a far more important role than it did before then and prior to the creation of the welfare state. The risk is that as central government funds become increasingly restricted, the voluntary sector once again becomes dependant on charitable funding and care provision then becomes even more fragmented. While charities are still generally highly rated by the public (OSCR 2022), the outcome of these processes are not in the interests of either the general public or the vast majority of the voluntary sector workforce who are generally low paid. The third sector has an important place in society – in terms of campaigning activity, community based and focused initiative, and in its traditional role of providing services that are very specialised. None of this activity should rest on the exploitation of paid or unpaid labour.

This is a very complex area and the paper only has space to outline general trends: it involves thousands of organisations of various sizes – from tiny local groups to large third sector organisations – all in one way or another competing for sparse funding because of ongoing austerity. Meantime the hollowed-out local authorities (who also have to compete for these extra funding pots) charged with statutory social work duties, struggle to meet demand, and are unable to commit serious resources to uphold their duty to promote social welfare in Scotland's communities. As we have said elsewhere, this effect of consigning social work in local authorities to the heavy end of high-risk interventions (which are very procedural and unattractive to those who would like to do creative relationship-based work) has an inevitable outcome – as pressures mount, there is a recruitment crisis.

Meanwhile the social welfare duty that was the bedrock of the 1968 Social Work (Scotland) Act has been largely passed to the third sector. Whilst public services that are needed by the most vulnerable have been reduced, powerful national third sector organisations proudly declare their support for “human right approaches” – several like SAMH included this requirement in their responses to the NCS Bill (Scottish Government 2022) : we have argued in *Caring for All* that such discussion on human

rights represents little more than token rhetoric without the resources to turn them into reality, and a reduced public sector reduces this possibility.

The evidence briefly cited here of how the close links between government and third sector have impacted, begs questions about the latter's often repeated claims to be innovative, flexible, values-based, bureaucracy free, and fleet-footed when compared with local authority services. Such assertions might actually be far from the truth: they rather reflect a selling point for offering services within a framework of care which is market-based and highly competitive.

Common Weal has sought to offer some solutions to these issues through our policy papers around the proposed National Care Service. Here we believe, is an opportunity to reverse neo-liberalism and not just drive profit out of care, but reinvigorate the role of local authorities to promote social welfare. The main thrust of our thinking is that a return to community designed and led services should come through local authorities as the main organ of local representation and decision making. We also contend that the market-model that has stealthily but steadily taken over social work and social care since the 1990s, has failed, and that a return to publicly owned and locally controlled services is overdue. This does not preclude the voluntary sector being involved in the provision of such services, wherever agreed locally, or in pioneering projects but it does imply the voluntary sector workforce should enjoy the same pay and conditions as the public sector and be unionised – a rarity that is now being effectively challenged by the trade unions.

The Scottish Government, by contrast and almost inevitably if you follow the thread of this paper, see centralised control as an imperative and have written this into their NCS proposals. This we believe is wrong and requires urgent re-examination if the further erosion of local democracy is to be avoided and if the voluntary sector itself is not to become further involved in a race to the bottom.

Stephen Low, a Policy Officer for Unison Scotland, has written: "Classically there is 'civil society' – that part of society separate from the

state. Here we have 'civic Scotland' – that part of society grant funded by the state. It does not bite the hand that feeds it." (Low 2020). We couldn't agree more.

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