



Resource Spending Review Framework

A Response from CTA

March 2022

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Summary

The Scottish Government is conducting its first multi-year Resource Spending Review since 2011. Its objective is to set out national spending plans for the remainder of the parliamentary term until 2026.

The Resource Spending Review Framework covers spending on administration and the day-to-day delivery of services and programmes. This includes the Scottish Government's direct and indirect funding for the third, not-for-profit and voluntary sectors, including through local government, as well as its funding for schemes like concessionary bus travel for older and younger people.

The Community Transport Association (CTA) welcomes the Scottish Government's commitment to publish 'multi-year spending plans in May 2022 to provide stakeholders, delivery partners and organisations and individuals across Scotland with some certainty on which to base their own forward planning'.¹

Our submission calls for the Spending Review to:

- Deliver multi-year funding of the third, not-for-profit and voluntary sectors from the Scottish Government and local government
- Deliver adequate, fair and sustainable funding for the Community Transport sector which keeps pace with inflation, contributes to core operating costs and sets flexible conditions
- Properly fund our sector's role in the health & social care system
- Raise investment in a just transition to net zero and our sector's capacity to increase modal shift

2. We have identified the primary drivers of public spending over the Resource Spending Review period. We welcome your views on these and any other public spending drivers you think we should consider.

We agree that changing demographics, increasing demand on the NHS, the public sector workforce and inflation will be the primary drivers of public spending over the Resource Spending Review period.

Scotland's ageing demographics are increasing demand for transport to health & social care, which is a major function of the Community Transport sector. Many schemes support older people, disabled people and those with chronic conditions or mobility needs to access GPs, hospitals, dentists and pharmacies.² However, this is usually without any public funding, which can harm the affordability of services for patients and the capacity or viability of services for operators. Community Transport also tackles exclusion, isolation and loneliness by helping older people to access amenities and services or visit family and friends. The sector's accessible, inclusive services help people to live happier, healthier and more independent lives for longer in their own homes and communities, reducing long-term costs

¹ <https://consult.gov.scot/budget-and-public-spending/resource-spending-review-framework>

² <https://ctauk.org/wp-content/uploads/2020/12/Serving-Scotland-CT-During-COVID.pdf>

for the NHS and local authorities through prevention and early intervention. Therefore, there is a need for the Community Transport sector's contribution to the health & social care system to be fully recognised and its role to properly funded by the NHS, the new National Care Service and/or Health and Social Care Partnerships.³

In addition to the four drivers identified in the Framework, climate adaptation and mitigation will also be a major driver of public spending in the coming years. The urgent need for the public, private and third sectors to respond to the climate and nature emergencies by reducing carbon emissions and reversing biodiversity loss at an unprecedented pace and scale will create significant new demands for resource, as well as capital, spending. Achieving a just transition to net zero by 2045 will require higher levels of public investment in services, programmes and infrastructure which help people, businesses and communities to decarbonise.

For example, the costs to the Community Transport sector of transitioning to all-electric fleets, decarbonising their wider operations and increasing their capacity to increase modal shift will be substantial. As not-for-profit, often small organisations these costs are currently prohibitive for many operators. Therefore, it will be vital for the Scottish Government to build on the success of the Plugged-In Communities Grant Fund and to invest in other bus decarbonisation programmes which will increase financial support for Community Transport. Supporting the sector will ensure that the communities it serves are not left behind or unfairly disadvantaged.⁴

4. We have identified a number of ways in which we will be exploring how to get best value out of Scotland's public spending. We welcome your views on these, and other ways to maximise the positive impact of public spending.

The Community Transport sector, which is always for a social purpose and never for a profit, is funded from a mix of sources. Sources range from national and local government grants or service commissioning to fare income, charitable funds, philanthropic trusts, public donations and, in the case of those with a trading arm or constituted as a social enterprise, other revenue-generating activities such as consultancy or training.

However, Community Transport schemes typically rely on funding from the public sector. Local government is a major funder of the sector through short-term, small scale grants as part of an annual funding cycle. National government's funding cycles and its annual settlement with local government have a significant knock-on effect on the sector. Fair funding for local government is critical to fair funding for Community Transport.⁵

However, in common with other organisations across the third, not-for-profit and voluntary sectors, many of the local charities, community groups, development trusts and social enterprises of the

³ <https://ctauk.org/national-care-service-scotland-response>

⁴ <https://ctauk.org/scotlands-plugged-in-communities-fund-what-next>

⁵ <https://ctauk.org/local-government-net-zero-and-third-sector-inquiry-ctas-response>

Community Transport sector currently face significant challenges as a result of national and local annual funding cycles, late payments and a lack of inflationary uplift over many years. Many schemes struggle survive without the certainty they need to develop, plan and thrive for the long-term.

A lack of financial and planning certainty has a significant impact on Community Transport operators, the outcomes they are funded to deliver and the people and communities they serve. It also damages the morale, wellbeing and retention of staff and volunteers working in the sector. Significant capacity and resource which could be focused on service delivery and invested into improving people's lives is instead sunk into the process of protecting existing funding streams or chasing new opportunities.

There is a need for the Spending Review to mainstream multi-year funding across Scottish Government and local government funding of the third, not-for-profit and voluntary sectors – including adequate, fair and sustainable funding for the Community Transport sector. We support the call from the Scottish Council for Voluntary Organisations (SCVO) for all funders to provide funding over a longer-term with positive terms and conditions, such as inflationary uplifts to meet rapidly rising costs, a contribution to core operating costs beyond service and project funding, and the trust and flexibility for organisations to adapt their offers based on changing needs and to maximise the added value of our skills, knowledge, and experience.⁶ This will improve our members' ability to deliver social, economic and environmental impact; manage inflation and the cost of living crisis; and ensure best value for public money.

The acute financial challenges facing the Community Transport sector have been exacerbated and intensified by the COVID-19 pandemic – which severely reduced passenger numbers, passenger income and capacity and created new adaptation and mitigation costs – and rising fuel, labour and vehicle costs – which is significantly increasing operational costs to the extent that the viability and sustainability of some services are at serious risk. It is vital the Spending Review enables local authorities to ensure that funding for local Community Transport schemes is protected and keeps pace with inflation. We therefore strongly welcome the Spending Review's recognition of the need to increase grant funding for the third sector in response to the cost of living crisis to mitigate risk of unaffordable transport harming some of the most deprived and vulnerable in our society.

Further information

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The Community Transport Association (CTA) is the UK charity that represents and supports providers of Community Transport. Our 160 members in Scotland are local charities and community groups which provide transport services always for a social purpose and never for profit. We believe in accessible, inclusive and sustainable transport for all.

⁶ <https://scvo.scot/p/48798/2022/02/02/scvo-response-to-the-finance-and-public-administration-committee-resource-spending-review-framework>